

Reducing Expenses In A Downturning Economy:

The Implications of Salary Reductions, Furloughs, And Other Cost-Cutting Measures

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Compensation Reduction: Top Three Cost-Saving Measures

- Salary Reduction
- Bonus Elimination
- Benefits Reduction



Salary Reductions

- California: Partial-week deductions are not permitted
- Federal: Partial-week deductions are allowable but . . .



Bonus Elimination

- Discretionary bonuses can be eliminated
- Non-discretionary bonuses must be paid if conditions to earn the bonuses are met



Benefits Reduction

- Biggest savings from big-ticket items
 - Pension costs
 - Health benefits
- Cost reduction versus elimination



Furloughs and Mandatory Leave

- No work can be done in furlough weeks
- Alternative: employees can be required to take vacation or unpaid time off during a facility or department shutdown



Reductions in Force: Recent Reminders

- Reduction in hours as “employment loss”
- Cal WARN - Economic exceptions and the Thelen class action
- Prioritizing American workers over visa workers in reductions in force

