Voluntary Separation Program
Savings and Costs

October 2006
A Report by the Office of the Auditor

Alexis Dow, CPA
Metro Auditor
October 23, 2006

To the Metro Council and Metro-area citizens:

In early 2005 a Voluntary Separation Program was rolled out to Metro employees as part of a broader three-year plan to reduce costs. A lump-sum payment based on years of service was offered to each eligible employee as an incentive to voluntarily resign from Metro. The goals of the program were to facilitate restructuring of business support functions; accelerate employee attrition, thereby eliminating the need for involuntary layoffs; and reduce litigation risks from layoffs. The cost of the program was to be recovered through a hiring freeze.

The Metro Auditor’s Office reviewed the Voluntary Separation Program to determine if the goals were met and to assess the longer-term impact on Metro. We determined that most of Metro’s goals for the program were met.

A total of 33 employees participated in the program. The cost of the program, including incentive payments and related payroll taxes plus unemployment claims, was $758,000. Savings from attrition measured through the end of FY 2006 were $901,000, for a net overall savings to Metro of $143,000. No discrimination claims were made.

However, the grant-funded corridor planning function lost three employees to the program, which was a serious setback as replacements at comparable levels were simply not available. Since the group’s activities were grant-funded, savings from attrition were negated by lost recovery from grants.

Although legal requirements prevented Metro from making any attempt to retain these employees, we determined that Metro could have identified and dealt with the market compensation issue with this group prior to announcing the program, and recommended that Metro minimize future risk of losing employees in strong employment markets by assuring that Metro’s salaries are competitive in the employment marketplace.

The following report describes our work and our findings and recommendation in more detail. The last section of the report presents the written response of Metro Chief Operating Officer Michael Jordan.

We appreciate the assistance provide by Metro’s Human Resources and other staff during the course of this review.

Yours very truly,

Alexis Dow, CPA
Metro Auditor

Auditor: Stephen Babcock
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Metro Chief Operating Officer Michael Jordan
Executive Summary

In early 2005 a Voluntary Separation Program was rolled out to Metro employees as part of a broader three-year plan to reduce costs. The other components of the plan were forming a Business Design Team to reorganize business support functions, consolidating and eliminating accounting funds, and instituting a hiring freeze. The plan was created to contain increasing payroll costs at a time when revenues were static.

A lump-sum payment based on years of service was offered to each eligible employee as an incentive to voluntarily resign from Metro. The goals of the program were to facilitate restructuring of business support functions; accelerate employee attrition, thereby eliminating the need for involuntary layoffs; and reduce litigation risks from layoffs. The cost of the program was to be recovered through a hiring freeze.

The Metro Auditor’s Office reviewed the Voluntary Separation Program to determine if the goals were met and to assess the longer-term impact on Metro.

Most of Metro’s goals for the program were met. A total of 33 employees, approximately 6% of those eligible, participated in the program and incentive payments were made by April 30, 2005. The total cost of the program, including incentive payments and related payroll taxes plus unemployment claims, was $758,000. Savings from attrition measured through the end of fiscal year 2006 were $901,000, for a net overall savings to Metro of $143,000. No discrimination claims were made.

The program facilitated organizational structure changes in many areas, particularly the Oregon Zoo, Regional Parks & Greenspaces, Regional Transportation Planning and other Planning departments. In some cases, employees could see that their positions would be eliminated; in others, restructuring occurred because specific employees accepted the offer.

However, the grant-funded corridor planning function lost three employees to the program, each of whom accepted employment with other local government and private sector employers. The loss of three corridor planners at the same time was a serious setback as replacements at comparable levels were simply not available. Since the group’s activities were grant-funded, savings from attrition were negated by lost recovery from grants.

Legal requirements prevented Metro from making any attempt to retain these employees and excluding them from the program would have been at odds with the basic premise that all departments reporting to Metro’s Chief Operating Officer were covered by the program. However, as explained further in the recommendation that follows, Metro could have identified and dealt with the market compensation issue with this group prior to announcing the program.

The following report provides a recommendation and further detail regarding the Voluntary Separation Program and its impact on Metro’s operations.
Recommendation

Minimize the risk of losing key employees in strong employment markets by assuring that Metro’s salaries are competitive in the employment marketplace.

