

**KENT STATE UNIVERSITY
UNIVERSITY EMPLOYEE SEPARATION PLAN (UESP)
STRATEGIC HIRING PROCESS OVERVIEW
FY 2017**

OBJECTIVE

Create a UESP comprehensive strategic hiring process to: 1) optimize non-faculty personnel expense to achieve the university's effectiveness and efficiency targets, and 2) drive resources in alignment with Strategic Roadmap priorities and University-level Initiatives (ULIs)

BACKGROUND

- A prior University Employee Separation Plan (UESP) was administered in 2009. The results were that of 894 eligible employees, 149 (or 17%) elected to participate, 44 of whom were faculty. *Of those 149 positions, 94 were replaced yielding an estimated cumulative net savings of approximately \$27.7 million over an eight-year period, an average of \$3.46 million per year.*
- Currently, nearly 67% of the university's operating budget is comprised of human capital related costs; specifically, wages and benefits.
- The KSU Effectiveness and Efficiency Task Force, whose objective was to present recommendations on creating savings equivalent to 1% of the university's operating budget (approximately \$7 million), identified a UESP as a primary initiative to accomplish this objective.
- The Board Finance and Administration Committee undertook a staffing benchmarking analysis of administrative business functions (non-academic) that identified opportunities to achieve effectiveness and efficiency.
- There continue to be environmental factors challenging the university to reflect on its current staffing composition to determine whether we are positioned optimally to deliver on the near and long-term objectives:
 - Strategic Roadmap to a Distinctive Kent State
 - Ongoing pressures to drive effectiveness and efficiency
 - Dynamic and uncertain operating revenues – state funding; tuition and fee caps; and, enrollment trends
 - Transformation of business processes through technology and automation, strategic partnerships with industry, and redeploying existing personnel to value-added activities in serving the university's mission and strategic roadmap priorities – Students First
 - Continually reflecting on the university's RCM model to align resources to strategy

- The university continues to emphasize the right-sizing of benefits expenses with efforts in the near-term focused on healthcare costs and workers' compensation.
- Based upon a planning assumption that a total of 160 employees opt for the program and 120 of those positions are replaced (either in current or newly created positions) cumulative savings of \$16.5 million are expected over an 8-year period.

STRATEGIC PROCESS OVERVIEW (General)

The UESP provides for a last day of employment for those eligible employees who elect to participate in the plan. That date is June 30, 2017. The plan further provides that “the University in its sole discretion reserves the right to retain certain employees who agree to participate in the Plan for up to one year beyond his/her respective elected exit date, based on operational needs of the University.” Therefore, while the leadership of the various divisions/units/areas should review the positions and roles of those planning on participating, any decision to extend the last day beyond June 30, 2017 should be determined by the following, in consultation with the Vice President of Human Resources:

- Decisions should be made from the perspective of what is in the best interest of the university in alignment with the UESP program objective.
- The specific needs of the operation involved.
- The length of any need to extend the last day (i.e., this extension should be as brief as possible given the operational considerations).
- Using a reasonable approach to allocating duties/ responsibilities to avoid or limit any extensions.
- Consistently applied factors to determining the need for and length of extension (i.e., avoiding “favoritism”).
- The preferences of the involved employee should not be the controlling factor.

All vacancies created as a result of the full-time staff (non-faculty) UESP will revert to a central strategic hiring pool except for RCM Centers, Regional Campuses, and Auxiliary Operations as outlined later in this document.

- **Central Strategic Hiring Pool**
 - All position vacancies as a result of the UESP will revert centrally to a Central Strategic Hiring Pool. Pool resources will be used for the following purposes:
 - Payment of UESP plan and administration costs (estimated at \$3.3 million annually for FY 2018, 2019, and 2020), including separation pay, contractual sick leave payout, and plan administration cost to EPC (the firm administering the plan on behalf of the university).

- Funding the approved replacement and new positions in alignment with the Strategic Roadmap.
 - At separation, current salary will revert to the Central Strategic Hiring Pool.
 - Requests for replacement and new hires will be reviewed and approved by the Strategic Hiring Committee comprised of the Senior Vice President for Finance and Administration, Provost, and the Vice President for Human Resources.
 - The planned separation date is June 30, 2017 – as a result, the FY2018 budget will reflect the actual adjustment effective July 1, 2017.
 - The monthly accounting, reconciliation, and reporting of the Central Strategic Hiring Pool will be administered by the Associate Vice President for Budget and Financial Analysis, Associate Vice President for Academic Budget and Resource Management, and the Vice President for Human Resources. These activities will be completed no later than the 10th day of the month following the previous month-end, with regular reviews by the Senior Vice President for Finance and Administration, Provost, and the Senior Associate Vice President for Finance and Administration.
 - In addition, Human Resources in partnership with the Office of University Budget and Financial Analysis will maintain a master listing of **ALL** positions opting for the UESP, all replacement/repurposed/new positions approved, and a running total of net savings of the UESP program. This information also will be available for the RCM Centers, Regional Campuses, and Auxiliary Operations. This master listing will be shared with the President and Cabinet on a regular basis to track and monitor program performance and objectives.
- **Process for Requesting UESP Replacements and New Hires**
 - In order to request a replacement or new hire as a result of a vacancy created by the UESP, the initiating department leader should complete the attached Request Form (Attachment #1).
 - Details required to receive full consideration include: strategic priority in alignment with the Strategic Roadmap/ULIs; current and proposed organizational chart; staffing/department performance metrics; industry and peer/aspirational benchmarks; planned business process enhancements to drive customer service (e.g., shared services).
 - The benchmarking exercise should follow the same process undertaken by the Cabinet in August 2016 (Attachment #2). Peer and aspirational benchmarks should consist of those identified in the Strategic Roadmap, the IUC, industry and other comparable data as appropriate for the respective department/function. Hiring managers completing the Request Form are provided with flexibility, discretion, and professional judgment on how best to present these data.

