



COUNTY OF HUMBOLDT

For the meeting of: 8/12/2025

File #: 25-894

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Adopt the Fiscal Year 2025-26 Voluntary Separation Incentive Program and Designation List

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt the fiscal year (FY) 2025-26 Voluntary Separation Incentive Program (VSIP) and designation list (Attachment 4); 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, should there be changes.

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 and FY 2024-25, your Board implemented a VSIP to achieve salary savings, with success. The FY 2023-24 program offered up to \$20,000 cash incentive to staff that 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 from the FY 2023-24 VSIP program.

In FY 2024-25, your Board approved a VSIP program with a number of changes to the eligibility requirements and department conditions such that:

Eligibility

- 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

- 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.

In FY 2024-25, four county employees submitted and were authorized for the VSIP for a total county cost of \$72,000. As a result of offering VSIP, departments were required to hold positions vacant through FY 2026-27. Departments were able to elect alternative positions to the one being vacated, provided that the positions being held vacant were fiscally equal to that being vacated at a minimum of 90%. All of the positions that utilized the VSIP were in DHHS, it is estimated that cost savings from vacancies in FY 2024-25 was \$243,869, accounting for the incentive payments issued to employees for electing to participate in the VSIP. For FY 2025-26 and FY 2026-27, it is estimated that over \$500,000 will be saved annually, for an overall savings of more than \$1.3 million. As it was an option for departments to backfill with extra help, these savings could be reduced some by the utilization of extra help staff or if the departing staff member had large leave balances to be paid out.

At the time of FY 2025-26 Budget development, departments indicated that an FY 2025-26 VSIP program would be helpful to manage their budgets for the year. On June 9, 2025, during Budget Hearings, your Board directed the CAO to develop a VSIP for FY 2025-26 and bring it back for adoption. 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, 2026, and require that departments hold vacancies through FY 2027-28. The structure of the program, included in Attachment 1, presented to your Board for adoption today is the same structure of the program as presented in FY 2024-25.

SOURCE OF FUNDING:

All participating county funds

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. The FY 2024-25 VSIP only had four participants but is anticipated to save DHHS \$1.3 million in salary costs over the term of the program. While the level of participation is expected to be low, with only five incentives offered at this time, even with 1 participating employee, it is estimated that the county could see a savings at least \$250,000 over the life of this program.

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

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to make changes to the VSIP program plan; however, this will delay implementation of the FY 2025-26 VSIP program.

ATTACHMENTS:

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1. VSIP 2025-26 Program Plan
2. VSIP 2025-26 Resignation Form
3. VSIP 2025-26 Waiver Form
4. VSIP 2025-26 Designation List

PREVIOUS ACTION/REFERRAL:

Meeting of: 6/9/2025

File No.: 25-756