The Voluntary Separation Program created an incentive for all eligible Metro employees to assess their worth in the local employment market. Corridor planners found there was a very strong and active employment market for their skill sets. Three experienced corridor planners accepted the Voluntary Separation Program incentive and left Metro for other employment. Planning managers could not act to retain them because of restrictions inherent in the Voluntary Separation Program.

Management recognizes the importance of employee compensation being competitive in the market place. The Human Resources department conducts exit interviews of all employees who leave and did so for the employees who elected to participate in the Voluntary Separation Program. They also assess the competitiveness of salary ranges by conducting studies on a regular basis that compare market compensation – including pension, medical and other benefits – by employee classification.

The importance of competitive compensation is vital when a program such as the Voluntary Separation Program is offered. Before offering such a program, management must determine if mission critical employees are competitively compensated, because once the program is rolled out management does not have many options – as Metro planning managers discovered. Even a small gap in market compensation can be significant in these circumstances if an employee perceives that he or she can leave for an attractive opportunity without making a financial sacrifice.

Metro risked losing corridor planning employees even with no Voluntary Separation Program. Without the program, Metro likely could have responded with counteroffers and increased compensation, thereby avoiding a deadline-driven sense of urgency for employees to act. Metro probably would not have had to manage through the concentration of turnover that came about in corridor planning.
Introduction

In contemplating budgetary decisions for fiscal year 2006, Metro senior management expressed concern about projected operating cost increases, particularly payroll-related costs including health care and retirement benefits, while revenues were projected to be relatively static. Management addressed this concern by creating a three-year plan that included a Voluntary Separation Program.

The components of the three-year plan were:

- Centralize key business service functions by forming an internal Business Design Team to conduct a review of all positions within Metro that provide general business support, including accounting, finance, contract services, information technology, human resources, communications and public affairs.
- Consolidate multiple funds into a new general fund.
- Establish a Voluntary Separation Program.
- Establish a hiring freeze to capture and extend the savings from vacated positions.

The goals of the Voluntary Separation Program were:

- Create opportunities for the Business Design Team to restructure business service functions for greater effectiveness at less cost.
- Minimize litigation risks from layoffs by offering a voluntary program.
- Minimize the cost of the program by accelerating attrition and instituting a hiring freeze.
- Minimize the cost of unemployment claims.
- Avoid losing hard-to-replace key employees.
- Avoid compromising the effectiveness of Metro’s mission and programs.

Under the Voluntary Separation Program, employees choosing to voluntarily resign within the specified time period received a lump sum payment based on their years of service with Metro. The cost of the program was to be recovered through payroll costs foregone during the hiring freeze. Every regular Metro employee reporting to Metro’s Chief Operating Officer was eligible for the program except for employees in their initial probation period and employees with personal written employment contracts. Excluded from the program were employees of the Metropolitan Exposition Recreation Commission (MERC) and the Metro Auditor Office. Temporary, seasonal and limited duration employees were not considered regular employees and therefore were ineligible for the program.
Voluntary Separation Program

The Voluntary Separation Program was developed by members of Metro’s Human Resources and Finance and Administrative Services departments, and the Office of Metro Attorney at the direction of Metro senior management. The program was discussed and approved by senior management and the Metro Council in early 2005 and was communicated to all employees in the form of a memorandum from Michael Jordan, Metro’s Chief Operating Officer. A package of information covering the details of the program accompanied the memorandum and the Human Resources department scheduled question and answer sessions with groups of employees.

Incentive terms

Metro offered a fixed incentive amount based solely on number of years of service. The incentive started at $100 for the first year of service and increased for each additional year by an additional increment of $100 each year. Thus, an employee with two years of service would receive $300, three years $600 and so on until a maximum of $66,600 was offered to an employee with 36 years of service.

Eligible employees had 45 days from the announcement of the program in which to decide whether or not to participate, and were given an additional seven days to rescind a decision to accept the terms of the program. Electing employees were required to leave Metro no later than April 30, 2005, unless extended up to 180 days by Metro for operational reasons, and all payments were to be made to participants by that date.

Electing employees were informed of their rights under the Age Discrimination in Employment Act of 1967 (ADEA) and the Older Workers Benefit Protection Act of 1990 (OWBPA), and were asked to acknowledge in writing that these rights had been explained to them. They were also required to provide Metro with a release from any claims related to employment. To comply with ADEA requirements, management was directed not to encourage employees to accept or reject the program.

