State of Minnesota

DEPARTMENT OF EMPLOYEE RELATIONS
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2 copies

May 4, 1982

The Honorable Wayne Simoneau, Chairman
Legislative Commission on Employee Relations
Room 299C
State Office Building
St. Paul, MN 55155

Dear Representative Simoneau:

Pursuant to your letter of April 12, we have prepared the attached report entitled Report on Recent Reductions in the State Workforce: A Report to the Legislative Commission on Employee Relations. The report addresses the issues and questions raised in your letter.

Yours very truly,

Barbara L. Sundquist

Barbara L. Sundquist
Commissioner

Attachment

Effects of Recent Reductions in the State Work Force: A Report to the Legislative Commission on Employee Relations

Prepared By:
Minnesota Department of Employee Relations

May 4, 1982

INTRODUCTION

The shortfall in revenue in Minnesota is well known. On three different occasions in the last two years, adjustments have been made to planned expenditures and the various state agencies of the executive branch have received a portion of each of these expenditure cutbacks. Since a large portion of executive branch budgets is committed to personnel salaries and benefits, a reduction in state employees is to be expected, and in fact has occurred. An important implication of this reduction is the potential for erosion of gains made in the last few years in employment of women, minorities, handicapped persons and Vietnam era veterans through the State's Affirmative Action Program. The Legislative Commission on Employee Relations has requested an analysis of affirmative action related impacts of personnel cutbacks. This report responds to that request, based on monitoring efforts of the Department of Employee Relations' Equal Opportunity Division and on special analysis of computerized personnel information.

Before proceeding, however, it is important to discuss ways in which agency heads can respond to budgetary cutbacks. They may choose to significantly reduce or eliminate certain activities, while not reducing others at all. They may try to absorb most of the reductions in non-personnel areas through reductions in budgeted amounts for supplies and expenses, etc. They may adopt a policy not to fill any vacant positions, hoping for enough attrition in the workforce to occur to accrue salary savings to meet their required cutbacks. They may adopt an "across the board" philosophy of making cuts in each of their programs and activities in a relatively similar way. They may adopt a combination of the above described strategies, or one not described at all. Agency heads usually have considerable latitude in choosing the appropriate strategy for their agencies, after appropriate consultation with the Governor's Office.

In some instances the latitude available is considerably reduced because of more specific direction provided by legislation. For example, the closure of Rochester State Hospital and the creation of the Department of Energy, Planning and Development were mandated by law. Both of these actions had specific directions for achieving budgetary reduction which provided little choice in the type of reductions. Also budgetary action of the Federal Government may have a direct influence on decisions of agency heads. Such cutbacks have led to reductions in the Department of Economic Security, the Department of Energy, Planning and Development and several other departments. Actions in the market place also can affect agency budgets, when services are provided for a fee. A prominent example of this was the need to significantly reduce the grain inspection services provided by the Department of Agriculture to the grain industry when, as a result of the strike by the American Federation of State, County and Municipal Employees in the summer of 1981, the industry decided to obtain the services in another way.

REDUCTIONS IN THE WORK FORCE: LAYOFFS AND OTHER ATTRITION

As a result of the variety of strategies and decisions made by the Governor, the Legislature, the U.S. Congress and the various agency heads there has been a significant reduction in State employees since January, 1980, as shown in the table below:

	Jan., 1980	Jan., 1982	Reduction/ Increase	Percent Reduction/ Increase
Executive Branch (Academic Excluded)	30,909	28,879	(2,030)	(6.6%)
Academic*	4,560	4,676	116	2.6%
Total	35,469	33,555	(1,914)	(5.4%)

* Since the overall change in employment has been minimal for academic employees and interviews with officials of the State University System and the Community College System indicate there have been virtually no layoffs in this group, the balance of this discussion will concentrate on non-academic employees. Also, academic employment is controlled on a full-time equivalent basis, making gross numbers less relevant for this purpose.

During this period some of this reduction clearly was due to layoffs of employees while the rest can reasonably be assumed to be the result of decisions to hold positions vacant or to abolish previously vacated positions. Some vacancies had to be filled, so the difference between the total reduction in employees and the number of layoffs represents the net reduction in employment due to non-layoff types of attrition (such as retirement, resignation, termination, etc.). The table below shows the amount of reduction in employment that was due to layoffs compared to other kinds of attrition (net change).

