

SHEBOYGAN COUNTY PROGRAM WORKSHEET

January 28, 2009

Department: Human Resources

Date: May 4, 2009

Program	Description	Priority	Service Level Required	2008 Actual Expense	2009 Budgeted Expense	2009 Budgeted Grants/Fees Revenue	2009 Tax Levy
Labor Relations	Negotiate agreements, handle grievances, manage relationships between the County and unions	1	About 90% of activities are required	\$96,322	\$105,786	\$0	\$105,786
Employee Benefits	Manage health and dental benefit programs along with other employee benefits	2	About 90%-- required as to union; partly req'd for non-union	\$105,869	\$116,271	\$0	\$116,271
Policies/Compliance	Develop, and implement county personnel policies; compliance with employment laws; administer employee disciplinary system	3	About 50% of this program is mandatory	\$49,289	\$54,132	(\$150)	\$53,982
Position Administration	Manage pay schedules, job classifications, job descriptions, performance evaluations, merit and longevity pay, t/o changes	4	About 25% required--- compliance with laws and with union contracts	\$54,717	\$60,093	\$0	\$60,093
Recruiting	Assist departments in selecting new employees; conduct background checks and orientations	5	Department expectations are minimally met	\$71,400	\$78,414	\$0	\$78,414
Loss Control	Coordinate safety efforts; support to Loss Control Committee	6	Some coordination req'd by union contracts	\$25,873	\$28,415	\$0	\$28,415
Retiree Health Coverage	Provide health and dental coverage to retired employees	7	None	\$6,905	\$7,583	\$0	\$7,583

SHEBOYGAN COUNTY PROGRAM EVALUATION QUESTIONNAIRE

January 28, 2009

INSTRUCTIONS: For each program, list the Scheduled Review Date, the Department, the Department Mission Statement and the Program Title at the top of the page, and answer the following questions for each program. The overall response for each program must be no greater than two (2) pages in length and in Arial Font size 10.

SCHEDULED REVIEW DATE: May 4, 2009

DEPARTMENT: Human Resources

DEPARTMENT MISSION STATEMENT:

The Sheboygan County Human Resources Department will create an environment which promotes positive employee relations, encourages equal opportunity, and provides quality customer service.

PROGRAM: LABOR RELATIONS

1. Describe the program, its purpose and goals.

Labor relations consists of managing the relationships between Sheboygan County and the unions representing the eight collective bargaining units. It involves three principal activities: (1) negotiation and implementation of collective bargaining agreements, which govern terms and conditions of employment for all county employees who are represented by unions; (2) ongoing interpretation of those agreements, and discussions with managers and union members regarding issues that arise; and (3) investigation and resolution of employee grievances, including representing the county's interests in arbitrations.

2. Who is the program intended to serve? How many are served?

The program serves the 19 county departments that have employees who are represented by labor organizations, and thus indirectly serves all recipients of county services.

3. Are the program benefits long-lasting and essential to the service populations?

The program is essential in that collective bargaining rights are granted to employees by Wisconsin law, which requires the county to bargain terms and conditions of employment with the eight collective bargaining units.

The effects of labor relations efforts are very long-lasting. Once a particular provision is negotiated into an agreement, generally speaking it remains in effect until it is specifically changed by agreement with the union. Although each contract is for a one to three year term, each contract builds on the previous contract, and at the end of the contract term the only changes made are those agreed to by both sides. The wage rates that the county pays today might be based on wage rates originally negotiated in 1976, plus the cumulative effect of all the wage increases, whether percentage increases or dollar amounts, that have been negotiated at the end of each contract term since that time. As an example, the difference between a 2.75% increase and a 3.0% increase this year could mean a difference to county taxpayers of about \$125,000 this year, but if wage increases averaged 0.25% less over the course of 15 years, the cumulative effect would save taxpayers over \$2.7 million per year by 2023, for a cumulative savings of \$19.6 million.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

Yes, this program supports the efforts of 19 other departments, as described above.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

The entire focus of labor relations is to make the operations of other county departments more efficient. Wage and benefit costs that rise too fast, resulting in labor costs higher than the general market, are inefficient. Wage rates that are too low can render a department ineffective by affecting recruiting or morale. In addition to wages, labor contracts also deal with other terms and conditions of employment, such as scheduling, vacations, seniority, layoff, employee discipline, and many other issues, all of which affect the functioning of county departments.