Electing employees agreed not to seek employment with Metro for a period of three years after the termination date or to enter into a personal services contract unless selected through a request for proposal process. Metro stated it would not oppose claims for unemployment compensation made by participating employees.

Hiring freeze

The purpose of the hiring freeze was to capture and extend the savings produced from vacated positions and create flexibility for the Business Design Team in their efforts to centralize and streamline business processes within Metro. To administer the hiring freeze, all positions within Metro were categorized as “central services,” “program” or “essential” by Human Resources.
Central services positions were defined as those that provide business support either through a support department or within a program department. These positions were the focus of the Business Design Team’s efforts to centralize and streamline business support functions. Program positions were defined as positions that provide program content or services as opposed to business support. Essential positions were defined as positions that are necessary to sustain day-to-day public service operations at an acceptable level.

In administering the hiring freeze, essential positions vacated because of the Voluntary Separation Program or for other reasons would be replaced immediately by action of department managers. Vacant central services and program positions provided the Business Design Team with opportunities to restructure business support functions. These positions were frozen through the end of fiscal year 2005, with exceptions made only for operational necessity and subject to the approval of Metro’s Chief Operating Officer. His decisions were based on his being assured that the duties of the position could not be eliminated or absorbed elsewhere.

In fiscal year 2006, and continuing in fiscal year 2007, all vacancies that occurred in central services positions were filled only with senior management’s approval based on the same criteria.

**Participation**

A total of 33 employees, representing 30.8 fulltime equivalent employees (FTEs) and 6% of Metro’s eligible authorized headcount of approximately 500, elected to participate in the program and all were paid the incentive no later than the April 30, 2005 termination date. Eight employees were extended beyond that date by Metro; three of those were extended into fiscal year 2006; none were extended beyond the October 31, 2005 date, which met the maximum extension criteria of six months set by Metro. The total cost of the program, including incentive payments and related taxes plus unemployment claims, was $758,000.

Ten employees in central services positions, 18 in program positions and five in essential positions participated in the Voluntary Separation Program.

**Purpose and scope of review**

The Metro Auditor Office studied the Voluntary Separation Program to determine its effectiveness in meeting the goals Metro set for the program and to assess its longer-term impact on Metro. The scope of the work performed did not, however, include an-depth review of the Business Design Team’s efforts.

No attempt has been made to evaluate the extent to which the program structure or the actions taken met or did not meet the legal requirements of ADEA or OWBPA.

In performing our work we measured the costs of the program and the savings from attrition resulting from the hiring freeze through the end of fiscal year 2006. Metro’s Financial Planning division tabulated the cost of the program for each participant and the savings through attrition through fiscal year 2005 in order to determine the fiscal year 2005 budgetary impact of the program and to project attrition savings. This information and hiring information by position supplied by
the Human Resources department provided the basis from which we determined overall costs and savings from attrition for the program through fiscal year 2006.

We interviewed key operating and financial managers to assess the impact of the Voluntary Separation Program on Metro programs and activities and to obtain some perspective on the nature of restructuring opportunities that were provided to the Business Design Team.

Our work was conducted in accordance with generally accepted governmental auditing standards. These standards required that we review internal controls and report significant deficiencies that are relevant to audit objectives. Significant internal control deficiencies found during the course of the audit are described in the report.
Findings

Conclusion

It is a core challenge for the leadership of any entity to assure that the necessary resources are available and applied in an appropriate way to accomplish the assigned mission. This is traditionally addressed during the annual budget process. Metro sought to take a longer view for the fiscal year 2006 budget by initiating business process changes and by creating a Voluntary Separation Program to help meet these goals.

The Voluntary Separation Program was successful in meeting most of Metro’s goals for this program.

- The program provided an incentive for employees whose experience and skill sets did not match well with the objectives and expectations of Metro management to leave Metro. The program accelerated attrition into a discrete time period, thereby providing the Business Design Team with the flexibility to centralize and realign business support functions so that over the long run these functions would operate more effectively and at lower cost. It also promoted buy-in to the business re-design process from employees who had the opportunity to elect the program and chose not to do so.

The hiring freeze for central services positions remains in place, so that senior management will address the possibility for further centralization and realignment of business support functions each time a vacancy occurs in one of these positions.

- There were no layoffs during fiscal year 2006 beyond the Voluntary Separation Program and no discrimination claims were filed nor litigation threatened in conjunction with the program. Voluntary departures instead of involuntary layoffs are a far more desirable approach to drive business structure change, as this is a much more positive message to employees who elect to stay in an environment where business structure change is an ongoing reality.

