Memorandum

MIAMI-DADE COUNTY

GO
Agenda Item No. 1(D)2

Date: September 8, 2009

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Early Departure Incentives

On July 21, 2009, Resolution R-1035-09 was adopted by the Board of County Commissioners directing staff to study the feasibility, in terms of costs, savings and administration, of providing incentives to encourage the voluntary separation of employees from County service. The resolution directed that the study include an email survey and possible early departure incentives, including: payment of insurance premiums for employees and their spouses or domestic partners for a fixed period of time; payment of accumulated leave at the rate of pay before any possible pay reduction in FY 2009-10; and deferred payment of accumulated leave over a period of time. The resolution also requested an estimate of the savings, if any, that the County would realize if an employee accepted those incentives in comparison to retaining the employee and calculation of the number of layoffs that could be avoided by use of such an incentive program. Attached you will find a report including a number of alternatives developed for purposes of analyzing departure incentive programs. I should point out this kind of review is not new. We have evaluated early departure initiatives carefully over the last few years. The conclusion is consistent. They are not cost advantageous.

We have not yet performed a survey for two reasons. First, it was important to determine alternatives for consideration prior to surveying employees so that there would be a concrete option or options for our employees to react to. Once we determined none of the alternatives would have a positive budgetary impact, we did not think it wise to provide these as options, given our fiscal constraints. Second, it can be very disruptive to perform a survey if it cannot be guaranteed that such survey will result in a definitive action. Asking employees about interest in an early departure incentive program, and then opting not to provide such a program, would cause unintended results. It is not responsible to lead employees on if there is a real likelihood that such a program will not be implemented. It is quite safe to assume that, depending on the benefits offered, a subset of our employees would be interested in an early departure program.

In this analysis, because in all likelihood we would not be eliminating positions vacated by employees that take advantage of this program beyond those already contemplated in the budget, an early departure incentive program does not improve the current budgetary situation and offers no fiscal advantage over normal layoff procedures. The budget contemplates more than 1,000 layoffs and has been developed to cover those separation costs already. Because the process for layoffs results in the least senior employees ultimately being laid off, the separation cost that would result from changing this to more senior employees who opt for an early departure who would have higher separation costs would exceed that which has been provided. Another consideration is the impact this would have on our succession planning efforts and the loss of talent that may result from such a program. In any event, layoffs and position eliminations without any backfills are by far the least costly alternative to reduce authorized positions and payroll costs.

Additionally, we analyzed programs for which the employees would not be harmed. Simply, if an employee opts for an early departure, he or she forgoes future retirement income to which he or she is entitled by serving the County. We must consider the long-term impact of suggesting employees leave in return for a few years of insurance coverage so that our employees can make an informed decision about their future. Regardless, early departure programs are costly and unless used in a very targeted and hence discriminating manner, can have unintended consequences.

The County implemented an early departure program in FY 1995-96 with less than favorable results. Any short-term savings were more than exceeded by the costs of multi-year health insurance premiums and leave payout costs.

Should you have any questions regarding this information once you have reviewed the report, please feel free to contact me at 305-375-1880.

Attachment

c: Honorable Carlos Alvarez, Mayor
Honorable Harvey Ruvin, Clerk, Circuit and County Courts
Honorable Joel H. Brown, Chief Judge, Eleventh Judicial Circuit
Robert A. Cuevas, Jr., County Attorney
Denis Morales, Chief of Staff
Assistant County Managers
Department Directors
Charles Anderson, Commission Auditor

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Miami-Dade County
Voluntary Early Separation
FY 2009 - 10

August 2009

SUMMARY

On July 21, 2009 the Board of County Commissioners (Board) approved Resolution R-1035-09 directing the County to evaluate options for employees to voluntarily separate from County service.

An early departure program will require an additional investment to pay early departure incentives. In most cases, the full fiscal benefits to the organization are not immediate and cost more to than the standard layoff process. Any early separation incentive will have varying appeal to both the County and its employees based on factors such as healthcare, income taxes, County budget and cost considerations, employee skills, and our commitment to continue delivering a high level of services to residents. As a result of these complex issues, it is important for the County to fully understand and assess the early departure options prior to gauging employee interests. Experiences of other jurisdictions also suggest that an expression of employee interest prior to understanding program details is not an indication of final participation rates. Regardless, as explained in the transmittal memorandum of this report, it is critical that specific program designs be structured before any surveys are conducted so as not to mislead employees or ask only open-ended questions. Certainly, it is safe to assume that, depending on the benefits offered, a subset of our employees would be interested in an early departure program.

As the County contemplates early retirement options, our assessment suggests it is important to consider the following:

Any "net savings" reflected in this report assume positions are not backfilled when vacated by employees participating in the program. Any "net savings" as evidenced by other jurisdictions can be quickly erased if hiring and promotions are not strictly controlled, and/or vacated positions eliminated. Consideration should also be given to loss of institutional knowledge and expertise should a large number of experienced employees separate. Ideally, specific eligibility and acceptance criteria should be established to minimize adverse impacts to the organization. Program duration should also be for a definitive period of time to better manage employee departure.

Any program intended to address current/short term budget shortfalls will cost more than the standard layoff procedures. Layoffs are the most cost effective with the highest significant savings as they avoid the need to secure additional funding to pay for early separation incentives. Additionally, layoffs are more manageable and target specific services to be addressed through the budget and service needs. Position eliminations are always more cost effective.

Any incentives extending health benefits, if offered at all, should be in the form of flat cash incentives in lieu of paid health plan participation. In an era of escalating healthcare costs, as evidenced in the County's Departure Incentive Program (DIP) offered in the mid 1990s, the latter option becomes increasing costly. Additionally, this review highlights the need to consider the level of initial investment required to fund the program compared with the expected benefits.

It must be stressed that the any references to "net savings" in this review assume the vacated positions area abolished. If positions are abolished as part of the proposed budget based on funding limitations and service priorities, then all of the incentive program options above add millions of dollars of cost in the short term and many millions more in cost over time. Based on

the results of this review, early departure incentives aimed at addressing the current budget situation do not provide either immediate or long-term expenditure reductions relative to position eliminations/layoffs and therefore are not recommended.

BACKGROUND

On July 21, 2009 the Board of County Commissioners (Board) approved Resolution R-1035-09 directing the County to evaluate options for employees to voluntarily separate from County service.

Following the FY 2007-08 property tax reforms enacted by the Florida Legislature and the potential budget pressures that could ensue, staff began investigating early voluntary separation as an option to trim longer term expenses. At the time, the economy was perceived as fairly robust and a small number of employees informally indicated interest in exploring early separation from County service, provided the separation incentives were attractive. Since then, governments that depend heavily on property tax support have experienced a double digit decrease in revenues in 2009 both as a result of the collapsed housing market and the deepening economic recession which compounded the effects of the earlier property tax reforms. As a consequence, employees that are at, or close to retirement, may have to rethink their retirement plans.