Reduction in Non-Academic Employees: Jan., 1980-Jan., 1982	Total Number of Non-Academic Layoffs: Jan., 1980-Jan., 1982	Assumed Reduction in Employment Due to Attrition
2,030	809	1,221

The impact of layoffs on minorities and women can be demonstrated by comparing the percentage of women to men and minorities to caucasians in the workforce on January, 1980, and January, 1982, and those laid off (recognizing that many other personnel transactions such as new hires, promotions, terminations have occurred over two years which affect the sex and minority/caucasian ratios as well).

	Jan., 1980 Workforce		Layoffs: Jan., 1980-Dec., 1981		Jan., 1982 Workforce	
Number of Employees (Excluding Academic)	30,909		809		28,879	
Percent Female-Minority	1.9%	(495)	1.2%	(10)	1.6%	(462)
Percent Male-Minority	1.9%	(587)	3.1%	(25)	1.8%	(520)
Percent Female-Caucasian	42.6%	(13,167)	44.8%	(362)	42.2%	(12,187)
Percent Male-Caucasian	53.9%	(16,660)	50.9%	(412)	54.4%	(15,710)

These data indicate that very little change has taken place in the percentage of minorities in the workforce from January, 1980 to January, 1982 but that there has been a slight reduction in the percentage of women in the workforce during this period. Layoffs of caucasian females were slightly greater than their percentage of the workforce in January, 1980 as were those of minority males, while the percentage of male caucasians laid off was slightly less than their percentage of the workforce in January, 1980.

Data for the workforce as of April 20, 1982 indicate no appreciable change in the percentages of female-minorities, male-minorities, female-caucasians, and male-caucasians since January, 1982. However, 144 additional employees were laid off in January and February of 1982 (March layoff figures are not yet available). For these layoffs the percentage of employees in the groups described above differ significantly from those of the workforce, so it is possible that additional layoffs, if they occur, may begin to alter the ethnic and sex composition of the workforce more significantly:

	Layoffs in Jan. and Feb., 1982		April, 1982 Workforce	
Number of Employees (Excluding Academic)	144		29,039*	
Percent Female-Minority	4.9%	(7)	1.6%	(463)
Percent Male-Minority	5.6%	(8)	1.8%	(535)
Percent Female-Caucasian	65.3%	(94)	42.3%	(12,274)
Percent Male-Caucasian	24.3%	(35)	54.3%	(15,767)

* The number of employees actually increased since January, 1982, despite at least 144 layoffs. This increase was due to an increase of 431 part-time employees made up of 300 additional part-time employees at the Department of Natural Resources, in preparation for the summer parks seasons, 143 additional part-time employees at the Department of Revenue, for income tax processing, and a number of small changes. The number of full-time employees actually declined over the last three months by 271, a reduction of 1.1%. Of the 144 persons laid off in January and February, 124 were full-time employees.

In reviewing where layoffs occurred, one can conclude that most layoffs have resulted from 1) Specific legislative direction (the closure of Rochester State Hospital; the requirement that the Department of Transportation eliminate approximately 330 positions (71 layoffs) and the formation of the Department of Energy, Planning and Development, consolidating several smaller agencies), 2) Cutbacks in federal funding (especially in the Departments of Economic Security and Health) and 3) Significant reduction in the grain sampling activity in the Department of Agriculture because the grain industry found an alternative to using State employees, as an aftermath of the AFSCME strike. Layoffs by the six departments listed above from January, 1980 through February, 1982 totaled 776 employees, which is 82% of all layoffs over this period. Thus, it appears that most agencies have attempted to reduce expenditures in non-personnel areas of their budgets or to not fill existing vacancies in response to required cutbacks, rather than to lay off employees.

CHANGE IN SUPERVISORY RATIOS

Another area of interest in an era of staff reductions is how supervisory ratios are being affected. A technique for calculating this ratio with which legislators are familiar is to divide the total number of employees, not including managerial employees or those in supervisory bargaining units, by the number of employees in supervisory bargaining units (Unit 12 - Professional Engineering Supervisory and Unit 16 - Supervisory Employees) plus the number of employees designated as managerial. This is not a perfect method (e.g. not all employees assigned to Unit 12 are truly supervisory, nor are all confidential employees non-supervisory) but it does provide a reasonable ratio. Data to calculate the supervisory ratio in January, 1980 in this way are not available, since the current, class-based bargaining units were not established until March, 1980, so a January, 1981 to April, 1982 comparison is made to demonstrate the trend.

