



COUNTY OF HUMBOLDT

For the meeting of: 8/13/2024

File #: 24-1099

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Adopt the Fiscal Year 2024-25 Voluntary Separation Incentive Program and Designation List

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt the Fiscal Year (FY) 2024-25 Voluntary Separation Incentive Program (VSIP) and designation list; and
2. Authorize the County Administrative Office (CAO) to update the designation list, to be ratified by the Board of Supervisors at the mid-year budget report.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

In FY 2023-24, your Board implemented a VSIP to achieve salary savings, with success. The program offered up to \$20,000 cash incentive to staff who separated before the FY 2024-25 began, with declining amounts for each month that passed after the beginning of the year. It also required departments to hold vacant for 2 years any positions that were designated in the VSIP. In total, 18 employees took advantage of the program and the county paid \$294,000 in incentives, resulting in overall estimated salary savings of \$1.2 million for the first year, and an estimated more than \$2 million in FY 2024-25. In the General Fund, after incentive payments, there was an estimated savings of \$775,000 in FY 2023-24, and over \$1.1 million in FY 2024-25. At Budget Hearings on June 10, 2024, your Board directed staff to develop a VSIP program for FY 2024-25.

In the context of the county's current budget situation, the VSIP is a labor-sensitive approach to minimizing potential required staff reductions within the county. The VSIP will allow department heads to manage a reduction of the workforce in a manner that minimizes service impacts, and likewise, minimizes negative impacts on employee groups. The goal of this program is to incentivize employees to vacate allocations/positions prior to June 30, 2025, and require that departments hold vacancies through FY 2026-27. The structure of the program, included in Attachment 1, presented to your Board for adoption today is different from the VSIP implemented in FY 2023-24. The VSIP for your Board to consider includes changes in eligibility and department conditions.

Eligibility

Changes to the eligibility requirements:

- Employees are eligible if they have five (5) or more years of consecutive County of Humboldt service, excluding extra-help

and temporary appointments.

- Employees are eligible if they are within five (5) years of CalPERS service retirement eligibility. Please note there is no requirement to retire, only that the employee is within five (5) years of eligibility to retire.
- Employees that participate and then return to county employment, by applying and being selected for a different county position, after the 6-month waiting period or are approved to return sooner will not be required to repay the VSIP incentive.

Department Conditions

Changes to the department conditions:

- Departments may choose to participate and select a maximum number of separation incentives per department.
 - Departments may elect to designate incentives department-wide, by classification, by budget unit, or by classification and budget unit.
 - Your Board may approve the designation list today and authorize the CAO to approve changes to the list and return to ratify the list at the mid-year budget update.
 - The designation list presented today (Attachment 4) includes four participating departments offering a total of 21 possible incentives.
- Authorized positions will be held vacant through FY 2026-27, rather than a 2-year period.
 - Departments will still be allowed to identify alternative positions to hold vacant as long they equate to at least 90% of the annual cost of the VSIP position.

SOURCE OF FUNDING:

All participating county funds

FINANCIAL IMPACT:

<i>Expenditures (All county funds)</i>	FY24-25 Projected*	FY25-26 Projected*	FY26-27 Projected*
<i>Budgeted Expenses</i>	(\$300,000)	(\$1,000,000)	(\$1,000,000)
<i>Total Expenditures</i>	(\$300,000)	(\$1,000,000)	(\$1,000,000)

*Projected amounts are estimates and are subject to change.

<i>Funding Sources (All county funds)</i>	FY24-25 Projected*	FY25-26 Projected*	FY26-27 Projected*
<i>General Fund/Other Funds</i>	(\$300,000)	(\$1,000,000)	(\$1,000,000)
<i>Total Funding Sources</i>	(\$300,000)	(\$1,000,000)	(\$1,000,000)

*Projected amounts are estimates and are subject to change.

Narrative Explanation of Financial Impact:

It is difficult to predict the exact cost and benefits of the VSIP program. As mentioned above, the FY 2023-24 VSIP program is estimated to have saved the General Fund nearly \$2 million over FY 2023-24 and FY 2024-25. Due to the change in program eligibility and with offering the program last year, the level of participation among employees is unknown. Given that, for an estimated 10 participating employees, it is estimated that the county could see a savings at least \$300,000 in FY 2024-25. In FY 2024-25, this factors in potential payouts, VSIP incentive payments, and only partial year salary savings. For FY 2025-26 and FY 2026-27, the one-time costs will diminish, and ongoing savings will substantially increase, estimated to be as much as \$1 million for 10 participants in each of those years.

STAFFING IMPACT:

Reducing the workforce of the County of Humboldt will impact the workload on existing staff. It may also reduce the services provided to the community.

OTHER AGENCY INVOLVEMENT:

All county departments that choose to participate.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to make changes to the VSIP program plan; however, this will delay implementation of the FY 2024-25 VSIP

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program.

ATTACHMENTS:

1. VSIP 2024-25 Program Plan
2. VSIP 2024-25 Resignation Form
3. VSIP 2024-25 Waiver Form
4. VSIP 2024-25 Designation List

PREVIOUS ACTION/REFERRAL:

Meeting of: 6/10/2024, 7/18/2023

File No.: 24-956, 23-1028