6. How do you determine/measure if this program has been effectively provided and implemented?

The effectiveness of union contract negotiations can be measured by looking at whether union agreements are fiscally prudent when compared to similar counties. Over the last two years we have significantly outperformed average counties.

The effectiveness of grievance handling may be measured by examining the outcome of grievance decisions. Over the past 6 years, the County has been successful in over 90% of its grievance arbitration decisions.

The effectiveness of ongoing interpretation and discussion of labor obligations can be measured only by looking at whether the needs of various county departments are being met.

7. Could the county cost-effectively subcontract this program?

No. Subcontracting of negotiations and grievances is certainly possible, but would entail significantly greater cost. Many counties retain outside legal counsel specializing in labor relations to handle negotiations and grievances, which can cost \$175 per hour.

8. State the numerical ranking of this program compared to all programs in your department and briefly explain.

This program is given the No. 1 ranking because of the very large fiscal implications. The difference between good performance and average performance is in the millions of dollars per year.

9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?

The only alternative is to hire outside law firms or arrange with corporation counsel to handle negotiations and grievances.

10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?

The program could not be eliminated without triggering legal proceedings in which the County would have very little defense.

11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)

I do not have hard data, but believe that our cost per employee is in the bottom 20% of counties while our effectiveness is well above average.

12. Is this program currently duplicated by another county department or provider in the community?

No.

13. What adjustment or plan of action would you implement if funding is reduced?

Some expense could be saved if negotiations were conducted during the day without full HR Committee presence, but this would be relatively minor.

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DEPARTMENT: Human Resources

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PROGRAM: EMPLOYEE BENEFITS

1. Describe the program, its purpose and goals.

The Human Resources Department administers the County's employee benefit programs, including health and dental benefits, as well as retirement, life insurance, long and short term disability, deferred compensation, section 125 plan, workers compensation, unemployment compensation, and the Employee Assistance Program.

For some programs we are assisted by outside vendors; others are managed exclusively in-house.

The goal is to provide a benefit package that helps to attract and retain employees, treats employees fairly, and complies with collective bargaining obligations while keeping a close eye on costs and constantly striving to find savings and efficiencies.

2. Who is the program intended to serve? How many are served?

The program directly affects every County employee and every County department, and thus indirectly serves all recipients of county services.

3. Are the program benefits long-lasting and essential to the service populations?

The program is essential to the operations of every County department. The 2009 budget for employee benefits is over **\$20,000,000**. This does not include lost productivity benefits, such as vacation and sick time.

Since decisions made regarding employee benefits can be very difficult to change without violating labor agreements or disrupting relationships with employees, those decisions can have impact for many years.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

This program directly affects all County programs that involve the services of County employees. The program serves a purely internal support function.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

Efficient administration of benefit programs contributes to the smooth running and effectiveness of each department.

Since the cost of benefit programs is approximately one-sixth of the entire County expense budget, wise decisions about benefits can have a very substantial effect on the efficient use of tax dollars.

6. How do you determine/measure if this program has been effectively provided and implemented?

A survey of all Wisconsin counties placed the average yearly increase in health costs at over 8%. Our last three increases have been 4.6%, 2.3%, and 1.3%.

In addition to cost, effectiveness can be measured by referring to employee complaints and problems regarding benefit administration. These have been relatively few for a group of this size.

7. Could the county cost-effectively subcontract this program?

Not for the most part. We do currently do subcontract certain portions of the administration of certain programs. For example, we use an outside administrator to handle many aspects of our worker's compensation claims, which have been handled in a very cost-effective manner. For health insurance, we handle some duties such as enrollment processing in-house, which saves us money on administrative expense from our third-party administrator (Prairie States). We employ a consultant to assist us with health and dental benefits.

8. State the numerical ranking of this program compared to all programs in your department and briefly explain.

This program is given the No. 2 ranking because of the large amount of tax money involved and the potential for losses or savings depending on our performance.

9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?

The only alternatives would require at least as much and probably more funding than the County currently provides.

10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?

The County is required to maintain this program in some form because of collective bargaining obligations and other legal requirements.

11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)

As an example, Marquette County's expense for third-party administration of health insurance in 2002 was about \$8 per month per employee greater than Sheboygan County's third-party administration expense in 2005; this difference alone is approximately equal to our entire departmental budget for benefits administration.