	January, 1981	April, 1982
Supervisory Ratio	1:7.47	1:6.64

This change indicates that there are now more supervisors per non-supervisory employees than in January, 1981. However, it is reasonable to expect this ratio to increase to some degree in periods of declining employment levels, for unless entire programs or activities are eliminated (and as just described this has occurred, causing some of the recent layoffs*), roughly the same number of managers and supervisors will be needed, unless reorganization takes place combining functions under fewer managers and supervisors.

* Closure of Rochester State Hospital and reduction of the grain sampling activity in the Department of Agriculture.

CHANGE IN AVERAGE AGE OF THE WORK FORCE

A third concern related to the overall impact of staff reduction is how the age of the workforce is affected. If persons laid off tend to be younger employees and other persons who terminate voluntarily also are younger employees, the average age of the workforce obviously will increase. In January, 1980 the average age of the workforce for non-academic employees was 38.76 years, while it was 39.96 years in January, 1982. By April, 1982 the average age had increased to 40.14 years. This increase in average age could cause longer term problems in that new ideas from the recently hired employees will be less available and fewer employees will be available to eventually replace those currently in leadership and supervisory positions when they leave state service.

DISTRIBUTION OF LAYOFFS BY BARGAINING UNIT AND UNREPRESENTED EMPLOYEES

The distribution of layoffs among the various bargaining units and unrepresented employees (especially those covered by the Commissioner's Plan and Managerial employees) reflects in part the specific legislative directions for staff reduction. For example, the table below indicates that no layoffs at all occurred in Units 1 (Law Enforcement) and 8 (Correctional Guards) and the activities served by these employees were exempted from most budget cuts. Conversely, a relatively large number of layoffs occurred in Units 4 (Health Care Non-Professional) and 5 (Health Care Professional), resulting from the decision to close Rochester State Hospital. Layoffs in other units reflect for the most part the ways in which agency heads have chosen to cutback their services, with the exception of those in Unit 7 (Technical), impacted almost entirely by the significant reduction in the grain sampling activity in the Department of Agriculture and required complement reductions in the Department of Transportation. Non-academic layoffs from January, 1981 through February, 1982 by bargaining unit are summarized in the table below:

Bargaining Unit	Number of Layoffs*	Approximate Percent of Unit**
Law Enforcement	0	0.0
Craft, Maintenance, & Labor	34	1.3
Service	54	2.1
Health Care Non-Professional	128	3.7
Health Care Professional	28	6.0
Clerical and Office	163	2.8
Technical	203	7.5
Correctional Guards	0	0.0
Professional Engineering Supervisory	1	0.2
Health Treatment	7	9.9
General Professional	206	4.2
Professional State Residential Instructional	5	2.1
Supervisory Employees	24	1.0

* Does not include 5 laid off employees for whom the bargaining unit code was not available in historical records.

** The number used for the percentage calculation was determined by adding the number of employees in the unit in January, 1981 and April, 1982 and then dividing this total by 2.

During the same period, there were 40 layoffs among employees covered by the Commissioner's Plan (2.5 approximate percent of the total). The layoffs were distributed among the following types of employees: 11 excluded-confidential, 25 excluded-insufficient worktime and 2 excluded-severed from bargaining under provisions of M.S. 179.41, Subd. 2. Six employees designated as managers were laid off during the period January, 1981 through February, 1982. This represents approximately 0.8% of the total number of managers.

EFFECT OF LAYOFFS ON WOMEN AND MINORITIES FOR TECHNICAL, PROFESSIONAL, SUPERVISORY AND MANAGERIAL EMPLOYEES

An issue of interest to the Legislative Commission on Employee Relations is whether women and minorities have been more affected by layoffs in the Technical, Professional, Supervisory and Managerial classes. In order to address the impact, it is necessary to consider an additional factor besides the makeup of the group of employees actually laid off, because layoffs often are preceded by persons in a higher classification in a series first being "demoted in lieu of layoff". We assume that the LCER's interest is in comparing the effects of employees in Units 7 (Technical), 14 (General Professional), and 16 (Supervisory), and those excluded from bargaining because of being appointed to managerial positions, with employees assigned to all other bargaining units, as well as all other employees excluded from bargaining.