Miami-Dade County employs 31,928 full and part-time employees who are categorized by retirement eligibility status in Table 1 below. Full time employees account for 93% or 28,883 employees and part time employees account for 7% or 2,168 employees. A total of 64% of all County employees or 19,928 have been employed by the County a minimum of six years and are therefore vested in the Florida Retirement System (FRS) defined benefit pension plan. Employees that select the portable defined contribution plan vest in one year. The remaining staff includes 11,123 employees with less than six years of County service. It should also be noted that a total of 3,147 employees have served less than one year.

Table 1
County Employees by Category
(As of July 2009)

Employee Category	Count	% of Staff
Total full time employees	28,883	93%
Total part time and temporary	2,168	7%
	31,051	100%
Employees with six or more years of service (Vested in the FRS Plan)	19,928	64%
Employees with less than six years but greater than one year of service	7,976	26%
Employees with less than one year of service	3,147	10%
Employees at or within three years of retirement		
Number of employees currently in DROP	1,557	5%
Special Risk by Longevity	868	3%
Special Risk by Age	186	1%
Regular Class by Longevity	1,418	5%
Regular Class by Age	1,914	6%
	5,943	19%

As the County evaluates early separation alternatives, it must be cognizant of the need for appropriate succession planning. Recognizing that the workforce is aging, the County launched an organization-wide succession planning program to ensure appropriate knowledge transfers between retiring employees and potential successors. As detailed in the succession plan, and evidenced in Table 1, 19% of County employees are at or eligible to retire within three years. Included in this total are 1,557 employees currently enrolled in the DROP, and 1,015 special risk and 3,332 regular class employees who are within three years of non-reduced full pension eligibility.

Layoffs are impacted by decisions to scale back or eliminate programs and services, customarily due to lack of funding. Traditionally, the number of employees separating from the County in any given year has been relatively low. However, the current economic situation may drastically increase the number of layoffs. Additionally, as employees resign or retire from County service, county rules dictate the extent of the employee's separation payout amounts. In order to better gauge the attractiveness of any early separation offer to employees, it is important to understand current employee policies and associated payout amounts due at separation. The following describes the more significant of these policies.

Florida Retirement System (FRS) Pension Plan

The FRS Pension Plan is a state regulated plan. Membership in the FRS is compulsory if an employee works in a full-time or part-time regularly established position in a state agency, county government, district school board, state university, community college, or a participating city, special district or charter school. The FRS is an employee non-contributory system, that is, the employer pays all the retirement contributions necessary for the employee to earn service credit toward a future retirement benefit. No money is deducted from the employee's salary to pay for retirement.

Employers pay retirement contributions equal to a certain percentage of salary each month. There are five membership classes, Regular Class, Special Risk, Special Risk Administrative Support, Elected Officers, or Senior Management Services Classes. For the purpose of this report employees were considered as either Regular or Special Risk.

Regular Class for this assessment includes all members who are not assigned to the Special Risk, Special Risk Administrative Support. The Special Risk Class includes employees who are employed as law enforcement officers, firefighters, correctional officers, community based correctional probationary officers, youth custody officers, paramedics and emergency medical technicians, certain forensic technicians and any others who meet the criteria in the retirement laws and rules to qualify for this class.

FRS also has two plans from which employees can choose from: a defined benefit plan and a defined contribution (investment) plan. The defined contribution plan is portable whereby the employee invests his/her retirement receipts and such funds are the employees to keep once he/she has one full year of service. Under the defined benefit plan, the pension benefit is calculated based on years of service and the average compensation based on the five highest years of compensation. Employees do not receive pension benefits until they retire. Regular employees and high risk employees both vest in six years but high risk employees are eligible for full pension benefits after 25 years, while regular employees must have 30 years of service.

Deferred Retirement Option Program (DROP)

The DROP allows an employee to effectively retire under the Florida Retirement System (FRS) Pension plan and begin accumulating retirement benefits, without having to terminate employment for up to 60 months from the date the employee reached normal retirement date or heir eligible deferral date. As a DROP participant, an employee simultaneously earns a salary and a retirement income. On entering DROP an employee is considered to be retired and ceases to earn retirement service credits. While participating in DROP, monthly retirement benefits accumulate in the FRS Trust Fund, earning tax-deferred interest. When DROP participation ends, the employee must terminate ALL employment with all FRS employers. At that time, the employee will receive his/her DROP payout and begin receiving monthly retirement benefits, in the amount determined at retirement, plus annual cost-of-living increases. The longer one participates in the DROP, the greater the financial gain.

Annual and Holiday Leave Payouts

Employees can accumulate a maximum of 500 hours of annual leave unless otherwise provided for in a collective bargaining agreement. As provided in the County's personnel procedures, upon separation employees are entitled to full payout of their accumulated annual leave up to the 500 hours at the employee's base rate of pay at the time of departure, excluding any shift differential regardless of years of service.

Eligible employees that enroll in the Florida Retirement System's (FRS) DROP, have the option to be paid their accrued annual leave up to the maximum 500 hours permitted. This payment is reported to the FRS as employee's compensation and therefore included in the retirement benefit calculation. Employees in the DROP continue to accumulate annual and sick leave in the same manner as regular employees. When an employee terminates County service and leaves the DROP he/she is paid accumulated sick leave per County policy and accumulated annual up to a career cap of 500 hours.

Owing to the fact that many tenured employees already receive all their accumulated leave upon separation there is little departure incentive associated with leave payouts except for DROP participants who have accrued leave that would not otherwise be paid upon leaving DROP. Two other incentives that could be useful include 1) the payment of accrued leave over several years to minimize income tax implications, and 2) the payment to employees at their current (July, 2009) rate of pay should they opt into the program after October 1, 2009, provided the proposed 5% across the board salary reduction is approved.

Sick Leave Payouts

Upon separation from County services, County policy entitles employees to full or partial payout of their accumulated sick leave based on a proration of their years of County service. A regular class employee with less than 30 years service will be paid a maximum of 1,000 hours of unused accrued sick leave at the employee's rate of pay at the time of separation, and except as otherwise provided by collective bargaining agreement, sick leave payouts are based on years of continuous County service with the exception of regular class employees with 30 years of service or more who receive their full sick leave balance with no maximum cap.

As with the case of regular class employees, special risk class employees who retire after 25 years of full-time continuous County service will receive the entire accumulated sick leave hours. Additionally, all non-bargaining unit special risk employees and employees who occupy

exempt Executive Groups 1, 2 and 3 positions, and who retire after 25 or more years of full-time County employment, will be eligible to receive payment for all accrued and unused sick leave.