12. Is this program currently duplicated by another county department or provider in the community?

No.

13. What adjustment or plan of action would you implement if funding is reduced?

We are constantly looking for ways to reduce the cost of benefits, particularly health, and have been very successful over the past few years, to the point where union bargaining teams have been arguing that we should be willing to pay more in wages because our benefit costs are lower than other counties'.

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PROGRAM: POLICIES/COMPLIANCE

1. Describe the program, its purpose and goals.

The Human Resources Department develops and proposes County-wide personnel policies; manages sick leave, vacation, holiday, and personal leave policies; works with department heads and employees on enforcement of County policies; advises supervisors regarding employee discipline; and aids with disciplinary investigations.

2. Who is the program intended to serve? How many are served?

This program directly affects all County departments and employees, and thus indirectly serves all recipients of County services.

3. Are the program benefits long-lasting and essential to the service populations?

This program is a support function that can be summarized as managing the County's workforce. The "service population" is other County departments. Decisions on policies and discipline have long-lasting effects, while other issues normally are resolved without a permanent impact. Without good management of its workforce, however, no County department can be effective in achieving its mission.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

This program is purely a support function that relates to the operations of every County program that utilizes the services of County employees.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

By contributing to the smooth operation and effectiveness of other County programs.

6. How do you determine/measure if this program has been effectively provided and implemented?

By looking at the extent to which employee problems interfere with the smooth operation and effectiveness of other County departments, and at the cost of legal liabilities that could potentially result from noncompliance with various employment-related laws and regulations.

7. Could the county cost-effectively subcontract this program?

No. Many aspects of this program are so intertwined with the management of various departments that subcontracting would not be feasible. Outside assistance is available for certain areas, such as leave administration and compliance with disability discrimination and other laws, but at greater expense to the County.

8. State the numerical ranking of this program compared to all programs in your department and briefly explain.

This program is ranked as No. 3 because of its breadth, the wide-ranging impact on all County departments, and the potential for legal liability.

9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?

No.

10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?

One effect of eliminating this program would be increased difficulties with employee issues across the County, which would affect the management and operations of County departments.

Another is a very great risk of legal liability. Litigation regarding family and medical leave and disability discrimination is exploding across the nation, but particularly in Wisconsin, in part due to recent state court decisions and laws that are unfavorable to employers. Wage and hour litigation also poses a rapidly growing risk.

11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)

This is very hard to measure except by looking at legal liability. In recent years the County has been very successful at avoiding unfavorable rulings in employment-related litigation.

The cost-effectiveness of the program is also difficult to measure by comparing it with similar organizations because most organizations would not track the costs of this function separately from other aspects of personnel administration.

In general, however, it can be shown that our personnel administration programs are very cost-effective compared to other organizations. When a rule of thumb is cited, it is usually that there should be one HR staff person for every 75 to 150 employees, which would call for an HR staff of 6 to 13. Our HR staffing is well below average for comparable counties. A 2008 survey showed that our ratio of HR staff to county employees ranked **34th out of 39** responding counties. I would expect that our departmental budget would also be lower than average for counties on a per employee basis.

12. Is this program currently duplicated by another county department or provider in the community?

No.

13. What adjustment or plan of action would you implement if funding is reduced?

It is difficult to identify expenses particular to this area that could be reduced.

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DEPARTMENT: Human Resources

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PROGRAM: POSITION ADMINISTRATION

1. Describe the program, its purpose and goals.

This program involves management of pay ranges, job classifications (grades), step increases, merit pay, longevity pay, drafting and approval of job descriptions, performance evaluations, evaluating possible table of organization changes, and maintaining organizational charts.

2. Who is the program intended to serve? How many are served?

The program directly affects all County departments and employees, and thus indirectly serves all recipients of County services.

3. Are the program benefits long-lasting and essential to the service populations?

Decisions regarding new positions obviously have long-lasting effects. Issues regarding wage and salary schedules, job descriptions, and other pay issues also have effects that carry over from year to year.

It would be impossible to manage and maintain the County's workforce without someone performing most of these functions. If we are going to have employees, someone has to figure out how they should be paid.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

This program is purely a support function that relates to the operations of every County program that utilizes the services of County employees.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

Pay issues tend to provoke strong reactions, for good or for ill, in employees. Misadministration of pay issues would make it difficult to manage any department. Having the proper table of organization and the optimal assignment of duties to each position makes any organization more effective.