Layoffs and demotions in lieu of layoff for Technical, Professional, Supervisory and Managerial employees are shown in the table below, along with the percentages of female-minorities, male-minorities, female-caucasian and male-caucasians for the period January, 1981 through February, 1982.

LAYOFFS AND DEMOTIONS IN LIEU OF LAYOFF

	Technical	Professional	Supervisory	Managerial
Number	233	292	30	13
Percent Female-Minority	0.0% (0)	3.4% (10)	0.0% (0)	7.7% (1)
Percent Male-Minority	3.4% (8)	4.5% (13)	6.7% (2)	0.0% (0)
Percent Female-Caucasian	10.3% (24)	41.4% (121)	16.7% (5)	23.1% (3)

Percent Male-Caucasian	86.3% (201)	50.7% (148)	76.6% (23)	69.2% (9)

The comparable figures for the remaining employees are:

	LAYOFFS AND DEMOTIONS IN LIEU OF LAYOFF	
Number	554	
Female-Minority	2.5%	(14)
Male-Minority	2.0%	(11)
Female-Caucasian	66.7%	(369)
Male-Caucasian	28.8%	(160)

Another way of assessing the impact of layoffs on Technical, Professional, Supervisory and Managerial employees is to examine the ethnic and sex distribution of employees laid off or demoted in lieu of layoff compared with the distributions of the workforce in January, 1981. These data are shown in the following tables.

TECHNICAL EMPLOYEES

	January, 1981	Layoffs and Demotions in Lieu of Layoff: Jan., 1981 - Feb., 1982	Percent of Workforce Laid Off or Demoted
Number	2,905	233	8.0%
Percent Female-Minority	0.8% (23)	0.0% (0)	0.0%
Percent Male-Minority	1.6% (47)	3.4% (8)	17.0%
Percent Female-Caucasian	19.0% (552)	10.3% (24)	4.3%
Percent Male-Caucasian	78.5% (2283)	86.3% (201)	8.8%

PROFESSIONAL EMPLOYEES

	Jan., 1981	Layoffs and Demotions in Lieu of Layoff: Jan., 1981 - Feb., 1982	Percent of Workforce Laid Off or Demoted
Number	5,174	292	5.7%

Percent Female-Minority	1.4% (72)	3.4% (10)	13.9%
Percent Male-Minority	2.6% (135)	4.5% (13)	9.6%
Percent Female-Caucasian	28.2% (1,459)	41.4% (121)	8.3%
Percent Male-Caucasian	67.8% (3,508)	50.7% (148)	4.2%

SUPERVISORY EMPLOYEES

	Jan., 1981	Layoffs and Demotions in Lieu of Layoff: Jan., 1981 - Feb., 1981	Percent of Workforce Laid Off or Demoted
Number	2,300	30	1.3%
Percent Female-Minority	1.0% (23)	0.0% (0)	0.0%
Percent Male-Minority	2.0% (46)	6.7% (2)	4.3%
Percent Female-Caucasian	23.7% (545)	16.7% (5)	0.9%
Percent Male-Caucasian	73.3% (1,686)	76.6% (23)	1.4%

MANAGERIAL EMPLOYEES

	Jan., 1981	Layoffs and Demotions in Lieu of Layoff Jan., 1981 - Feb., 1982	Percent of Workforce Laid Off or Demoted
Number	639	13	2.0%
Percent Female-Minority	0.9% (6)	7.7% (1)	16.7%
Percent Male-Minority	2.7% (17)	0.0% (0)	0.0%
Percent Female-Caucasian	11.9% (76)	23.1% (3)	4.0%

Percent Male-Caucasian	84.5% (540)	69.2% (9)	1.7%

ALL OTHER EMPLOYEES

	Jan., 1981	Layoffs: Jan., 1981-Feb., 1982	Percent of Workforce Laid Off or Demoted
Number	19,580	554	2.8%
Percent Female-Minority	1.9% (372)	2.5% (14)	3.8%
Percent Male-Minority	1.7% (333)	2.0% (11)	3.3%
Percent Female-Caucasian	53.0% (10,377)	66.7% (370)	3.6%
Percent Male-Caucasian	43.4% (8,498)	28.8% (159)	1.9%

These data seem to indicate that for employees in Technical classes, minority males were more affected by layoffs or demotions than other employees, while women were significantly less affected. For Professional employees, minorities and women were more affected by layoffs and demotions than caucasian males. For Supervisory employees, minority males were more affected by layoffs and demotions than other employees, while women were less affected. For Managerial employees, minority and caucasian women seem to have been more affected by layoffs or demotions than employees in all other classes, however, such a small number of employees were either laid off or demoted in lieu of layoff that the percentages have less predictive reliability.