Since sick leave is not always paid in full upon separation from the County, there is potential to consider a sick leave incentive as part of a separation incentive package.

Medical and Dental Benefits

The County pays medical insurance coverage to its employees ranging from approximately 60% to 100% of total costs depending on the program and coverage elected. Medical insurance coverage ceases upon normal separation from County service and employees are offered COBRA coverage, at their expense, for a limited period. However, a retiring employee has the option to remain in the County's health plan if he/she elects to pay the full participant cost without County subsidy. Given the importance and cost of healthcare today, a health benefit incentive may be a reasonable addition to an early separation package.

Using the factors noted above, the following is an evaluation of the costs and benefits of various separation and payout options with regard to their immediate cost reduction potential and payout expenses. Additionally, in an effort to gauge the attractiveness of these packages, the cost of separation for a sample set of employees was also calculated.

EARLY SEPARATION PROGRAM OPTIONS

The County's human resource policies historically focused heavily on employee retention. This is evidenced by the large proportion of employees (64%) that have served six or more years with the County. Approximately half or 14,766 of current employees have 10 or more years of service and 3,595 (24%) have 25 or more years of service.

Previous Early Retirement Program - DIP

In 1995, a taxable Departure Incentive Program (DIP) was offered to County staff. The program is an incentive based management tool intended to reduce staff costs over the long term. The program offered a combination of the following incentives upon separation from County services:

1. Full payment of the County's cost of single health coverage (two person coverage for executives with dependent care coverage) or,
2. A monthly cash supplement of $300 ($500 for executives with dependent care coverage) until the employee reaches the Medicare eligible age. Each option is for a minimum of eight years.
3. 100% sick leave payout plus 3% interest (Fiscal Year 1996-1997)
4. Payment of the prorated value of their longevity bonus, longevity annual leave and sick leave conversion.

Eligibility criteria for the DIP requires an employee to have completed at least 20 years of service (with no age limit) or to have completed at least 10 years of service and be eligible by virtue of his/her age to receive unreduced FRS pension benefits (62 years of age). Additionally, beginning in October 2003, employees in the DROP were no longer eligible to participate in the DIP.

Since inception more than 14 years ago, a total of 1,015 employees have participated in the DIP, the majority of whom entered the program during the enrollment period. The program has been used sparingly, and a very limited number of executives were approved to enter the DIP. No executives have been approved for this program in over five years and I only approved two executives for participation in the program before then. These two approvals were based on verbal commitments from the prior administration. Today there are 96 former employees remaining in the program of which 50 are receiving health insurance benefits and 46 are collecting the cash option. Together the current program cost is just over $797,000 per year and as medical costs escalate, the health benefits option is becoming increasingly costly to the County.

Voluntary Early Separation Options for 2009

For evaluation purposes, the analysis assumes that early separation options will be exercised by October 1, 2009. The estimated "net savings" also assume no backfill or rehires into the positions vacated by employees participating in the program. Since the Proposed Budget eliminates positions based on constrained revenues and service priorities without depending on any departure incentives, any early separation incentive options are, in fact, additional costs. In developing the program options, employees were divided into two distinct target groups.

Alternative 1: This group comprises of 5,943 employees that by virtue of their age or length of service are in the DROP or are eligible to retire within the next three years. As shown in Table 1, these include both Special Risk and Regular Class employees. These employees may or may not be more interested in an early retirement package because of the potential impact on their FRS benefits.

Alternative 2: This group includes <u>all</u> employees with more than one year of service. Consequently, their departure incentive would give employees with fewer years of service an opportunity to voluntarily separate from the County.

The following options are possible incentive options for separating from County service based on other voluntary separation and retrenchment programs offered in other organizations.

Option 1: 100% sick leave payout in lieu of the prorated amounts detailed in Attachment 1. This option may appeal to employees with a large accumulated sick leave balance that might otherwise be partially foregone if they were to separate today.

Option 2: Continue County contributions to medical and dental benefits for a three-year period, payable either as a cash payment or participation in the County's health plan or,

Option 3: The dollar value of three years medical and dental benefits payable at the subsidized rate in one lump sum upon separation.

Option 4: A lump sum cash payment equal to one pay-period for each year of service capped at a maximum number of pay periods. For comparative purposes, the assessment contemplates two scenarios. Option 4 offers full credit for all eligible years of service while,

Option 5: Offers a lump sum cash payment equal to one pay-period for each year of service, capped at ten years of service.

In developing the cost profiles for the above options, annual personnel expenditures were based on salaries and fringes paid as of July 31, 2009 and exclude overtime and other salary costs. Although potential "net savings" are calculated for each option by category, actual "savings" will depend on the number of participants and the specific compensation package of individuals taking the departure incentive. Additionally, assuming an early separation package is to offset some layoffs, it is important to remember that the Proposed FY 2009-10 Budget includes position reductions and layoffs totaling 1,700 or approximately 5% of the current workforce. These reductions require no departure incentives or their associated costs.

Alternative 1: Early Retirement Program for Employees at or Within Three Years of Retirement

This group of active full-time employees total 5,943 and meet the following eligibility criteria:

- Employees currently in DROP with any number of years remaining in the program
- Special Risk employees who are at least 52 years old and/or have 22 or more years of County service
- Regular Class employees who are at least 59 years old and/or have 27 or more years of service

This group was further divided into employees currently enrolled in the DROP with their retirement benefits being paid into a separate account for them, and employees within three years of retirement that would receive a reduced retirement benefit if they retire early, Table 2

Table 2
Alternative 1 - Personnel Expenses and Normal Separation Costs Without Separation Incentives

		Current Cost per Employee			Separation Costs per Employee (Without Separation Incentives)			
Employee Eligibility	Count	Salary and Fringe	Health and Dental	Total First Year Expenditure	Annual Leave Payable	Allowable Sick Leave Payout	Holiday Leave Payout	Total Separation Cost
In DROP	1,557	$98,041	$7,662	**$105,703**	$2,691	$31,252	$5,106	**$39,049**
Eligible to Retire Within Three Years								
Special Risk (Longevity)	868	112,431	7,546	**119,977**	15,207	37,097	9,505	**61,809**
Special Risk (Age)	186	97,043	7,366	**104,409**	10,161	9,624	6,022	**25,806**
Regular Class (Longevity)	1,418	87,694	7,151	**94,845**	11,086	23,265	2,419	**36,770**
Regular Class (Age)	1,914	72,304	7,247	**79,551**	6,959	4,901	1,050	**12,910**
Total	5,943							
Average		$89,354	$7,380	**$96,734**	$8,131	$21,037	$3,830	**$32,997**