- Savings measured through the end of fiscal year 2006 from the attrition sparked by the hiring freeze more than offset the cost of the program.

- Unemployment claims were filed by only one-third of the participants, and many were well under the maximum claim allowed.

There were mixed results in the following areas:

- There was a significant loss of key employees in one Metro department, corridor planning. Three experienced and capable corridor planning professionals took the incentive and left for public and private sector jobs in the local market. This negatively impacted corridor planning, as replacements at that level were very difficult to find and reduced grant funding offset the attrition savings benefit.
Metro should have recognized the strong local employment market demand, partly driven by grant-funding dynamics, for the corridor planners and how difficult it would be to replace them. The best approach to retain some of these individuals would probably have been to implement salary structure changes to close the gap between Metro and market compensation before the Voluntary Separation Program was offered or even conceived.

• Other Metro departments were not significantly affected by losses of personnel, as suitable replacements were readily found for positions that were not impacted by restructuring, although in the Solid Waste and Recycling department some outreach activity was deferred when a key individual left and was not immediately replaced.

Program costs and savings from attrition

The direct cost of the Voluntary Separation Program consisted of the incentive payments made to participants and the payroll taxes due on those payments. An additional cost was the payment of unemployment benefits claimed by some participants.

Savings from attrition were measured by determining the period of time that each position was vacant and calculating the amount of payroll, fully loaded for payroll taxes and employee medical, pension and other benefits, that would have otherwise been paid from the date of termination through the end of fiscal year 2006. This included five positions totaling $242,670 in savings eliminated from the fiscal year 2006 budget. These savings are included because the Voluntary Separation Program was an integral part of an interactive process that resulted in the elimination of the positions.

Some additional savings were included when replacements were hired at lower salaries. Although replacements generally have lower pension costs, which result in additional longer-term savings, this has not been quantified and included here.

Positions principally funded by grants were not included in the determination of attrition savings since the related costs are recovered through the grant funding process.

The calculation of savings ended with the fiscal year 2006 budget. As time passes, programs and operational needs change and new budgets are prepared, so that assessing the impact becomes more difficult and less meaningful.

Certain costs were incurred that offset the calculated savings, including the hiring of temporary or contract workers and creation of new positions that directly impacted the work that was being done. Savings have been shown net of these costs. These costs offsetting attrition savings did not include positions created to support new or restructured programs, such as Nature in Neighborhoods.
Table 1 shows the cost of the Voluntary Separation Program incentive, summarized for each department or general area impacted, as well as the savings achieved within that department from the subsequent hiring freeze.

### Table 1
**Summary by department**

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of participants</th>
<th>Net savings due to attrition</th>
<th>Less incentive costs</th>
<th>Less unemployment claims</th>
<th>Net savings (cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Support</td>
<td>5</td>
<td>$163,777</td>
<td>$(87,803)</td>
<td>$(14,567)</td>
<td>$61,407</td>
</tr>
<tr>
<td>Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>5</td>
<td></td>
<td>$(115,662)</td>
<td>$(9,636)</td>
<td>$(125,298)</td>
</tr>
<tr>
<td>Regional/Forecasting</td>
<td>3</td>
<td>161,166</td>
<td>(34,042)</td>
<td>(21,788)</td>
<td>105,336</td>
</tr>
<tr>
<td>Corridor Planning</td>
<td>4</td>
<td></td>
<td>(74,485)</td>
<td>-</td>
<td>(74,485)</td>
</tr>
<tr>
<td>Oregon Zoo</td>
<td>9</td>
<td>393,444</td>
<td>(227,796)</td>
<td>-</td>
<td>165,648</td>
</tr>
<tr>
<td>Parks</td>
<td>4</td>
<td>118,273</td>
<td>(108,656)</td>
<td>(13,209)</td>
<td>(3,592)</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>3</td>
<td>64,571</td>
<td>(36,167)</td>
<td>(14,220)</td>
<td>14,184</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>33</strong></td>
<td><strong>$901,231</strong></td>
<td><strong>$(684,611)</strong></td>
<td><strong>$(73,420)</strong></td>
<td><strong>$143,201</strong></td>
</tr>
</tbody>
</table>

Table 2 shows the costs and savings as above, summarized by the hiring freeze categories.