POSSIBLE IMPACT OF FUTURE LAYOFFS ON MINORITIES AND WOMEN

One of the most important upcoming issues is what would be the effect on minorities and women if future layoffs are necessary. In considering this issue, it is important to keep in mind the introductory comments made about alternative strategies available to agency heads, as well as the nature of specific legislative direction. Assuming, however, that further budgetary reductions are necessary and that they are made relatively uniformly, the Department of Employee Relations believes agencies will be able to only minimally reduce non-personnel portions of budgets, because these portions have already been reduced so drastically. This means that further budget cuts would lead to more widespread layoffs. If this is true, options available to agency heads will probably be limited to choosing between drastically reducing or eliminating certain activities and across-the-board reductions. If specific activities are drastically reduced or eliminated, it is almost impossible to predict how the resulting layoffs would affect minorities, women and the average age of the workforce. Collective bargaining agreements generally provide for layoff within seniority units* within departments, by classification seniority. Only the agreement with the Minnesota Association of Professional Employees (Unit 14-General Professional Employees) provides for departure from classification seniority within seniority unit for affirmative action reasons, although the layoff provisions of the Commissioner's Plan and the Managerial/CES Plan contain similar language. Because of these factors, the effect of layoffs on women, minorities and the average age of the workforce would be highly dependent on which activities were reduced or eliminated, because specific activities tend to require employees in different classifications. It should be noted, however, that agency heads have discretion in choosing which classifications will be laid off. A desirable approach would be for them to balance both potential affirmative action impacts of layoffs with their judgment on how to continue to provide needed services; however, this approach may be difficult, considering the size of cuts agencies already have taken.

If budgetary reductions were made relatively uniformly by agency heads, age and length of service data are available to indicate that minorities and women would be more affected by layoffs than other employees and that younger rather than older employees would tend to be laid off. This would cause the average age of the workforce to increase. The average length of state service and service within a classification were calculated for employees in each non-academic bargaining unit for employees in the workforce, as of January, 1982 with minority-caucasian and female-male breakdowns. Average length of state service will tend to predict which employees would be laid off first, while the average length of service within a classification will tend to predict which employees would be demoted in lieu of layoff first (except for employees in entry level classifications). There was only one bargaining unit (Unit 13 - Health Treatment Professional) where minorities average length of state service was greater than that of caucasians and no bargaining units where their average service within a classification was greater than that of caucasians. There were three bargaining units (Unit 4 - Health Care Non-Professional, Unit 6 - Clerical and Office, and Unit 13 - Health Treatment Professional) where the average length of state service of women was greater than that of men and two bargaining units (Unit 5 - Health Care Professional and Unit 13 - Health Treatment Professional) where their average service within a classification was greater than that of men. It should be noted that layoff and demotion in lieu of layoff are based on seniority of specific employees within department (and seniority units*) by bargaining unit, and not on averages. The data discussed above merely provide indications of what might happen, but do not predict with any degree of certainty what will happen.

* Seniority Units, when considering something less than an entire department, tend to refer to an organizational sub-unit at a single geographical location such as a correctional institution, hospital, transportation district headquarters and the like.

Another set of data were obtained to provide additional insight. Employees most likely to be affected by layoffs were assumed to be those who have entered state service in the last three years. (This is not absolutely true; for example, employees with many more than three years of state service might be laid off if they only recently have been appointed to a position resulting in their changing bargaining units). These data seem to indicate that, for many non-academic bargaining units, women would be likely to be laid off in approximately the same proportion as currently in the bargaining units. However, in six bargaining units women would probably be laid off in greater proportions than currently in the unit: Units 1 (Law Enforcement), 7 (Technical), 12 (Professional Engineering, Supervisory), 14 (General Professional*), 15 (Professional State Residential Instructional) and 16 (Supervisory). For minority employees, most bargaining units have a higher percentage of minorities whom have entered state service in the last three years than their percentage in the unit as a whole, indicative of recent affirmative action gains. Thus, additional layoffs would tend to affect minorities in most units to a greater degree than caucasians. Bargaining units where this would <u>not</u> be true are 1 (Law Enforcement), 5 (Health Care Professional), 14 (General Professional) and 15 (Professional State Residential Instructional).