Source: Employee Data Warehouse as of July 31, 2009

The average cost of salaries and fringes for the employees in these employees is $89,354 as shown in Table 2. When added to health and dental benefits, the average compensation package totals $96,734 and the corresponding separation cost, without additional departure

incentives, totals $32,997. Separation costs include accrued sick, vacation and holiday pay based on current personnel policies. Therefore, the average employee in this group will reduce first year direct salary costs by approximately $64,000 if he/she separates from County services today and the affected position is not filled. Obviously simply eliminating such a position in the budgetary process avoids the additional separation cost. Employees not currently in the DROP who meet the eligibility criteria based on age have much lower separation costs, due to the lower average base salaries and lower number of accrued sick leave hours that are payable. Conversely, employees who meet the criteria based on longevity have high separation costs due to the high value of payable accrued sick leave, and to a lesser extent, accrued annual leave. As expected, special risk employees with 25 years of longevity and regular class with 30 years of longevity benefit most from high accrued sick leave.

Using the data provided in Table 2, the "net savings" potential was calculated for each departure incentive option. Table 3 presents the "net savings" potential for each option calculated as the net of total employee compensation, less normal separation costs and less the cost of the incentive option.

Table 3
Alternative 1 – "Net Savings" per Employee by Separation Incentive Option

	Employee Category	In DROP	Eligible to Retire Within Three Years				
			Special Risk by Longevity	Special Risk by Age	Regular Class by Longevity	Regular Class by Age	Group Average (Weighted)
	# Employees	1,557	868	186	1,418	1,914	5,943
Separation Incentive	Avg. Compensation	$105,703	$119,977	$104,409	$94,845	$79,551	$96,734
Option 1: 100% sick leave payout in lieu of proration	Option Cost	2,428	5,000	9,032	3,984	4,775	4,138
	"Net Savings"	64,226	53,168	69,570	54,090	61,865	59,600
Option 2: Medical & dental over three-years	Option Cost	27,893	27,477	26,882	26,044	26,385	26,874
	"Net Savings" (3 years)	38,760	30,691	51,720	32,031	40,256	36,864
	"Net Savings" (annual)	12,920	10,230	17,240	10,677	13,419	12,288
Option 3: Three years medical lump sum	Option Cost	22,987	22,638	22,151	21,453	21,740	22,142
	"Net Savings"	43,667	35,530	56,452	36,622	44,901	41,595
Option 4: One pay-period for each year un-capped	Option Cost	80,694	86,164	43,656	79,295	28,454	63,175
	"Net Savings"	(14,040)	(27,995)	34,946	(21,220)	38,187	562
Option 5: one pay-period for each year capped at ten years	Option Cost	29,268	33,848	26,129	26,982	17,957	25,650
	"Net Savings"	37,386	24,320	52,473	31,093	48,683	38,087

Source: Employee Data Warehouse as of July 31, 2009
Option costs were computed from the appropriate average accrued sick and annual leave, employee and compensation rates as provided in the Employee Data Warehouse

Based on these results, the County would have "net savings" in all categories and options except Option 4. For this option, payouts to employees in the DROP, Special Risk by Longevity and Regular Class by Longevity would result in a loss to the County in the short term. Overall,

Option 1 yields the highest average "net savings" ($59,600 per employee) followed by Option 5 which could save an average of $38,087 per employee. Employees close to retirement would receive larger separation incentives by relaxing the current accrued sick leave rules.

Regarding Options 2 and 3, it is important to note that paying the incentive over three years (Option 2) allows the County to forego funding the full separation costs in the first year. However, the option to pay in full in the first year (Option 3) offers greater overall "net savings" because an inflation factor of 10% was applied to Option 2 to reflect the increasing cost of health benefits.

Option 4 would offer payouts based on years of service without a cap and will result in a net loss to the County. The cost of separation in three of the five alternative choices under Option 4 far exceeds the estimated "savings". Taken as a group, the average option cost totals $63,175 for an average saving of $562 per employee. Option 5, which caps the payout to a maximum of 10 pay periods, offers a much more favorable cost/saving ratio. Consequently, any incentive package that caps the offer even further (say four or five pay periods) will result in much greater "net savings" to the County.

Actual "net savings" from any option will depend on the number of employees participating and more importantly, each employee's compensation cost, years of continuous service, leave accrual, and health coverage elections. Since it is not possible to predict these factors in the absence of a declared early departure incentive program and the names of actual participants, several participation levels were computed for comparison purposes. In order to better understand the full funding impacts of each option, Table 4 presents a summary of potential payouts and "net savings" by category and option, assuming 10% of employees in each category elect to participate.

Using the group average and assuming 10% participation of eligible employees, a total of 594 employees countywide would volunteer for early retirement. The County would need funding totaling just over $19.6 million for accrued sick and annual leave payouts if these employees separated without a departure incentive. Assuming Option 1 were offered, the additional cost of the initiative would be $2.46 million therefore the County would need to fund a total separation cost of just over $22 million. In turn, the County would avoid salary and other compensation expenses totaling $57.46 million for "net savings" of $35.39 million in the first year. Under a normal layoff process, compensation savings would be $2.46 million more than offering the departure incentive.

Similar observations can be made for the remaining options. For example, Option 4 would require an additional $37.53 million in spending for a "net savings" of $324,000 and in some classifications would actually cost more than it saved.

Alternative 2: Active Employees with at Least One Year of Service (Countywide Option)

In an effort to evaluate the impact of offering an opportunity for all employees, in addition to those that are at, or close to retirement, a broader incentive program was considered based on longevity only. The eligibility criteria for this program are that the employee must be an active full time employee with at least one year of continuous service. This group was further divided into two categories to distinguish between employees vested in the FRS defined benefit pension plans and those who are not. For this analysis, the vested population (including all employees

that were part of Alternative 1) was defined as all active full-time employees with six or more years of service.