### Table 2
**Summary by hiring freeze category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of participants</th>
<th>Net savings due to attrition</th>
<th>Less incentive costs</th>
<th>Less unemployment claims</th>
<th>Net savings (cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential Programs</td>
<td>5</td>
<td>$106,320</td>
<td>$(179,135)</td>
<td>$(5,671)</td>
<td>$(78,486)</td>
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<tr>
<td>Central Services</td>
<td>10</td>
<td>412,991</td>
<td>(234,030)</td>
<td>(25,303)</td>
<td>153,659</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>33</strong></td>
<td><strong>$901,231</strong></td>
<td><strong>$(684,611)</strong></td>
<td><strong>$(73,420)</strong></td>
<td><strong>$143,201</strong></td>
</tr>
</tbody>
</table>

Table 3 shows the impact of the costs and savings of the program on the operating budgets for fiscal year 2005 and 2006. The total amounts in Table 3 differ from Tables 1 and 2 because vacation pay is included and unemployment payments are excluded, thereby conforming to budget funding requirements.

### Table 3
**Summary of budget impact by operating budget year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net savings due to attrition</th>
<th>Less incentive costs</th>
<th>Less vacation costs</th>
<th>Net savings (cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2005</td>
<td>$213,646</td>
<td>$(684,611)</td>
<td>$(134,675)</td>
<td>$(605,640)</td>
</tr>
<tr>
<td>FY 2006</td>
<td>687,586</td>
<td></td>
<td></td>
<td>687,586</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$901,231</strong></td>
<td>$(684,611)</td>
<td>$(134,675)</td>
<td><strong>$81,946</strong></td>
</tr>
</tbody>
</table>
Voluntary Separation Program Savings and Costs

Through the end of fiscal year 2006, measurable savings from implementing the Voluntary Separation Program exceeded its costs by approximately $143,000. Of these net savings, approximately $153,000 came in central services positions, $68,000 came in program positions and there was a net cost of $78,000 in essential positions. The calculation of savings in central services positions is the easiest to justify; it is less clear in positions that are described as program or essential positions because the question of whether services were degraded or programs not completed is harder to assess.

Corridor Planning

Metro structured the Voluntary Separation Program incentive based solely on length of service with no weighting for compensation level so that having a relatively high rate of pay would not factor into an employee’s decision to participate.

The structure was designed to appeal to employees who recognized that they were no longer a good fit at Metro. This aligned with Metro’s goals, but the Voluntary Separation Program incentive would also appeal to employees with marketable skills and experience.

Three employees in the corridor planning department, with experience at Metro ranging from 14 to 25 years, did elect to participate in the program, receiving aggregate incentive pay and fringe benefits of $58,000 plus accrued vacation pay. They then accepted employment offers, apparently with substantially greater compensation even considering pensions and other benefits, from local government and private sector employers.

This was a serious setback in the corridor planning function at Metro, as the remaining staff was hard pressed to meet deadlines on existing projects and application for new grants and planning for new projects was inevitably deferred.

Metro attempted to fill these slots with new hires, and eventually did hire one individual with less experience and consequently in a reduced role. The remainder of the department’s workload was redistributed to less experienced staff members and senior managers took more hands-on responsibility. Since this group is funded almost entirely by federal and other grants, reduced grant revenues effectively negated any savings in salaries. The incentive payments were not reimbursable by grant funds.

The question posed by the loss of the three corridor planners is, “What actions could Metro have taken to prevent their participation in the program?”

• Could Metro have devised a retention strategy that fit legal requirements?
• Could corridor planning or grant-funded personnel have been excluded from the program at the outset?
• Could the problem have been anticipated by changes to the compensation structure for corridor planning personnel before initiating the program?
ADEA legal requirements restrict managers from influencing employees’ decisions and were established to prevent or mitigate harassment or bullying of employees that managers or others might wish to see leave. Encouraging employees to stay and not accept the incentive is also prohibited by ADEA legal requirements. The thinking behind the law may be that providing encouragement to a group of employees to stay is de facto discrimination against those who are not asked to stay. Certainly it could cause resentment among those not chosen for retention incentives.

Cognizant of this, Metro directed managers not to discuss the program with employees and, to meet minimum ADEA requirements, limited the period for employees to consider the program to 45 days, plus seven days to reverse the participation decision. This was frustrating to Planning department management since their key employees were given incentives for leaving, not for staying. The loss of technical experience and the resulting diminished capabilities of the corridor planning function were not mitigated by budget savings since these positions are funded by grants.

