



PRESS RELEASE

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Chattanooga Housing Authority Implements Second Workforce Reduction to Make Up \$4.5 Million Shortfall

Executive Director Bob Dull Resigns as Part of Reduction-in-Force Strategy

May 15, 2009 - Chattanooga Housing Authority officials announced today their second reduction in the agency's workforce this year. The move will affect 30 staff members – including the agency's executive director, Bob Dull. Mr. Dull is resigning, effective immediately, as part of CHA's reduction-in-force strategy.

CHA officials say this latest reduction in workforce, coupled with an earlier one in February that affected 26 employees, will allow the housing authority to help make up a \$4.5 million shortfall. The shortfall, officials say, was caused by cumulative operational expenses exceeding revenues since 2004.

“As soon as we realized the enormity of our financial situation, we immediately notified the U.S. Department of Housing and Urban Development for assistance,” said CHA's Chief Operating Officer Betsy McCright, who will continue to be responsible for the agency's day-to-day operations.

“HUD is working with us to resolve this matter, and we have identified and implemented immediate actions to reduce expenses and bring them in line with current revenues. We expect CHA to return to full fiscal health by the end of 2009,” Mrs. McCright said. “Those employees affected by this current reduction in our workforce will be offered a separation package, which was also done back in February.”

In January, CHA had a total of 206 employees. With the announcement of today's workforce reduction, the agency will have 150 staff members. In addition to the reduction in staff, CHA will take the following action to make up the agency's shortfall:

- Reduce CHA's voluntary pension contribution from 8 percent to 0 percent through November 30. CHA will continue matching all employee contributions to their pension plan.
- Contract services will be reduced by approximately 25 percent, effective July 1.

In addition to assistance from HUD, Ms. McCright said CHA is working with two independent financial consultants.

“We know that these measures are heart-wrenching, but it has become necessary for us to take an aggressive approach to resolving our current financial situation,” Ms. McCright said. “Despite these challenges, CHA remains committed to our mission of providing safe, decent and affordable housing to those we serve. We will get through this difficult time.”

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Media Note: Cheryl Marsh will be available for comment and interviews today at 12:30 in the main lobby of the James A. Henry Center located at 1200 Grove Street.