

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 11, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #104: ATTRITION REDUCTIONS IN STAFF

This information is supplied in response to Councilman Krupicka's following questions concerning possible ways to capture budget savings through staff attrition.

Question 1: For a zero personnel growth budget, the City would need to trim approximately seven positions. Can this be done through attrition?

Answer: Yes. Seven positions is not a large number of positions to trim by attrition. (Actually 6.75 net new full-time equivalent (FTE) positions were proposed in the budget.) However, the 6.75 FTE positions are in the "authorized" position total, so to trim to zero growth by attrition would require the elimination of 6.75 positions. If Council were to adopt the reduction options proposed to get to the 6% budget target, 5.5 positions would be unfunded¹, reducing the net increase to 1.25 FTE positions.

Question 2: Which areas of the City would likely be impacted by an approach like this?

Answer: That depends on where in the City (which departments) attrition occurs and where new hires would be permitted to replace those who have left their positions with the City (or transferred to different positions within the City). A system would have to be established in the City Manager's Office to review whether or not vacant positions should be filled and then case-by-case decisions made. The following observations may help gauge the impact of such a system.

- Through the first 8 months of FY 2006, an average of 188 full-time positions were vacant. There is constant attrition and hiring happening in all City departments during the year.

¹The following departments would lose authorized positions under these options – Finance (Senior Contract Administrator, 1.0 FTE), Information Technology Services (Telecommunications Specialist and Lotus Notes programmer, 2.0 FTE), Recreation (Customer Support Engineer for the Public Computer Labs, 1.0 FTE), Mental Health (Group Home Psychiatric Nurse, 1.0 FTE), and Court Services Unit (Fiscal Analyst, 0.5 FTE).

- To some degree, the budget already considers and makes a deduction for these vacancy savings. \$4.3 million has already been taken from the Departmental budgets to reflect these vacancy savings in the City Manager’s proposed budget.
- Most attrition (and vacancy savings) in terms of sheer volume occurs in the larger departments. 80 percent of those vacancies (151) of those vacancies were in the nine largest departments.
- Public Safety had 45 of the 188 full-time vacancies or 24 percent (Police, Fire and Sheriff).
- Other departments with significant vacancies include Recreation, Parks and Cultural Affairs (RPCA), Transportation and Environmental Services (TES), Finance, Mental Health/Mental Retardation and Substance Abuse (MH/MR/SA), Human Services, and General Services.
- Some of these full-time position vacancies were filled with temporary, contract staff.
- Part-time positions experience a much higher attrition and vacancy rate – 31 percent of these positions were vacant on average over the first 8 months of FY 2006. This reflects seasonality in the hiring process when these positions are deliberately kept vacant, as well as the “promotion” of many of these staff into permanent positions over time, and the difficulties of retaining such employees if they find full-time work elsewhere.

Question 3: What policy action could the Council implement to give the City Manager the ability to reduce total City positions through attrition or another approach?

Answer: The City Council could direct the City Manager to achieve a certain amount of dollar savings in total by reducing planned staff through attrition. The dollar savings could be in the form of a “negative allowance” in the Non-Departmental budget. As positions were eliminated in a particular Department through attrition at the City Manager’s discretion, City Council would allow the City Manager to reduce that Department’s budget so that at the end of the year the total reduction in specific departments would equal to the negative allowance in Non-Departmental budget and the negative allowance would be extinguished. However, administering such a “soft-freeze” by replacing those leave on a case-by-case basis after City Manager review has administrative costs in dollars and time that may negate a significant portion of the savings achieved by eliminating 6.75 positions.

Question 4: What is a cost estimate of the savings from trimming approximately 7 positions?

Answer: If the average pay of a position eliminated through attrition were \$50,000, the total cost savings including benefits would be about \$65,000. So eliminating seven such positions would save approximately \$450,000 on an annual basis. To actually achieve \$450,000 in savings through attrition in FY 2007 might require the elimination of more than 7 positions, depending on when the positions being eliminated became vacant. If the specific positions not being filled were vacant at the beginning of FY 2007, the savings could be fully annualized. If the position not being filled became vacant during the year, then the savings would be less.