6. How do you determine/measure if this program has been effectively provided and implemented?

By looking at the extent to which problems related to pay or position administration interfere with the smooth operation and effectiveness of other county departments.

7. Could the county cost-effectively subcontract this program?

It would not be feasible to subcontract most of this function. We do use a contractor for evaluation of position reclassifications for non-union positions. We have in the past saved considerable dollars by redesigning our pay plan for non-represented employees primarily in-house, with minor assistance from the contractor. We also developed a new performance evaluation system in-house.

8. State the numerical ranking of this program compared to all programs in your department and briefly explain.

This program is ranked No. 4 in the department because of its effect on all County departments. It is closely related to program No. 3, Policies and Compliance, in that both are important aspects of managing the County's workforce as a whole.

9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?

No.

10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?

The only way it would be possible to eliminate this program would be to have the same functions performed by department managers rather than Human Resources, which would result in less consistency.

11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)

The effectiveness of this program would be very difficult to quantify. The cost-effectiveness of the program is also difficult to measure by comparing it with similar organizations because most organizations would not track the costs of this function separately from other aspects of personnel administration.

In general, however, I believe that our personnel administration programs are very cost-effective compared to other organizations.

12. Is this program currently duplicated by another county department or provider in the community?

No.

13. What adjustment or plan of action would you implement if funding is reduced?

It is difficult to identify expenses particular to this area that could be reduced.

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DEPARTMENT: Human Resources

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PROGRAM: RECRUITING

1. Describe the program, its purpose and goals.

The Human Resources Department coordinates recruitment, application, and selection efforts; advises other departments regarding employee selection issues; advertises for open positions when needed; prepares notices and manages postings for union position openings; conducts background checks and coordinates pre-employment physical testing; and provides an orientation session to each new County employee.

2. Who is the program intended to serve? How many are served?

The program directly affects all County departments and employees, and thus indirectly serves all recipients of County services.

3. Are the program benefits long-lasting and essential to the service populations?

Given the low turnover rate in many County occupations, a recruitment decision can affect the County for thirty years or more.

Good recruitment is essential to the continued success of any organization.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

This program is purely a support function that assists other County departments in the task of finding the right person for the right job.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

Selecting the right new employees provides each department with the human resources that are needed to carry out its own programs.

6. How do you determine/measure if this program has been effectively provided and implemented?

By looking at the extent to which problems related to pay or position administration interfere with the smooth operation and effectiveness of other county departments.

7. Could the county cost-effectively subcontract this program?

No. The Job Center used to perform the function of distributing application forms and collecting all submitted applications, but that service has ended and we have had to bring that work in-house.

It is certainly possible to use a search firm to recruit for some or all positions, particularly at the department head level, but this would entail significant additional expense.

8. State the numerical ranking of this program compared to all programs in your department and briefly explain.

This program has been given a priority of no. 5 in the Human Resources Department. Our department probably provides less service in this area than an average HR department in similar organizations, since we leave most of the selection process up to departmental managers. Since good employees are crucial to the ability of various departments to meet their own goals and fulfill their missions, this priority ranking may be too low.

9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?

No.

10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?

The hiring process is an area that frequently results in risks of legal liability.

Because of low employee turnover, consultant Charlie Carlson likes to say that an error in recruiting by a county is a \$1,000,000 mistake.

11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)

The effectiveness of this program would be very difficult to quantify. The cost-effectiveness of the program is also difficult to measure by comparing it with similar organizations because most organizations would not track the costs of this function separately from other aspects of personnel administration.

12. Is this program currently duplicated by another county department or provider in the community?

No.

13. What adjustment or plan of action would you implement if funding is reduced?

Advertising expense can be further decreased by reducing reliance on print advertising.

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DEPARTMENT: Human Resources

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PROGRAM: LOSS CONTROL

1. Describe the program, its purpose and goals.

This program includes coordination of county-wide safety programs, support to the Loss Control Committee, and support to the Judge's safety committee.

2. Who is the program intended to serve? How many are served?

Safety efforts serve all County employees as well as other users of County buildings and facilities.

3. Are the program benefits long-lasting and essential to the service populations?

Safety programs can help avoid accidents or injuries that can permanently affect the life of an employee or visitor.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

This program is also a support function that helps the County's operations generally by helping departments in their efforts to provide a safe work environment for employees and visitors.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

By helping departments in their efforts to provide a safe work environment for employees and visitors, our loss control program contributes to the County in general. The direct effects include employee morale, productivity, lost time, and medical claims.