Table 4
Alternative 1: Total Separation Costs*, Funding Needs and "Net Savings" by Early Departure Incentive Option
(Assuming 10% Participation of Eligible Employees)

Employee Category		In DROP	Eligible to Retire Within Three Years				
			Special Risk by Longevity	Special Risk by Age	Regular Class by Longevity	Regular Class by Age	Group Average (weighted)
# Employees		156	87	19	142	191	594
Separation Cost		$6,080,000	$5,365,000	$480,000	$5,214,000	$7,037,797	$19,610,000
Total Salary Costs		16,489,668	10,437,999	1,983,771	13,467,990	15,194,241	57,459,996
Option 1: 100% sick leave payout-no proration	Cost of Incentive	378,768	435,000	171,608	565,728	912,025	2,459,000
	Total Separation Cost	6,458,768	5,800,000	651,608	5,779,728	7,949,822	22,069,000
	"Net Savings"	10,030,900	4,637,999	1,332,163	7,688,262	7,244,419	35,390,996
Option 2: Medical & dental over three-years	Cost of Incentive	4,351,308	2,390,499	510,758	3,698,248	5,039,535	15,963,156
	Total Separation Cost	10,431,308	7,755,499	990,758	8,912,248	12,077,332	35,573,156
	"Net Savings" (annual)	2,015,520	890,010	327,560	1,516,134	2,563,029	7,299,072
	"Net Savings" (3 years)	6,058,360	2,682,500	993,013	4,555,742	3,116,909	21,886,840
Option 3: Three years medical - lump sum	Cost of Incentive	3,585,972	1,969,506	420,869	3,046,326	4,152,340	13,152,348
	Total Separation Cost	9,665,972	7,334,506	900,869	8,260,326	11,190,137	32,762,348
	"Net Savings"	6,823,696	3,103,493	1,082,902	5,207,664	4,004,104	24,697,648
Option 4: One pay-period/year without a cap	Cost of Incentive	12,588,264	7,496,268	829,464	11,259,890	5,434,714	37,525,950
	Total Separation Cost	18,668,264	12,861,268	1,309,464	16,473,890	12,472,511	57,135,950
	"Net Savings"	(2,178,596)	(2,423,269)	674,307	(3,005,900)	2,721,730	324,046
Option 5: One pay-period/year cap at 10 yrs	Cost of Incentive	4,565,808	2,944,776	496,451	3,831,444	3,429,787	15,236,100
	Total Separation Cost	10,645,808	8,309,776	976,451	9,045,444	10,467,584	34,846,100
	"Net Savings"	5,843,860	2,128,223	1,007,320	4,422,546	4,726,657	22,613,896

* Total Separation Costs include the normal payout required if the employee were laid off or resigned, plus the cost of offering the incentive

Source: Employee Data Warehouse as of July 31, 2009

The second category includes those employees with at least one, but less than six years of continuous County service as of July 31, 2009. The total number of employees is 27,904 grouped as follows:

- Population with a minimum of six years of County service: 19,928
- Population with one to six years of County service: 7,976

The "net savings" associated with offering Options 4 and 5 to this broader employee population are summarized in Table 5. These "net savings" are based on the incentives paid less the total value of each employee's compensation (salary and fringe benefits, including health benefits) that would be discontinued upon separation. As expected, total "net savings" with the incentives are significantly lower than those realized under normal separation due to layoffs, retirements or resignations. In fact, they can actually represent additional costs in the short term as well as the long term.

Separation costs associated with employees who have not yet served six years are lower, largely because their salaries are normally lower and their tenure is much shorter (essentially capping their payout). Employees with six years of service or more account for 64% of all fulltime staff and include individuals with up to 44 years of continuous service. Consequently, the separation costs for these employees are significantly higher under the uncapped option and result in lower "net savings". Under the capped option their separation costs are reduced and the savings are on par with those of employees that have not served at least six years.

Notwithstanding these results, it must be noted that of the 27,904 employees, there are 207 employees for whom it would cost more to offer the uncapped separation incentive than the "net savings" that could be realized in the first year. These employees have each served between 32 and 44 years and would receive payouts in excess of the current annual salaries and benefits. Together, their severance would be approximately $1.5 million greater than the current value of their salaries and fringe benefits combined.

Table 5
Alternative 2: Early Departure Incentives Cost Comparisons
(at 5% participation)

	Six or more years of service	Greater than one, but less than six years service	Total
Number of Employees at 5%Participation	996	399	1,395
Total Salary Costs	88,910,765	26,992,778	115,903,543
Normal Separation Costs	16,082,987	1,579,294	17,662,281
"Net Savings" without incentives	**72,827,778**	**25,413,484**	**98,241,262**
Option 4: One pay-period for each year of service No Cap			
Cost of Departure Incentive	44,210,268	2,315,433	46,525,701
Total Separation Costs (including Incentive)	60,293,255	3,894,727	64,187,982
"Net Savings" With Incentives	28,617,510	23,098,051	51,715,561
Option 5: One pay-period for each year of service Capped at 10 years			
Cost of Departure Incentive	24,327,106	2,315,433	26,642,539
Total Separation Costs (including Incentive)	40,410,093	3,894,726	44,304,819
"Net Savings" With Incentives	**48,500,672**	**23,098,052**	**71,598,724**

Note: Due to rounding errors, numbers do not always foot

The same comments about "net savings" apply above. If positions are eliminated as part of the budgetary process all incentive payouts represent pure additional cost. No real savings exist.

FINANCIAL IMPACTS TO EMPLOYEES

While the analysis suggests there can be "net savings" to the County, an employee's decision to opt into a voluntary separation program entails many economic and personal factors, including the financial attractiveness of the program. Therefore, a sample of 22 employees who are at or close to retirement (including 12 employees who are currently in DROP) was selected to assess how the departure incentive options may impact them financially. Based on the status of individuals selected, the following impacts of early voluntary separation were identified (Table 6).

Table 6
Financial Impacts of Early Retirement on Selected Employees

DROP Participants

- Annual salary foregone through the remainder of the DROP period
- Lost value, if any, of annual accumulation for the remainder of DROP as provided by the Florida Retirement System (FRS)
- County-paid health benefits for the years in DROP

Employees at or near Retirement and who are not in the DROP

- Lost pension amounts for life calculated from the established retirement date and early separation date. This occurs because of a reduction in pension upon early retirement and also because pension benefits will be reduced. Life expectancy was estimated at 80 years for women and 75 for men based on 2005 Social Security Actuarial Tables
- Foregone DROP accumulation value for the maximum 5-year period as provided by the FRS
- Annual salary and County-paid health benefits from the time of separation until the end of the DROP period
- Difference in payout between total accumulated sick leave and the allowable sick leave payout received at the prorated value

Tables 7 and 8 show the estimated financial impact on both categories of employees. The 12 individuals currently in the DROP (Table 7) would collectively forego approximately $1.7 million with individual amounts ranging from $33,000 to $462,000 depending on how long the employee has been in DROP. No early voluntary separation option offers a payout comparable to the amounts these employees would forego upon early separation, except Option 4. For this option, seven of the 12 employees would receive severance amounts greater than the amount they would forego by retiring early.

