

**LESSONS FROM LAYOFFS:**

*An analysis of the 2009 City of Redmond reduction in force*

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Commissioned

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# Introduction

## Why revisit last year's layoffs?

*... because layoffs are looming again, and RCHEA wants to be sure they are handled in a fair and consistent way.*

In fall 2009, the city of Redmond responded to revenue reductions and lack of work with needed staff layoffs. Three workers were laid off on Nov. 19 – two in the Planning Department, and one in Public Works. The retirement of one additional Planning worker resolved the need for a fourth layoff.

**The 2009 layoffs were not handled in a consistent and appropriate way.** Certain workers appeared to be targeted for layoffs in an arbitrary, even capricious way. In a few cases, performance evaluations – intended as a tool for positive reinforcement – instead were inappropriately used as a punitive layoff weapon.

**The Redmond City Hall Employees Association commissioned this white paper to inform decision makers about what went wrong last year. Additionally, this report presents concrete steps the City can take to prevent the reoccurrence of these problems.**

The actions taken by the City Planning Director and Human Resource Director during the layoff process left many employees feeling confused, upset and unfairly treated. Post-layoff interviews conducted with workers for this report reveal that feelings of betrayal and mistrust persist.

A common response, when workers are asked their feelings today about how layoffs were handled last fall:

***"I thought it was unethical."\****

The City of Redmond has a mission statement that includes the goal that leadership will "strive for cohesiveness, cooperation and progressive vision," and that words and actions will demonstrate the City's integrity.

Sadly, those values were not upheld by the actions of certain city managers last fall.

Layoffs are a difficult time for all workers, both those terminated and those who remain behind. The City's handling of the process made this tough time even more challenging.

Workers believe in the current Mayor's leadership and are hopeful that an examination of these past errors will result in a more positive working environment – and a fairer process when layoffs are needed.

*\* All the workers interviewed for this report asked to remain anonymous.*

## **A description of the problems**

While there were numerous issues that arose during the layoff process, this white paper focuses on two of the most serious problems workers encountered. They were: **1) last-minute performance evaluations which were then used as a basis for layoffs;** and **2) lack of consistency in how different departments handled layoffs.**

### **1) Last-minute performance evaluations used as a basis for layoff.**

#### **WHAT HAPPENED:**

In the Planning Department, performance evaluations were not held on schedule. When layoffs loomed in November, some workers under consideration for layoffs did not have current performance evaluations.

On Nov. 19, two workers who were under consideration for layoffs were suddenly scheduled for performance evaluations. The evaluations at this point were more than four months late. **Other workers whose evaluations were also overdue were not evaluated in this time period.**

The two performance evaluations were conducted early on the morning of Nov. 19. (In a miscommunication, human-resource and planning-department directors seemed unaware that one of the workers' names had been withdrawn from the layoff pool.)

In both cases, the workers were given relatively low marks in their evaluation. In both cases, the workers filed an objection to their evaluation results.

**That same afternoon, one of the workers was laid off.**

In the layoff letter sent by the Planning Director to this worker, the evaluation made that day was specifically cited as the basis for the layoff:

*"Layoff determinations were made using these factors, the most important of which was an individualized assessment of relative performance based on a comparison of employee's recent performance evaluation and disciplinary records."*

#### **IMPACT:**

**The timing of the last-minute performance evaluations created the appearance that management targeted particular workers for layoff, and then reverse-engineered the poor evaluation scores needed to justify their dismissal.**

For Association officials, who were negotiating the layoffs in good faith with the City at the time, the move revealed a breach of confidence. Confidential lists of prospective employees for layoff – shared by human resources during negotiations – had been inappropriately passed on to the planning director. The director then appeared to have used the information to decide who needed a sudden performance evaluation.

The news of the city's use of last-minute performance evaluation data in building the case for a layoff evoked outrage.

"It seemed like it was kind of a scramble to target certain people, but make it look legitimate," one worker says. "I thought it was unfair – just very unethical."

For the laid-off workers, being subjected to a performance evaluation while knowing they were likely about to be laid off was excruciatingly stressful. At least one worker was reduced to tears.

## **SOLUTION:**

To prevent any future last-minute performance evaluations being used in layoff determinations, the Association has proposed a change in our contract regarding how and when performance evaluations may be conducted:

*All annual employee performance evaluations shall be scheduled in the first quarter of the calendar year (January, February, and March). Any additional performance evaluations shall only be allowed by the department director for employee recognition or within 30 days of the completion of a performance improvement plan. No late employee performance evaluations shall be allowed in determining job performance.*

These changes would eliminate the possibility that in the future, a worker would be subjected to a performance evaluation with the knowledge that they could be under consideration for a layoff. It would put a stop to the poor practice of last-minute evaluations being used to justify the choice of a particular worker for layoff.