6. How do you determine/measure if this program has been effectively provided and implemented?

Accidents and injuries are reflected in either worker's compensation claims or liability claims against the County for injuries incurred by visitors. Our experience in both areas has been favorable. Recently our worker's compensation costs were determined to be about 70% of the costs that would be expected for an average employer having the same position classifications and payroll..

7. Could the county cost-effectively subcontract this program?

No. We could certainly expand our efforts, either by contracting or internally, but at an increased cost.

- 8. State the numerical ranking of this program compared to all programs in your department and briefly explain.**

This program is ranked No. 6 only because most safety efforts are undertaken directly by other departments.

- 9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?**

No.

- 10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?**

Additional risk of liability for injury; higher worker's compensation claims by employees; decreased employee morale; decreased employee productivity; increased lost time; and increased medical costs.

- 11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)**

The cost of this program is very modest.

- 12. Is this program currently duplicated by another county department or provider in the community?**

Much of the loss control effort is provided by operating departments, particularly highway, Rocky Knoll, and Building Services, either through their own staff or outside consultants.

- 13. What adjustment or plan of action would you implement if funding is reduced?**

The current budget for loss control consists of a relatively small amount of HR staff time, plus \$4,500.00 to be used for whatever project may be determined by the loss control committee.

One reasonable approach to the loss control function would be to centralize it in one department, such as HR, and dedicate a full-time or part-time position to this function. This might be a cost-effective approach, but I do not perceive any great interest in pursuing this option. Since we have chosen to decentralize the loss control function, the \$4,500.00 currently budgeted does not really make sense. As part of the 2010 budget process I plan to propose eliminating this budget item, so that although HR staff would still provide some support and coordination of loss control efforts, any other costs would have to be funded through other budgets, and loss control would in effect cease to be considered a separate program.

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PROGRAM: RETIREE HEALTH COVERAGE

1. Describe the program, its purpose and goals.

County employees who retire are permitted to remain on the county health plan until age 70, paying the full premium. The premiums for pre-Medicare eligible retirees is currently about 8.6% higher than the premiums for active employees, and separate premiums are also established for Medicare-eligible retirees. These premiums do not fully cover the actual costs for the retiree group.

2. Who is the program intended to serve? How many are served?

Approximately 62 retirees currently participate. This number has been declining; a few years ago it was approximately 80.

3. Are the program benefits long-lasting and essential to the service populations?

The program affects people from retirement to age 70. There are few if any cost-effective alternatives available to pre-Medicare eligible retirees. Cost-effective alternatives do exist for Medicare-eligible retirees.

4. Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?

This program could be said to indirectly support County departments by providing support to early retirees.

5. How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?

This program certainly does affect the number of employees who retire before age 65. Early retirements have both positive and negative consequences; experience and expertise is lost, and there are costs associated with employee turnover, but there is also a cost savings associated with replacing a long-term employee with a newly hired one.

6. How do you determine/measure if this program has been effectively provided and implemented?

The actuarial estimate of the annual net expense associated with this program is about \$800,000. This cost is hidden within the premium structure.

7. Could the county cost-effectively subcontract this program?

No.

8. State the numerical ranking of this program compared to all programs in your department and briefly explain.

This program is ranked No. 7 because it is not required by union contracts and does not appear to be central to the ability of County departments to achieve their missions.

9. Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?

There are few if any cost-effective alternatives available to pre-Medicare eligible retirees. Cost-effective alternatives do exist for Medicare-eligible retirees.

10. If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?

There is a potential for legal action by retirees and a likelihood of some action by unions to contest the elimination of this program.

11. What is the program impact and effectiveness related to the program cost? (Provide data if available.)

The actuarial estimate of the annual net expense associated with this program is about \$800,000. This cost is hidden within the premium structure.

12. Is this program currently duplicated by another county department or provider in the community?

There are few if any cost-effective alternatives available to pre-Medicare eligible retirees. Cost-effective alternatives do exist for Medicare-eligible retirees.

13. What adjustment or plan of action would you implement if funding is reduced?

The two options that have been, and should be, most strongly considered are: (1) increasing the premium for retirees gradually, to cover a greater portion of the actual cost, and (2) elimination of the Medicare-eligible coverage.