

**SAN MATEO COUNTY
DEPARTMENTAL CORRESPONDENCE**

Date: December 18, 2001
Hearing Date: January 8, 2002

TO: Honorable Board of Supervisors

FROM: Margaret Taylor, Director, Health Services *MT*

SUBJECT. Restructuring and Early Retirement In Lieu of Layoffs
In the Health Services Agency

RECOMMENDATION

Adopt a resolution rescinding Resolution 60158 and implementing Section 31641.04 of the Government Code enabling employees in specified classifications and divisions to select an early retirement option, as part of the 2001-02 budget reductions for the Health Services Agency, Health Center and Clinics Division.

BACKGROUND

Government Code Section 31641.04 permits members of the County Employees' Retirement System to receive up to two additional years of service credits toward retirement under conditions established by the Board of Supervisors. This statute was made applicable in San Mateo County by enactment of Ordinance Code 2.168.080 and is implemented for specific positions and/or classifications by resolution. As a result of a curtailment of services or changes in the manner of services, you have periodically adopted resolutions that allowed employees in various departments to select the early retirement option to prevent employees from being laid off as a result of cost reductions or to encourage more senior staff to retire early.

In 1996, you passed Resolution 60158 which provided a further restriction on the use of the early retirement program. This resolution requires that positions eliminated in conjunction with utilization of the early retirement program not be reestablished for five years. However, in times of funding crises, changes in the resolution can permit a variety of budget reduction measures such as: early retirement of senior staff in advanced step positions and in the tier 1 retirement system, replacement of senior staff with mid-level personnel, and consolidation and elimination of various management and other positions. The Health Center and Clinics are facing just such a crisis with shortfalls of \$2.1 million for 2000-01 and an anticipated deficit of \$3 million for 01-02. This resolution therefore would eliminate this restriction, allowing certain positions which are to be eliminated to be reestablished before the passage of five years.

DISCUSSION

In order to reduce costs and meet budget targets, the Health Services Agency has begun the process of restructuring the management, clinical and support staff in the Health Center and Clinics Division. As a result, certain filled positions will be eliminated, which will change the manner of performing services in this division. An early retirement option will prevent some layoffs, as well as encourage senior staff to leave, thus allowing long standing management systems to change. In addition, some positions will be eliminated entirely, with the responsibilities held by those persons transferred to other supervisors and managers. We are recommending that the early retirement option be implemented for the classifications listed below and outlined in greater detail on the attachment. In January, we will present a separate recommendation for elimination of certain positions where the incumbents are not eligible for retirement.

The classifications are:

- Medical Director
- Staff Physician
- Management Analyst
- Executive Secretary

FISCAL IMPACT

Long term employees who elect this option will benefit by receiving an additional two years of service credit in the calculation of pension benefits, which will increase the pension benefit by approximately 3.5%. The annual savings to the Health Services Agency could be up to \$350,000, depending on how many of the above staff accept this offer.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

**RESOLUTION IMPLEMENTING GOVERNMENT CODE
SECTION 31641.04 IN SAN MATEO COUNTY**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, Government Code Section 31641.04, as amended, was added to the Government Code as part of the County Employees' Retirement Law of 1978 in 1986, and

WHEREAS, the Board of Supervisors has approved the application of Government Code Section 31641.04 to this County by enactment of Ordinance 2.168.080; and

WHEREAS, said Code Section permits members of the County Employees' Retirement System to receive up to two additional years toward retirement if they retire under certain conditions; and

WHEREAS, this Board finds that there will be a curtailment of services or changes in the manner of performing services and therefore desires to implement this Section in specified classifications and departments in order to promote the elimination of staff in those classifications by retirement instead of layoff; and

WHEREAS, this Board desires to eliminate any restriction in the reestablishment of positions granted this benefit;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED as follows:

1. Resolution 60158 is hereby rescinded.
2. For persons otherwise eligible to retire, the job classifications listed in the attachment in said Division shall receive the benefits of Government Code Section 31641.04:
3. The option to accept additional service credit toward retirement is not available to former employees in deferred retirement status, or to former employees who have retired and are re-employed by the County under Government Code Sections 31680 through 31680.3.

4. The decision to accept additional service credit toward retirement must be made no later than February 15, 2002. Retirement from County service must be effective no later than March 31, 2002. The amount of service credit shall be two years.
5. Except as provided in Government Code Sections 31680 through 31680.3, the benefits to the employee under Government Code Section 30641.04 shall be forfeited if the person accepting the benefits thereof re-enters the service of the county.
6. The Controller is hereby authorized to transmit to the retirement fund for each eligible employee accepting additional service credit toward retirement an amount determined by the Board of Retirement to be equal to the actuarial equivalent of the difference between the allowance the employee will receive after the receipt of service credit under Government Code 3a1641.04 and the amount he or she would have received without such service credit. The transfer to the retirement fund shall be made in a manner and at time periods acceptable to the County and the Board of Retirement.

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Attachment

Annual Savings

Medical Director Psychiatry (D145)	
Incumbent Retires	(178,766)
New Medical Director at C step	160,517
Eliminate 10 hours week of consultant Physician (staff physician)	(38,510)
Net savings	(56,759)
Medical Director – Long Term Care (D155)	
Delete Position	(178,766)
Add 720 hours consulting @ \$90/hour	64,800
Net Savings	(113,966)
Staff Physician (B157)	
Incumbent Retires	(154,041)
New person at "C" step	138,360
Net Savings	(15,681)
(Two physicians in this class)	
Executive Secretary (B016)	
Delete Admin. III position	(61,883)
Hire Exec. Secretary at C step	(6,522)
Net Savings	(68,405)
Management Analyst III	
Eliminate one position and Transfer duties to other managers	(91,703)
Total Reductions	(710,191)
Total Additions (positions)	298,877
Total Additions (consulting)	64,800
Net Annual Savings	(346,514)