- Once completed, the Request Form should be reviewed and approved by the respective Cabinet member.
- Approved forms should be transmitted to the Vice President for Human Resources for review and subsequent consideration by the Strategic Hiring Committee.
- The Strategic Hiring Committee will review all requests on a timely basis, in collaboration with the Cabinet member who presented the request.
 - Approvals will be based solely on the merits of the information presented in the Request Form, with an emphasis on improving mission critical service levels, alignment with Strategic Roadmap priorities, and optimal business process enhancements coupled with optimized staffing level composition.
 - The Strategic Hiring Committee will meet regularly to review each strategic hiring form submitted.
 - Upon hiring, the respective hiring manager will be responsible for monitoring the achievement of the key performance indicators/service levels presented within the approved strategic hiring form and ensuring that these are included in supervisor and employee annual performance evaluations.

STRATEGIC PROCESS OVERVIEW (RCM Centers)

Due to the financial model of the RCM Centers, a modified process for strategic hiring has been developed. The objective remains the same – to create a comprehensive strategic hiring process to: 1) optimize non-faculty personnel expense to achieve the university’s effectiveness and efficiency targets, and 2) drive resources in alignment with Strategic Roadmap priorities and ULIs.

- **Salary Savings**

- The salary for any staff member who elects to participate in the UESP will be used by that RCM Center to accumulate budget savings, fund plan and administration costs, replace needed positions, and fund new/repurposed positions.

- **Benefit Responsibility**

- Benefits paid to employees electing to participate in the UESP will be funded from the RCM Center in which the staff member serves.

- **Replacement/Repurpose/New Position Process**

- Deans will consult with their Chairs/Directors, Faculty Advisory Committee (FAC) and College Advisory Committee (CAC) about replacement, repurposed, and new staff positions, and make recommendations to the Provost. Factors to be considered in requesting

replacement and/or new staff positions should include:

- enrollment
 - association with enrollment management
 - current staffing levels
 - critical campus functions
 - curriculum and programmatic needs
 - strategic planning
- In RCM Units, a maximum of 70% of UESP savings may be dedicated to replacement hires.
 - The Deans and Provost, in consultation with the Strategic Hiring Committee, will make decisions about replacement, repurposed, and new staff position requests.

STRATEGIC PROCESS OVERVIEW (Regional Campuses)

The goal is to use the UESP to move strategic initiatives forward while maintaining workforce levels that meet the needs of our students. The Regional Campuses will use savings obtained through the UESP to fund scholarships and program costs associated with the newly created Rising Scholars Program.

- **Salary Savings**
 - The salary of any staff member who elects to participate in the UESP will be used by that campus to accumulate budget savings, replace needed positions, and fund new/repurposed positions.
- **Benefit Responsibility**
 - Benefits paid to employees electing to participate in the UESP will be funded from the regional campus portfolio in which the staff member serves.
- **Replacement/Repurpose/New Position Process**
 - Regional Campus Deans will consult with their Chairs/Directors, FACs and CACs about replacement, repurposed, and new staff positions, and make recommendations to the Vice President for Kent State System Integration. Factors to be considered in requesting replacement and/or new staff positions should include:
 - enrollment
 - association with enrollment management
 - current staffing levels
 - critical campus functions
 - curriculum and programmatic need
 - whether the position is being shared by two or more campuses sites
 - strategic planning

- Following appropriate discussion, the Vice President for Kent State System Integration will then consult with the Strategic Hiring Committee and make decisions about replacement, repurposed, and new staff position requests.
- Up to 70% of the budget dollars that result from the UESP can be used to fund replacement, repurposed, or new positions. The remaining budget funds accrued through the UESP may be dedicated to funding Strategic Roadmap priorities, scholarships and administrative costs associated with the newly created Rising Scholarship Program, operating budget savings, etc.

STRATEGIC PROCESS OVERVIEW (Auxiliary Operations)

Due to the financial model of the auxiliary units, a modified process for strategic hiring has been created. The objective remains the same – to create a comprehensive strategic hiring process to: 1) optimize non-faculty personnel expense to achieve the university’s effectiveness and efficiency targets, and 2) drive resources in alignment with Strategic Roadmap priorities and ULIs.

- **Salary Savings**
 - The salary for any staff member who elects to participate in the UESP will be used by that auxiliary unit to accumulate budget savings, replace needed positions, and fund new/repurposed positions. Salary savings will be moved from the affected position budget to a separate salary reserve account within the auxiliary budget. Upon approval, budget will be transferred to the new/replaced position or other expense code for strategic priorities.
- **Benefit Responsibility**
 - Benefits paid to employees electing to participate in the UESP will be funded from the auxiliary unit in which the staff member serves.
- **Replacement/Repurpose/New Position Process**
 - See General section above.
 - Requests for replacement and new hires will be reviewed and approved by the Strategic Hiring Committee in consultation with the respective Cabinet member.

Attachments:
 Vacancy Request Form
 Staff Benchmarking Analysis