



Item #44

Voluntary Separation Incentive Program (VSIP)

August 27, 2020

What is VSIP?

- > An enhanced benefit for employees in 3 workgroups:
Non-contract, AFSCME and Teamsters
 - Provide one-time payment of up to \$7,500 to all employees who separate during a defined time period
 - Provide an additional 2 years of service credit to eligible retirees

Benefits

- > Generates a reduction in overall Personnel Costs by eliminating/underfilling positions
- > Underfilled positions can be redirected to focus on various priorities, changing needs, or strategic objectives
- > Provides Opportunities to **Advance Career Pathways**
 - Realize return on investment in workforce development over the past 5 years
 - Current practice of Internal hires – 56%
 - Limited Entry Level Positions – currently 16% of the workforce

Estimated Net Costs and Savings



Summary of Program Savings Over 5 Years	Participation				
	5%	10%	15%	20%	22%
Cost					
One Time Incentive Payment	\$ 350,000	\$ 706,250	\$ 1,056,250	\$ 1,406,250	\$ 1,562,500
Contribution Rate for Service Credit	\$ 456,655	\$ 913,310	\$ 1,369,965	\$ 1,826,621	\$ 2,005,312
Total	\$ 806,655	\$ 1,619,560	\$ 2,426,215	\$ 3,232,871	\$ 3,567,812
Savings					
Salary of 50% Retirees	\$ 23,444,450	\$ 46,888,905	\$ 70,333,350	\$ 93,777,805	\$ 104,662,730
Conversion of Sr to Jr Staff	\$ 5,279,685	\$ 10,796,122	\$ 16,075,812	\$ 21,355,493	\$ 23,570,019
Conversion of Classic to PEPRA	\$ 348,060	\$ 702,335	\$ 1,050,394	\$ 1,398,454	\$ 1,553,838
Total	\$ 29,072,195	\$ 58,387,361	\$ 87,459,556	\$ 116,531,752	\$ 129,786,587
Net Savings	\$ 28,265,540	\$ 56,767,801	\$ 85,033,341	\$ 113,298,881	\$ 126,218,775

What are our peers doing?

- > 46 agencies have submitted applications to CalPERS
- > City of Los Angeles
 - 2% x years of service x Maximum Annual Salary with cap of \$80,000
- > City of Ventura
 - \$10,000 plus .5% x years of service
- > City of Santa Monica
 - 5 to 10 years of service – \$5,000 plus 18 months of medical benefits
 - 10+ years of service – \$10,000 plus 18 months of medical benefits