



EDC COB <edc.cob@edcgov.us>

### 5-19-15 Agenda- Early Separation Incentive

1 message

Joe Harn <joe.harn@edcgov.us>

Tue, May 19, 2015 at 6:31 AM

To: Brian Veerkamp <brian.veerkamp@edcgov.us>

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Dear Supervisors,

The Early Separation Incentive in some instances may save the County money and probably will reduce the number of layoffs that your Board will be required to implement this summer in order to adopt a structurally balanced budget.

It is my recommendation that your Board fund this program out of the various budget units that the participants work in. Largely, that means the general fund.

The cash in the Retirees' Health Fund is the County's. To the best of my knowledge, your Board can direct that these monies be directed to any County purpose.

The cash in the Retirees' Health Fund came from charges to various departments and various state and federal programs. At that time, we reported to various state and federal programs that the money accumulated in the Fund would be used to make annual payments to retirees towards their health insurance costs.

Five or six years ago when the BOS offered an Early Separation Incentive, the BOS directed that the money would come from the Retirees' Health Fund.

In the event that there is a material difference between the funds paid in by state and federal programs and the funds paid out, it is quite possible that the State Controller's Office would require us to provide a credit to the state and federal programs that were adversely affected. That would have an adverse affect on the County's General Fund.

Our Retirees' Health Fund is already significantly underfunded. The fiscally conservative thing to do is to leave the cash in the Fund or use the cash for its original intended purpose.

Joe Harn  
Auditor-Controller

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