* Note, however, that the collective bargaining agreement with this unit does allow for departure from strict seniority in order to preserve affirmative action related balance in the workforce.

Layoffs of Managerial employees would probably lead to a lower percentage of both minorities and women in the workforce, because those with three or less years of state service have a higher percentage of both women and minorities than for this group as a whole.

The potential for change in the average age of the workforce was assessed in a similar way. The average age of employees whom have entered the workforce in the last three years was calculated by bargaining unit. These results were compared with the average age of the workforce as a whole, by bargaining unit. There is not a single bargaining unit where the average age of employees hired in the last three years was greater than that of the unit as a whole. The differences ranged from slightly less than 4 years to slightly more than 13 years. The overall average difference considering all non-academic employees was 7.62 years. Thus, it appears that the average age of the workforce would probably increase in the event of significant future layoffs.

<u>SUGGESTIONS FOR RESOLVING THE CONFLICT BETWEEN NEGOTIATED SENIORITY AND AFFIRMATIVE ACTION GOALS</u>

The passage in 1980 of substantial amendments to the Public Employment Labor Relations Act of 1971 placed Minnesota as a public employer in an environment where most conditions related to employment are determined through the collective bargaining process. The Department of Employee Relations strongly believes that any conflict between negotiated seniority clauses and affirmative action goals should be resolved through negotiations between exclusive representatives and the employer. Bargaining for the 1981-1983 biennium produced one collective bargaining agreement, with the Minnesota Association for Professional Employees (Unit 14 - General Professional), where departure from strict seniority for determining layoffs is permitted for employees with less than three years of state service. In addition, agreement was reached with the American Federation of State, County and Municipal Employees to study the issue via a joint Labor-Management Committee. A committee has been formed and several meetings held, and although no real progress has yet occurred, we are optimistic that the committee will agree on proposals to help relieve the desparate effects of the present system. The Department of Employee Relations will continue to seek exceptions from strict seniority language in all of its future collective bargaining activities.

Lastly, the Department of Employee Relations can and has led the way on this issue in determining the terms and conditions of employment for unrepresented employees through inclusion of language allowing departure from strict seniority in layoff provisions for affirmative action reasons in both the Commissioner's Plan and the Managerial/CES Plan.

SUGGESTIONS FOR ABSORBING FURTHER BUDGET CUTS WITHOUT LAYOFFS

As stated earlier, the Department of Employee Relations believes that if substantial further budget cuts become necessary during the current biennium, agency heads will have little alternative than to rely on layoffs as a way of reducing their budgets. Most agency heads appear to have reduced other portions of their budgets in response to cutbacks rather than resort to layoffs. The non-personnel portions of budgets cannot be further reduced to any significant degree.

Further budget cuts will require an assessment of programs and activities of the various state agencies to determine whether entire programs can be continued, whether certain activities might need to be eliminated and similar determinations. Once decisions are reached regarding which services will be cut back or eliminated, budgetary analysis will lead to decisions about whether employees must be laid off, and if so how many. It is in this decision making process that we have urged and will continue to urge agency heads to balance the continuing management objective of maintaining a balanced, representative, integrated workforce with the need to provide services.

Several suggestions for avoiding layoffs have surfaced in previous deliberations which are worthy of comment. These include the four day week, the nine day pay period and the five day furlough of public employees. These all have the same general theme -- reduce obligations for personnel costs by having the employees work fewer days. However, they also have the same major shortcoming -- they presume that all services can be uniformly reduced. This is not a reasonable assumption. Welfare institutions must continue to remain open 24 hours a day, as must correctional facilities. Various law enforcement activities continue to need the same level of staffing. In actual practice, many exceptions would need to be made to such proposals, which not only would result in unfair treatment of employees and less actual savings, but which also may have serious legal consequences.

Another possible option would be to delay salary increases provided for in approved collective bargaining agreements. This option and proposals to reduce the hours worked by employees, in effect, modify existing collective bargaining agreements could not be implemented unless agreed to by the various labor organizations.

To date, the parties to the various collective bargaining contracts have not reached any agreements to modify existing contracts resulting in cost savings and, therefore, a reduction in the effect of layoffs; however, the Department of Employee Relations plans to continue to discuss the subject with each exclusive representative.