Whether corridor planning personnel could have been excluded from the program is problematic because the design of the program was based on inclusion of all departments reporting to Metro’s Chief Operating Officer. The answer partly resides in legal interpretations that are beyond the scope of this study.

Closing the gap between Metro and market compensation prior to initiating the Voluntary Separation Program was certainly possible if Metro had recognized that there was a strong local employment market demand, partly driven by grant-funding dynamics, for the skill sets and knowledge of this group and that such a strong market might be attractive to many of the professionals in corridor planning.

**Business Design Team**

Although an in-depth review of the Business Design Team’s efforts was not within the scope of this review, we did note that organizational restructuring did occur at the Oregon Zoo, Regional Parks and Greenspaces and Regional and other Planning areas, resulting in central services functions such as Finance and Accounting, Creative Services and Public Affairs becoming more centralized.

These changes were facilitated by the Voluntary Separation Program; in some cases because individual employees could see that their positions might be eliminated, while in other cases the opportunity to restructure positions was provided by employees who left.
Response to the Report

Metropolitan Exposition Recreation Commission
# Audit Response

**Recommendation 1**

Minimize the risk of losing key employees in strong employment markets by assuring that Metro’s salaries are competitive in the employment marketplace.

<table>
<thead>
<tr>
<th>Agree</th>
</tr>
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<tbody>
<tr>
<td>Yes  <em>X</em></td>
</tr>
<tr>
<td>No   ____ (specify reasons for disagreement)</td>
</tr>
</tbody>
</table>

**What action will be taken (if any)?**

The Human Resources department recently conducted a classification and compensation study of all positions represented by LIU. Salaries were compared to the salaries of similar positions locally and, for some positions, nationally. The salary schedule for these positions was revised according to the market and proposed to the union through the collective bargaining process. We have also proposed the addition of a “bonus” component for LIU employees. We recently began a classification & compensation study of all AFSCME classifications. We will propose adjustments to our salary ranges based on market data for comparable positions and we will also propose some sort of variable, performance-based incentive pay.

**Who will take action?**

Metro’s workforce contains employees who are performing mission critical work and who have considerable skill, experience, knowledge and institutional history. Both public and private sector labor markets are aggressively recruiting these individuals. We’re taking a more proactive approach to the problem by identifying the employees who are most at risk from current market pressure. Where salary is an issue, Metro has successfully responded to such market pressure in several recent instances, thereby retaining the employee. Our goal, through the AFSCME classification and compensation study, is to propose and bargain a salary structure that aligns with the market and assures that Metro can retain employees. Our strategy for the non-represented employees is to adjust these classifications within the current non-represented salary structure to assure market competitiveness. We will need to survey the labor market much more frequently than we have in the past and we will need to develop and bargain strategies that allow Metro to respond more quickly to market pressure.
**When will action be accomplished?**

Until recently, HR interviewed exiting employees only when there was an apparent reason to do so. We have begun interviewing all exiting employees to gain specific information related to Metro’s ability to retain. We’ve learned what has been known among employers for many years: retention doesn’t always depend on salary. High on the list of reasons employees leave an organization is lack of recognition and lack of leadership. We’ve received feedback from employees that the Performance Evaluation Program, especially the Stakeholder Feedback component, is making a positive impact on employee’s feeling that their good work is recognized by management. Additional recognition strategies and additional leadership training is needed. HR is proposing the development of an agency-wide *Employee Recognition & Retention Program* and *Leadership* training for the 2007-08 budget.

**Follow-up necessary to correct or prevent reoccurrence.**

We will continue to implement the recommendations made by the Auditor.
Metro Auditor
Report Evaluation Form

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Our mission at the Office of the Metro Auditor is to assist and advise Metro in achieving honest, efficient management and full accountability to the public. We strive to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region’s well-being.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

Name of Audit Report: Voluntary Separation Program Savings and Costs
October 2006

Please rate the following elements of this report by checking the appropriate box.

<table>
<thead>
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<th>Element</th>
<th>Too Little</th>
<th>Just Right</th>
<th>Too Much</th>
</tr>
</thead>
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<tr>
<td>Background Information</td>
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<td>Details</td>
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<td>Potential Impact</td>
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Suggestions for our report format:
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Suggestions for future studies:
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Other comments, ideas, thoughts:
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Name (optional):
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