In addition, the Association has asked that an average of the three most recent performance evaluations be used in determining job performance. This change would also help prevent the use of a single performance evaluation as a weapon to target a specific worker for layoff.

Conducting performance evaluations in a time period when layoffs are being negotiated is not considered a sound managerial practice, as it may expose the employer to the risk of legal action from the worker. In a best-practices manual created by the national employment law firm Widman Harrold, it states:

*Evaluations prepared specifically for layoff purposes and immediately prior to the layoff may not provide adequate protection [to employers] because they are not a*

*part of the normal employment process and are subject to challenge, especially when they conflict with prior evaluations.*

Ensuring performance evaluations take place outside of contract negotiation periods when layoffs may be under discussion is therefore in the best interests of both the workers and the City.

## **2) Lack of consistency in the layoff process**

### **WHAT HAPPENED:**

There were three important differences in how layoffs were conducted by different City departments. First off, select Planning Department workers were notified they were at risk of layoffs in a special meeting. Associate Planners, Plans Examiners, Permit Technicians, the Department Systems Support Coordinator and Permit Coordinator were asked to attend. At this meeting, the staff were told everyone in the room was at risk of layoff, while those absent were not.

Principal and Senior Planners, an Assistant Planner, and Building Inspectors were excluded from the special meeting. They were informed in separate meetings that they were not at risk of layoff.

"There was a good room to be in, and a bad room," one worker recalls. "I wondered why we weren't told all at once."

Public Works held no such similar meeting, in which only some workers were warned they might be laid off.

Second, while the Planning Department was springing same-day performance evaluations on workers they planned to terminate, the layoff procedure went quite differently in the Public Works department.

*Public Works had a meeting for all Public Works Development Services personnel, one worker recalls. The Public Works Director said there would be layoffs in this department because of the budget and due to the slowdown in development. He said they were not sure how many, but there would be layoffs. After the meeting, one worker recalled, "All of us thought 'It could be any one of us.'"*

*The whole division was informed of the layoffs together. A worker was subsequently selected for layoff based on existing performance evaluation data. This worker was then appropriately notified and laid off. There were no planned layoffs in any other divisions in Public Works.*

**No performance evaluations were scheduled for Public Works employees during the layoff period.**

Finally, the layoff notification letter sent by the Public Works department contained different language than the letter sent by the Planning Department. Specifically, the Public Works letter lacked the paragraph cited above about "recent performance evaluation and disciplinary records being used."

In summary, there appeared to be a **lack of guidance from human resources on the proper procedures to be followed for layoffs**. Directors appeared to be without guidelines on how to proceed with their layoffs, and so different methods of executing the layoffs were used.

### **IMPACT:**

Workers who attended the segregated Planning Department meeting came away extremely worried. They wondered why they were under scrutiny for layoffs while other co-workers were not.

The meeting impacted productivity greatly, workers report. Several weeks of nervous speculation followed, as workers awaited details on who exactly would be laid off.

"At that point, panic set in," one recalls. "It was just a bad way to handle it. There was low productivity and endless speculation."

Workers within the Planning Department came to feel they were unfairly treated. They saw that other departments did not treat their workers in the same way. This feeling was compounded after Planning Department workers were given evaluations on the same day layoffs were carried out.

### **SOLUTION:**

Citywide human-resource policies and processes surrounding layoffs need to be developed and better coordinated so that departments are all following the same guidelines. Layoff letters should be standardized, as well as the process for informing workers who are to be laid off. New standards for notifying workers of possible layoffs need to be developed.

The Association looks to the city for leadership in crafting new policies and insuring their consistent implementation, so that all departments treat their employees with equal respect.

## **Conclusion:**

Despite the bad feelings the layoff process engendered last year, RCHEA members feel it's a real privilege to work for the City of Redmond. They're hopeful that City officials will want to prevent a recurrence of these problems, and will work proactively to craft new policies and procedures.

RCHEA appreciates the opportunity to inform the Human Resources Director and the Mayor of how layoffs impacted their membership. It's hoped that sharing the lessons of last year's layoffs will allow all parties to navigate the budget constraints of the coming year in a way that imparts dignity to all City of Redmond workers.

*Carol Tice's work has appeared in the Seattle Times, Entrepreneur Magazine, Seattle Magazine, and many other local and national publications.*