

County of Sonoma
Countywide Cost Saving Ideas

FOR OFFICIAL USE ONLY

NAME OF ORGANIZATION		DATE RECEIVED
NAME OF PERSON SUBMITTING IDEA	WORK PHONE #	EMAIL
TITLE OR SUBJECT OF COST SAVING IDEA Early Retirement Incentives		
EXISTING CONDITION (if more space is needed, please summarize and attach additional sheet/s) Salaries and benefits of long-term employees are costly. If 5% of the workforce retired, those costs would be shifted to the Retirement Board. Salaries for the replacement staff would be lower. If the vacancies were filled from within the department, additional savings would be realized, as replacements would be staggered.		
SUGGESTED COST SAVINGS IDEA (if more space is needed, please summarize and attach additional sheet/s) Long-term employees are valuable but expensive. Offering attractive retirement incentives to reduce the workforce by 200 employees from the highest pay steps result in an immediate and future savings in salaries, benefits, and certain expenses (401K, additional 2.5% Retirement Contribution, etc.). Many long-term employees plan to stay for a year and a half to gain the additional \$7200 for the medical insurance allowance benefit. In addition to the benefit, they will be collecting their salary and other benefits for that time. Offering the allowance as a lump sum, now, plus 2 years longevity service credits would be an attractive incentive to induce many of the long-term employees to retire before they originally planned.		
BENEFITS OF IDEA (Cash savings, revenue, labor, space, service) (if more space is needed, please summarize and attach additional sheet/s) A 15% budget cut for many departments means employee terminations. It does not make sense to lay-off lower paid and lower seniority employees (our future) to keep 200 long-term employees working an extra year and a half so they add \$7200 in salary, and then retire. The County is faced with a double loss of talent, experience, and morale. Would trained staff return to the county once the senior staff retired? Probably not, after being away for a year and a half. If we have to downsize the employee population by 5%, think to the needs of the future, and encourage younger employees to stay and make the County their career. Once the fiscal problems begin to ease, filling the vacancies would impose additional expenses and staff time to departments for recruitment, hiring, training, etc., rather than using those resources to provide services to the public. If the average salary and benefit package for each long-term employee is \$60,000/year, and an early retirement incentive attracts 200 employees (You may have demographic profiles that show the number of employees in the 55 – 60 age range may be more than 200.) the salary and benefit savings totals \$12 million. Incentives similar to this proposal were offered to employees in the early 1990's		
ISSUES (legal, costs, MOU, space) THAT COULD POTENTIALLY LIMIT IMPLEMENTATION OF THIS IDEA If 5% of the workforce, 200 employees, were offered the full medical benefit allowance in FY 08-09, the cost would be \$1.44 million, which is the same amount the county will pay in FY 09-10. The front load cost of \$1.44 million against \$13.44 million in salaries and benefits, including the medical benefit allowance, for FY 09-10 saves at least \$12 million.		

Send to Chris Thomas, at CAO's office