



## **CITY OF HATTIESBURG REDUCTION IN FORCE | FREQUENTLY ASKED QUESTIONS P. 1**

### **What is a reduction in force?**

A reduction in force occurs in the event that economic or operational circumstances arise in which there becomes a shortage of revenue or other economic changes in the organization that require strategic fiscal adjustments.

### **Why is the City of Hattiesburg experiencing a reduction in force?**

The city's general fund is heavily dependent on the tax dollars generated from retail sales, and March numbers indicate a downturn (approximately 15%) for when the parts of the economy were shut down for less than half the month. That shortfall is anticipated to double for April.

### **What is the sales-tax data for March and April that indicates this as a need?**

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### **Initially, what did the City of Hattiesburg do with employees to lessen the potential of economic hardships?**

In early March, the city instituted two policies to help with cost-savings and to lessen the potential impacts for the spread of COVID-19: (1) restricting out-of-town city-sponsored travel; and (2) a hiring freeze for general fund positions (except for essential public safety personnel).

While these policies will help cover some of the revenue shortfall, sales tax revenues will continue to lag behind last year's totals.

### **Why implement the reduction in force now?**

With six months left in the fiscal year, a reduction in force will help the city reduce expenses and possibly alleviate the need for a second or third round of layoffs.

### **What benefits will employees, who are let go, receive?**

Employees in positions that are dissolved will be able to take advantage of enhanced unemployment benefits available to them through the CARES Act legislation. Additionally, all eligible employees will be paid out for accrued sick/vacation time (up to 240 hours) and will have access to insurance benefits through the end of May.



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### **If the City is laying off employees, why is it continuing to spend money on projects?**

Currently, spending is limited to projects where funds have already been obligated. This also includes funding sources outside of the general fund, such as water and sewer projects (which come from a separate fund which is earmarked to be spent only on water and sewer-related projects) and grant-funded projects.

Moving forward, the City of Hattiesburg's primary objective will be to continue providing services to the residents of Hattiesburg. Several project categories like paving may experience a reduction in spending.

### **How many employees will be affected by the reduction in force?**

At this time, there isn't a definitive number included in the reduction in force policy. However, city administrators will use both recommendations made by directors and the budget to guide the process.

### **How were employees notified about the reduction in force?**

On Monday, April 27, directors met with all employees to discuss the reduction in force. A letter from Mayor Toby Barker was also given to each employee.

After recommendations are made by directors, city administrators will discuss and make final decisions. At that time, directors will have communication with each employee whose position will be dissolved. He or she will also be provided documentation that describes the process and next steps for filing unemployment and accessing benefits still available to each employee through the end of May.

### **Will these positions be added back?**

If the city can regain some of its economic momentum while still prioritizing public health - and if subsequent months' sales tax revenues trend back toward pre-pandemic levels - there could be action taken to restore some positions to the city's workforce.