Has the County recovered the cost of the 2009 Miscellaneous Retirement Incentive?

Yes. The cost of the two-year service credit is actually being spread over the next 20 years as an increase to the employer contribution to CalPERS. However, as Exhibit IV demonstrates, there will be a net savings of $28, 379,433 as of June 30, 2010. Even after applying these savings to the required vacation and annual leave distributions, which are a liability that must be paid when an employee leaves the County in any case, there is a net savings of $13,414,674 as of FYE 2010.

Are there any further savings to be gained by another incentive?

Yes, we believe there are. We have been advised through our Labor-Management Committees, that there are a significant number of employees who would take the opportunity now, given the ongoing fiscal crisis, the lack of salary increases, and the likelihood of further staff reductions. Of course, there are an additional 730 employees who first became eligible for the incentive within the past twelve months. The first incentive program was also limited by having a 90-day window that closed at the end of March, before the budget was adopted for 2009-10. The reality of the budget dilemma was not fully apparent before the window closed. If the new incentive is extended for the 180-day window as proposed, employees will be able to take into account both the County and State budget reduction proposals before they make their choice. Further, with a 180-day window, employees will have more flexibility related to vacation/annual leave distributions, as provided by their collective bargaining contracts. The extended window thus responds to the anecdotal feedback we received about why people did not take the first incentive.

In looking at the age and service distribution of eligible employees this year, there are 142 employees who have over 20 years of service and are over age 60. In addition, there are another 687 employees over age 60 with less than 20 years of service, and 706 employees between ages 50 and 60 with over 20 years of service. Based on these statistics, we expect approximately 15%, or 527, of the eligible employees to retire during the window period.