Table 7
Early Retirement Financial Impact for Employees Participating in DROP
(Dollars in Thousands)

Employee Occupational Title	Age	Salary, Drop Value and Pension Differential	Health Cost from Separation Date to DROP End-Date[1]	Total Amount Foregone	Option 1	Option 2	Option 3	Option 4	Option 5
Bus Operator	62	$ 31.42	$ 1.83	$ 33.25	$ -	$ 11.51	$ 10.44	$ 64.31	$ 18.92
Fire Lieutenant	57	59.81	4.71	64.51	1.28	29.67	26.90	87.33	31.19
Assistant County Attorney	65	183.72	5.53	189.25	-	29.67	26.90	368.38	108.35
Park and Recreation Manager 1	64	40.11	2.26	42.37	0.61	10.55	9.56	58.30	20.10
Transit Body Paint Shop Supervisor	57	72.24	2.78	75.02	-	11.51	10.44	110.79	31.65
Senior Labor Management Specialist	60	111.98	3.10	115.08	-	11.51	10.44	154.95	45.57
Traffic Control Inspector	61	89.85	3.74	93.59	-	11.51	10.44	102.68	31.11
Personnel Specialist 2	65	98.25	13.91	112.16	-	29.67	26.90	74.08	23.90
Correctional Corporal	56	144.07	5.27	149.34	3.17	10.55	9.56	85.67	30.60
Assistant Water and Sewer Superintendent	65	206.21	5.75	211.96	-	11.51	10.44	126.73	42.24
Court Operations Officer 1	55	173.92	7.85	181.77	-	11.51	10.44	101.74	29.92
Fire Division Chief	57	435.58	25.93	461.52	13.37	29.67	26.90	154.33	61.73
Total		$ 1,647.16	$ 82.66	$ 1,729.81	$ 18.43	$ 208.89	$ 189.32	$ 1,489.29	$ 475.29

Source: Florida Retirement System and Payroll System

[1] *Separation Date estimated for October 1, 2009*

Similarly, the 10 individuals who are near retirement (Table 8) would collectively forego approximately $13.5 million to voluntarily separate from County services with individual amounts ranging from $440,000 to $2.4 million. None of the early separation options compare to the amounts these employees could earn if they remain employed through the end of the DROP.

Table 8
Early Retirement Financial Impact for Employees Near Retirement Eligibility
(Dollars in Thousands)

Employee Class and Occupational Title	Age	FRS Years of Service	Pension Differential for Life	DROP Value for 5 Years	Salary from Separation Date to DROP End-Date[1]	Sick Leave Reduction	Health Cost from Separation Date to DROP End-Date[1]	Total Amount Forgone	Option 1	Option 2	Option 3	Option 4	Option 5
Special Risk													
Chief Fire Officer	52	23.75	$ 521.61	$ 567.31	$ 1,000.65	$ 3.34	$ 92.69	$2,185.62	$ 3.34	$ 28.71	$ 26.02	$122.99	$ 53.47
Correctional Officer	54	30.06	8.18	387.80	360.78	3.05	61.70	821.52	3.05	29.67	26.90	61.74	26.84
Correctional Officer	52	24.75	337.68	326.91	512.56	0.82	37.36	1,215.34	0.82	10.55	9.56	64.20	26.75
Police Major	52	23.58	491.32	661.87	847.34	57.88	3.81	2,062.22	57.88	1.30	1.18	116.51	50.66
Chief Fire Officer	52	22.83	626.67	701.13	1,006.87	8.91	91.82	2,435.40	8.91	28.71	26.02	118.37	53.81
Total			$1,985.47	$ 2,645.03	$ 3,728.20	$ 74.00	$ 287.39	$8,720.09	$ 74.00	$ 98.95	$ 89.69	$483.82	$211.53
Regular Class													
Transit Mechanic Shop Supervisor	59	27	$ 140.17	$ 281.68	$ 613.14	$ 31.38	$ 40.77	$1,107.13	$ 31.38	$ 11.51	$ 10.44	$ 82.30	$ 31.65
Transit Administrative Coordinator	59	28.5	155.17	253.96	485.38	36.87	34.06	965.44	36.87	10.55	9.56	80.18	28.63
Court Operations Officer	57	27	276.18	246.42	735.67	0.18	112.03	1,370.48	0.18	29.67	26.90	91.45	35.17
Rail Technician	60	26.58	87.10	191.52	471.25	0.05	92.18	842.10	0.05	29.67	26.90	67.86	26.10
W&S Data Entry Specialist	60	28.83	47.90	116.68	245.28	0.02	30.07	439.95	0.02	11.51	10.44	41.19	15.26
Total			$ 706.52	$ 1,090.25	$ 2,550.72	$ 68.49	$ 309.13	$4,725.10	$ 68.49	$ 92.93	$ 84.23	$362.98	$136.82

Source: Florida Retirement System and Payroll System

[1] *Separation Date estimated for October 1, 2009*

Early Separation Programs in Other Jurisdictions

Early retirement incentives in 21 other jurisdictions were assessed to determine their efforts, approach and successes. While several jurisdictions have offered or considered such incentive programs, several have just started to explore the possibilities. Attachment 2 summarizes these efforts and some success in the jurisdictions reviewed. It should be noted that the majority of these are considerably smaller than Miami-Dade County.

The review shows that most of the early retirement eligibility criteria and incentives offered are somewhat similar in intent. Eligibility criteria most prevalent in the study included employees vested in the jurisdiction's retirement system, usually with a minimum of six years of service, and employees who are near retirement age or enrolled in a deferred retirement program. Incentives offered by jurisdictions had a recurring theme of including some level of health insurance coverage.

The actual number of employees that participated in incentive programs varied. However, none of the jurisdictions surveyed had as high a number of retirement-eligible employees as Miami-Dade County. For comparison purposes, in the case of Miami-Dade County the number of eligible employees would be approximately 6,000. Although savings projections appear very positive on the surface, historical data on actual savings realized from these jurisdiction's programs were typically unknown. In most cases respondents reported that the incentive programs were new and that savings data had not yet been compiled. Jurisdictions also noted that loss of expertise (brain drain) and lack of effective succession planning forced rehires which are expected to negate or minimize any net savings.

CONCLUSION

As the County contemplates its early retirement options, the assessment suggests it is important to consider the following:

1. If the aim of the program is to address current and long term budget issues, direct layoffs and position reductions are by far the least costly and save the most money. Layoffs are more manageable and target the specific services to be addressed. More importantly, they avoid the need to secure additional funding to pay for separation incentives.
2. Incentives that offer extended health benefits should be offered as flat cash incentives in lieu of paid health plan participation. In an era of escalating healthcare costs, as evidenced in the County's DIP, the latter option becomes increasingly costly and therefore the County should limit its long term commitments.
3. The financial impacts on employees are key determinants for attracting participants, particularly in a depressed economy.
4. The level of initial investment required to fund the program compared with the expected benefits must be determined.
5. The "net savings" as evidenced by other jurisdictions can be quickly erased if hiring and promotions are not strictly controlled, and/or vacated positions eliminated. "Net savings" shown in the above assessment assume no backfill of positions vacated by employees participating in the early separation program. However, consideration should be given to

loss of knowledge and expertise should a large number of experienced employees opt to separate.

