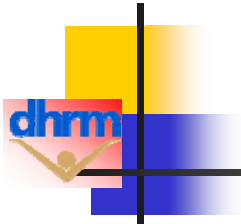
The logo for the Department of Human Resource Management (DHRM) is located on the left side of the slide. It features a blue square above a red square, with the letters 'dhrm' in white lowercase font on the red square. Below the red square is a yellow square. A black vertical line is positioned to the right of the logo, and a black horizontal line extends from the logo across the slide.

# Benefits Provided Under the Workforce Transition Act (WTA)

## **Department of Human Resource Management**

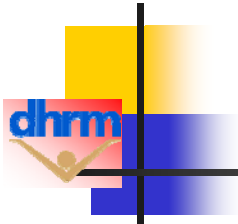
House Appropriations Committee  
General Assembly Building, Richmond, VA  
January 26, 2009



# Employees Eligible for WTA Benefits

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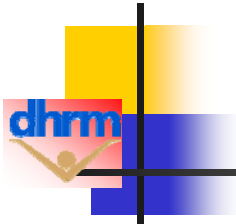
- Classified
- At-wills
- Faculty
- Legislative staff
- Non-judicial Supreme Court, Court of Appeals
- Independent Agencies employees
  - SCC, WCC, VRS, Lottery



## WTA Eligibility Conditions

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- Involuntary separation
- Not the result of misconduct or poor performance
- No placement opportunity exists, or placement requires relocation or lower salary
- If grant-funded, the fund source must agree to pay the cost



# Benefits Provided Under the WTA

- Benefits include:
  - Severance Pay
  - Health Insurance Coverage for 12 Months
  - Life Insurance Coverage for 12 Months

Years of Service	Weeks of Severance Pay
0-2	4 weeks
3-9	4 weeks plus 1 week per service year over 2
10-14	12 weeks plus 2 weeks per service year over 9
15-18	2 weeks per service year
Over 18	36 weeks

## Other Features of WTA

- Benefits paid as normal salary
- Severance pay reduced by unemployment compensation
  - Reductions paid as lump sum with last severance payment
- Payments stop if:
  - Re-employed by the Commonwealth
  - Hired as independent contractor or consultant
- Maximum employment level reduced



# Example WTA Benefits

## Employee

- *Age* 46 years
- *Service* 11 years
- *Salary* \$40,000
- *Health Plan* Family
- *Action* Layoff

## WTA Benefits

- Severance  
( $\$769.23 \times 18 \text{ weeks}$ ) = \$13,846.14
- Health Insurance  
( $\$1,078 \times 12 \text{ months}$ ) = \$12,936.00
- Life Insurance  
( $\$27.33 \times 12 \text{ months}$ ) = \$328.00
- TOTAL WTA Benefits \$27,110.14

## Unemployment Insurance

- May be eligible for unemployment insurance  
( $\$378 \times 26 \text{ weeks}$ ) = \$9,828.00
- Severance reduced by unemployment insurance  
( $\$769.23 - \$378$ ) = \$391.23
- Severance reductions reimbursed in last payment  
( $\$378 \times 18 \text{ weeks}$ ) = \$6,804.00

## WTA Enhanced Retirement Option

- Based on total value of severance pay, health insurance and life insurance
- Years added to age or creditable service
- Cost of each year is 15% of salary
- Eligibility criteria
  - Age 50 or above
  - Vested in VRS, SPORS, or VaLORS
  - Ten years or more of creditable service if under age 55
- Eligibility lost if return to a state salaried position



# Example Enhanced Retirement Option

## Employee

- *Age*                    58 years
- *Service*                33 years
- *Salary*                  \$60,000
- *Health Plan*          Dual
- *Action*                  Layoff

## WTA Benefits

- Severance  
    (\$1,153.85 X 36 weeks) = \$41,538.60
- Health Insurance  
    (\$735 X 12 months) = \$8,820.00
- Life Insurance  
    (\$41 X 12 months) = \$492.00
- TOTAL WTA Benefits        \$50,850.60

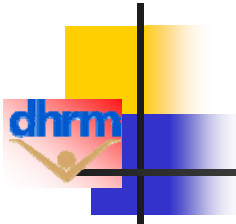
## Enhanced Retirement

- May be converted to 6 years of VRS credit  

$$\frac{\$50,850.60}{(\$60,000 \times 15\%)} = 5.65 \text{ rounded up}$$
- Increases VRS benefit 18.18%  

$$(6 / 33) = 18.18\%$$





## Effects of WTA Benefits

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- Provides a safety net for employees that are laid off
- Limits the ability of agencies to reduce personnel costs quickly
- Encourages savings unrelated to layoffs
- Discourages staff reductions that are not essential
- Deters use of layoffs for disciplinary or performance issues



## Layoff Actions July-December 2008

Action Category	Number Jul to Sep 2008	Number Oct to Dec 2008	Total Jul to Dec 2008	WTA Eligible
Transfer in lieu of Layoff	1	535	536	No
Demotion in lieu of Layoff	3	42	45	No
Retire in lieu of Layoff	1	11	12	Yes
Enhanced Retirement	44	51	95	Yes
Layoff, Severance & Placement	66	17	83	Yes
Layoff, Severance Only	27	34	61	Yes
Separation, Layoff	1	7	8	No
Temporary Workforce Reduction	1	6	7	No



# Summary Layoff Actions July-December 2008

Action Category	Number Jul to Sep 2008	Number Oct to Dec 2008	Total Jul to Dec 2008
Total Eligible for WTA	138	113	251
Total Not Eligible for WTA	6	584	590
Total for all Actions	144	697	841



# Agencies with 20+ Actions Layoffs July-December 2008

Agency	Total Actions	Predominant Actions	WTA Eligible
Corrections	526	482 Transfers	10
VSDB-Hampton	81	68 Layoffs	81
Environmental Quality	38	22 Enhanced Retirements	24
DMHMRSAS	26	26 Enhanced Retirements	26
Old Dominion Univ.	24	24 Layoffs	24
Correctional Education	21	18 Layoffs	21
<b>TOTAL</b>	<b>716</b>	<b>640</b>	<b>186</b>



## Comparison of Actions with Reduction Plans

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- 567 layoffs planned in 37 agencies
- 679 actions through December 31, 2008
  - Actions > Plan      4 agencies - 579 actions to 372 planned
  - Actions = Plan      11 agencies - 30 actions to 30 planned
  - Actions < Plan      22 agencies - 70 actions to 165 planned
- 125 employees qualified for WTA benefits