



NEWS FROM THE OFFICE OF
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THE HIDDEN COST OF DOWNSIZING GOVERNMENT

ULSTER COMPTROLLER URGES CAUTION IN SEPARATION PAY POLICY

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KINGSTON, NY (December 3, 2012)... Ulster County Comptroller Elliott Auerbach has issued a report which analyzes the high cost to the County when one of its employees leaves Ulster County employment. Referred to as "separation pay," the expense is the result of compensation to County employees who leave County service for certain types of accumulated, unused time, such as vacation and sick time. As the report indicates, the expense can be significant, and in the present economic climate, the concern is more timely than ever.

According to Auerbach, "the report identifies two primary areas of focus for County officials on this issue: the first is to make sure that we are careful in properly calculating how much is owed. The second is to open the dialogue as to how to handle this issue going forward. Addressing both issues protect the taxpayers of Ulster County."

The report, the fifth issued by Auerbach and his staff since September, highlights glaring inconsistencies in the language of the collective bargaining agreements (CBAs) which govern the calculation of separation pay. "We are deeply concerned that in negotiating the various CBAs, the types of time, and the rules associated with calculating separation payouts, are often vastly different from one bargaining unit to another," says Auerbach. "Maybe even more troubling," Auerbach notes, "is that the language is sometimes contradictory within the same CBA." The problem with these inconsistencies, according to the report, is that it places enormous pressure on the personnel and finance department employees who must calculate the payouts, and increases the opportunities for human error in doing so.

"The challenge of the inconsistent language of these contracts makes it very difficult to fully automate the calculations, which means more human intervention in the process, as well as an inefficient use of technology to protect the People of Ulster," says Auerbach.

Further, the aggregate size of the separation payouts is so high that Auerbach's office recommends various policy and procedure changes going forward to control it. According to the report, "[i]n calendar year 2011, the County issued 141 payouts totaling \$1,173,294. Between January 1st and June 15th of 2012, the County processed 60 separation payouts amounting to \$518,948, or roughly 44% of the previous year's amount."

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people and to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

"With the downsizing of County government, and in particular, the impending sale of Golden Hill, the County must be very careful in its handling of this issue."

In the short term, tightening of procedures to address the possibility of human error is urged. In the long term, Auerbach and his staff suggest that the language of CBAs in this regard be streamlined, uniform, and better explained to the County departments who have to calculate it, as well as identifying alternative means of controlling the expense in the future, such as capping the payout or making payments over time as opposed to a lump sum.

The report, entitled Separation Payouts, Report of Examination, can be found on line at www.ulstercountyny.gov/comptroller

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