6. Definitive start and end dates should be established to clearly set the parameters of the program.
7. First year cost savings will be diluted based on the program start date and other program realities. Consequently, the County should contemplate setting strict "opt-in" deadlines and final separation dates for any early departure programs.
8. The workforce is aging and therefore succession planning becomes paramount. It may also be important to determine how the County should limit the number of program participants it will accept.

Any early departure incentive program requires a substantial initial investment and/or a commitment to pay incentives in the future. Eliminating positions through the budgetary process based on revenue constraints and service priorities saves far more money than early separation programs. In fact, in the short term and certainly long term, such programs can represent additional costs. Consequently, we recommend against them and prefer simply eliminating positions we are unable to afford based on our tax policies.

Attachment 1

Leave Payouts

Years of Service	Regular Class Employee	Special Risk Employee	Maximum No. of Sick Hours	
			Regular Class Employee	Special Risk Employee
<10 years	None	None	Up to 1,000	Up to 1,000
10 Years but less than 11 years	25%	25%	Up to 1,000	Up to 1,000
11 Years but less than 12 years	30%	30%	Up to 1,000	Up to 1,000
12 Years but less than 13 years	35%	35%	Up to 1,000	Up to 1,000
13 Years but less than 14 years	40%	40%	Up to 1,000	Up to 1,000
14 Years but less than 15 years	45%	45%	Up to 1,000	Up to 1,000
15 Years but less than 16 years	50%	50%	Up to 1,000	Up to 1,000
16 Years but less than 17 years	55%	55%	Up to 1,000	Up to 1,000
17 Years but less than 18 years	60%	60%	Up to 1,000	Up to 1,000
18 Years but less than 19 years	65%	65%	Up to 1,000	Up to 1,000
19 Years but less than 20 years	70%	70%	Up to 1,000	Up to 1,000
20 Years but less than 21 years	75%	75%	Up to 1,000	Up to 1,000
21 Years but less than 22 years	77.5%	80%	Up to 1,000	Up to 1,000
22 Years but less than 23 years	80.0%	85%	Up to 1,000	Up to 1,000
23 Years but less than 24 years	82.5%	90%	Up to 1,000	Up to 1,000
24 Years but less than 25 years	85.0%	95%	Up to 1,000	Up to 1,000
25 Years but less than 26 years	87.5%	100%	Up to 1,000	No Maximum
26 Years but less than 27 years	90.0%	100%	Up to 1,000	No Maximum
27 Years but less than 28 years	92.5%	100%	Up to 1,000	No Maximum
28 Years but less than 29 years	95.0%	100%	Up to 1,000	No Maximum
28 Years but less than 29 years	97.5%	100%	Up to 1,000	No Maximum
>30 years	100.0%	100%	No Maximum	No Maximum

Source: Payroll System

Attachment 2

EARLY RETIREMENT PROGRAMS

Jurisdiction	Program and Criteria for Eligibility	Incentives	Projected Eligibility Timeframe	# Employees Separated	Projected Savings	Modifications to Hiring Practices / Backfill	Comments/ Challenges
Collier County, FL	Voluntary Separation Incentive Program (VSIP) • Enrolled in DROP • Age 62 or more, with minimum of 6 yrs of service, or 30 yrs of service at any age • Special Risk Class Service: 55 or older with minimum 6 yrs sp. risk svc, or anyone with 25 yrs sp risk svc and age 52, or 25 yrs sp risk svc regardless of age, or 30 yrs of creditable svc.	• Option 1 – Medical and dental benefits for 3 yrs • Option 2-Cash in lieu of medical/dental • Option 3-Combo of Options 1 & 2	Program has been offered 3 times: 2/08-3/08, 12/08-1/09, 7/09-8/09	60 in Total 51 out of 144 eligible in (3/08) 145 eligible in 12/08	(Not incl. 7/09 offering) FY09 $2.73 million FY10 $3.59 million FY11 $3.68 million Opt 1 - $59,300 / employee/ yr Opt 2 - $65,400 / employee/ yr	• Unknown whether vacated positions will be subsequently filled. • Early retirement agreement does not preclude employees from working for the County Manager's Agency or other Collier County Government office.	
Martin County, FL	Early Retirement Incentive Plan • Employee with minimum of 6 yrs of County service	• Option 1 - $29,745 cash and no health benefits • Option 2 - $19,830 cash and one year health benefit • Option 3 – 9,915 cash and two years health benefit • Option 4 - $0 cash and three years health benefits	3/08	27	Payroll Reduction $1.3 million Buyout Costs for 27 employees $555,240 Estimated Savings $700,000		
St. Lucie County, FL	Early Retirement Incentive Program (ERIP) • FT regular employees 55 or older, vested in the Florida Retirement System with minimum 6 years of service in St. Lucie County by 3/31/09	• Option 1 - Employer portion of premium paid for Medical Insurance coverage currently enrolled (either single or family) for three (3) years. • Option 2 - Lump sum cash payment of $30,039 for single coverage or $62,394 for family coverage.	6/1/08 – 6/30/08 Employee must retire by 3/31/09	68 out of 168 eligible	Net 3 yr savings for 168 eligible was projected at $26.2 million and annual savings of $11.4 thereafter	• Employees leaving the County under the Early Retirement Incentive Program may not be re-employed by the County and receive County benefits. • The Board may, for the benefit of the County, contract with retired County employees for specified services. No fringe benefits would be paid under such	

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Attachment 2

EARLY RETIREMENT PROGRAMS

Jurisdiction	Program and Criteria for Eligibility	Incentives	Projected Eligibility Timeframe	# Employees Separated	Projected Savings	Modifications to Hiring Practices / Backfill	Comments/ Challenges
						contracts.	
City of Tallahassee, FL	Voluntary Incentive Program (Proposed) • Non-probationary employees, base salary w/l 10% of or above Maximum Hiring Rate for job classification or, rate of pay at top of pay step in Electric Utility Step Pay Plans • Excludes employees covered by a collective bargaining agreement	Incentive package offered on a tiered basis. #1 available for limited time. Acceptance deadline determines package. • Option #1- cash equal to 3 months base salary, capped at $13,000, 100% cost for medical benefits for up to 5 months • Option #2- cash equal to 2 months base salary, capped at $9,000, 100% cost of medical benefits for up to 3 months	7/1/09 – 8/21/09	1535 Eligible	Option #1 net savings range: $163K - $4.3 million Option #2 net savings range: $233K - $5.3 million Assumes 3% and 5% participation Annual recurring savings range: $788K - $5.3 million	Assumes rehire at low pay range (3% participation) or no rehire at high pay range (5% participation))	
City of Kansas City, MO	Early Retirement Incentive Program • Have at least 10 years' creditable service by 3/31/03 • Eligible member of the Employees' Pension System with effective retirement date of 2/1/03 – 4/1/03	• Three years age and service added plus temporary annuity of $300 to cover medical insurance to age 65 • Monthly benefit cannot exceed 80% of employee's final average compensation.	2/1/03 – 4/30/03	388 out of 553	• Estimated salary savings for the first 4 yrs was almost $100 million • Negative impacts to city ops as lessened over the last 5 yrs	• Prohibited from re-entering City employment for 5 yrs.	• Loss of knowledge/ expertise was the greatest negative impact
City of Tucson, AZ	City of Tucson Retirement Incentives • Employees making contributions to City's pension system (TSRS) as of 11/28/2007 **and** • Must separate from service with the City by 9/30/2008	• 50% sick leave payout based on # of unused accumulated hrs. Payout is in addition to sick leave payout ordinarily received. Payable over 2 yrs. **and** • If receiving longevity pay, 50% of longevity benefit at termination and for add'l 2 yrs.	12/07 – 3/08 Previously offered in: 1980's, 1990's, 2002, 2003	240 (< 5% of total employee population) In 2003, approx. 224 participated		• Depts held positions open once vacated, until costs associated with the incentives are recouped. • Focus first on filling front line service positions • 2008-2009 hiring freeze in effect.	• Did not initially consider employees that had previously elected the DROP. Modified Program to accommodate DROP participants.

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Attachment 2

EARLY RETIREMENT PROGRAMS

Jurisdiction	Program and Criteria for Eligibility	Incentives	Projected Eligibility Timeframe	# Employees Separated	Projected Savings	Modifications to Hiring Practices / Backfill	Comments/ Challenges
							• Savings were not realized in previous incentives offered in 80's, 90's, and 2003 due to lack of succession planning. Had to rehire some employees.
Information below: Source City of Tallahassee June 14, 2009 City Commission Meeting							
Leon County	Voluntary Separation Incentive • Employees with 20 or more years of FRS service as of September 30, 2008; or DROP participants with service end dates beginning October 2009 through September 2013, or Rehired FRS Retirees	• 6 months of annual base salary or $25,000, whichever is greater; plus...(see health care premium) • Health care premium plus 50% of total cost for up to 18 months		12 out of 129			Offered in March 2008; separate no later than 9/30/08
Charlotte County	Early Separation Incentive • Regular FT employee, 60 yrs and 6 yrs of service, 20 yrs of service by 9/1/09, regardless of age	• Fully-paid Health Insurance Coverage, based on coverage as of April 15, 2009, for up to 3 years; or one-time cash payment in lieu of 3 yrs health, capped at $12,000 per yr; or a combination of paid health coverage and cash payout, with total cap of $12,000					Date mutually agreed upon. Separate no later than September 1, 2009.
Clearwater	Retirement Incentive Eligible to retire; 30 yrs/any age, 20 yrs/age 55, 10 yrs/age 65, Sworn 20 yrs/any age, 10 yrs/age 55	$16,000 if employee retires by May 23, $11,000 if employee retires by September 25		56 out of 190 eligible employees			Registration deadline April 22

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Attachment 2

EARLY RETIREMENT PROGRAMS

Jurisdiction	Program and Criteria for Eligibility	Incentives	Projected Eligibility Timeframe	# Employees Separated	Projected Savings	Modifications to Hiring Practices / Backfill	Comments/ Challenges
Daytona Beach	Severance Plan Base salary of $50,000, or at least 10yrs of continuous service	100% payout on personal leave, in lieu of regular 33-1/3% payout $19,200 total stipend divided into monthly payments. Payout based on age		51			Offered 2 years ago
Gainesville	Possible Early Retirement Program Employee with 17 years or more of service, add 3 yrs of service	NA					Considering offering retirement incentive program. (see other comments)
Orlando		Considering the following; cash payout of $15,000, 1 weeks pay for every year of service, pay for accrued sick leave. Also considering Paid health care for 2 years					Employees being surveyed
Pensacola							No discussion at this time
St. John's County	Voluntary Separation Incentive Two years of service	Cash payment of up to $17,500 depending on seniority, or paid health insurance for three years, or combination of two. Sick leave payout for twice the usual number of hours to 600		35 out of 40 approved			
Lee County	Voluntary Separation Incentive Must be earning a salary within the top 35% of pay range; and, must have five (5) five full years of current continuous service	Two (2) weeks of regular pay for each full year of full-time employment;; maximum payment of one (1) year of pay, paid in 2 installments. Continue health insurance at current level, including employee premium copayments, for one year following the date of termination					

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Attachment 2

EARLY RETIREMENT PROGRAMS

Jurisdiction	Program and Criteria for Eligibility	Incentives	Projected Eligibility Timeframe	# Employees Separated	Projected Savings	Modifications to Hiring Practices / Backfill	Comments/ Challenges
Fort Walton Beach	Voluntary Separation Incentive 12 continuous months of regular full-time employment and non-probationary.	One completed year of ser vice – 1 week's base pay; Two or more years of completed full-time service – 1 week's base pay for first year and two weeks' base pay for every full year thereafter, not to exceed 16 weeks.					
Fort Walton Beach	Early Retirement Incentive 52 or older; 10 years of credited service or fully vested	50% of base pay, not to exceed amount as follows: 10 to 15 years of service: 415,000; 15 to 20 years: $20,000; 20-25 years: $25,000; 30+ years: $30,000					
Brooksville, Hernando County	Voluntary Separation Incentive At least 6 years of service and earning greater than $50,000	1 week of pay for each completed year of service up to 18 weeks. Medical premiums paid through COBRA for 18 months					
Cleveland, OH	Early Retirement Incentive Employees within 3 years of retiring	Full Retirement or part-time work without benefits.					
Largo, Florida	Early Retirement Incentive /Separation Incentive Employees whose positions are recommended for deletion in FY 10/ERI-59 ½ years old and vested in General Employees Retirement Plan/SI-employees who are not eligible for early retirement	ERI-3 months of pay, 3 months of health insurance/ SI-one week of pay for every year of service (a max. of 3 months) and 3 months of health insurance; have option of working up until the number of weeks remaining through 9/30/09. ERI-have option of staying on city's health plan as a retiree/SI. After three months, employee must find own insurance		10 when offered in January 2009/ Target of 40 for current program -- Deadline June 2009.			Approved by City Commission/Must apply by 6/26/09. Expected savings of $240,000.

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