

100 TACTICS

for Immediate Labor Savings

Finding Principled and Sustainable Ways to Reduce Costs

Because labor costs comprise 60% to 70% of operating budgets, few institutions can significantly impact costs without addressing labor. However, too many institutions have resorted to indiscriminate and often across-the-board labor cuts, which can hurt staff morale, disrupt work processes, and draw negative press. Moreover, labor cuts often backfire, as the scramble to repair self-inflicted damage causes costs to quickly rebound to previous levels.

Rather than enacting painful and ineffective cuts, institutions should pursue immediate savings through cost rebasing. Unlike labor cuts, this approach does not hinder work process or damage staff morale, so savings can be sustained over time.

This compendium offers 100 rebasing tactics across nine categories. Not every tactic is applicable for each institution because of unique logistical, cultural, or legal hurdles. So, to help executives evaluate and choose the tactics best suited for their institutions, each tactic is evaluated on three factors:

- Savings potential
- Employee tolerance
- Whether the tactic is outside the scope of most collective bargaining agreements (CBAs)

Health Benefits		Savings Potential	Employee Tolerance	Outside CBA
1	Raise deductibles	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
2	Raise out-of-pocket max	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
3	Raise coinsurance/copays	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
4	Switch copays to coinsurance	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
5	Raise premiums	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
6	Offer results-based discounts to offset premium increases	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
7	Offer high-deductible plans	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
8	Incentivize high-deductible plans	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
9	Reduce the number of insurance plans	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
10	Eliminate Cadillac plans	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
11	Shift employees to private insurance exchanges	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
12	Eliminate retiree health coverage	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
13	Reduce retiree premium contributions	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
14	Offer retiree coverage only through Medicare Supplement plans	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
15	Offer insurance stipend instead of retiree health coverage	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
16	Close retiree plans to new entrants	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
17	Add surcharge for working spouses electing institutional health plan	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
18	Incentivize spouses to leave health plan	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
19	Offer only secondary spousal coverage	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
20	Require working spouses to use their employers' health plan	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
21	Incentivize employees to use spousal health benefits	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
22	Raise premiums for dependent/family coverage	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
23	Audit and remove ineligible dependents	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
24	Limit health benefit eligibility based on employment status	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
25	Mandate in-network pharmacy use	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
26	Require mail-order pharmacy use	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
27	Require generics for costly drugs	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
28	Incent domestic utilization	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
29	Reduce short-term disability benefits	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
30	Reduce long-term disability benefits	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
31	Reduce duration of paid extended sick leave/short-term disability	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
32	Reduce duration of paid long-term disability	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
33	Switch to shared-cost/employee-funded disability plan	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
34	Add tobacco surcharge	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒

Fringe Benefits		Savings Potential	Employee Tolerance	Outside CBA
35	Reduce PTO rollover	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
36	End PTO rollover	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
37	End PTO cash-out	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
38	End PTO payout	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
39	Reduce PTO payout max	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
40	Reduce PTO accrual	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
41	Require PTO draw-down	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
42	Offer higher PTO accrual rates for lower pay	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
43	Limit PTO/sick leave accrual for part-timers	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
44	Reduce tuition reimbursement	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
45	Shift to defined-contribution retirement plans for new hires	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
46	Reduce employer contributions to retirement plan	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
47	Reduce retirement contributions for employees with \$0 self contributions	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
48	Match retirement contributions only once per year	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
49	Introduce new-hire waiting period for retirement plan eligibility	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
50	Limit income types eligible for retirement contributions	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐

Benefits Vendor Management		Savings Potential	Employee Tolerance	Outside CBA
51	Renegotiate vendor premiums	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
52	Rebid vendor contracts	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
53	Assess pharmacy benefit managers	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
54	Assess TPA/network discounts	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
55	Raise stop-loss deductibles	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
56	Negotiate shared savings agreements with insurers	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒

Employee Headcount		Savings Potential	Employee Tolerance	Outside CBA
57	Freeze hiring	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
58	Create hold period for vacancies	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
59	Enact targeted layoffs	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
60	Consolidate management layers within departments	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
61	Expand management oversight to like departments	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
62	Allow temporary labor contracts to expire	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
63	Outcounsel underperformers	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
64	Incentivize early retirement	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
65	Offer voluntary severance	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒

Compensation		Savings Potential	Employee Tolerance	Outside CBA
66	Freeze pay raises	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
67	Reduce pay for senior-level leaders	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
68	Tie manager incentives to enrollment targets	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
69	Eliminate manager incentive pay	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
70	Reduce staff merit pool	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
71	End merit raises for underperformers	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
72	Offer lump-sum bonuses rather than merit raises	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
73	Delay annual pay raises	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
74	Request online W-2s	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒

Outsourcing		Savings Potential	Employee Tolerance	Outside CBA
75	Outsource units or departments	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
76	Outsource processes or functions	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐

Service Hours		Savings Potential	Employee Tolerance	Outside CBA
77	Mandate management furloughs	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
78	Mandate staff furloughs	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
79	Offer voluntary prescribed unpaid leave days	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
80	Offer voluntary seasonal flextime	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
81	Offer voluntary reduced hours in exchange for lower base pay	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
82	Move select employees to seasonal contracts	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
83	Shorten service window hours	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
84	Shorten unit work week during off-peak periods	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
85	Reduce task frequencies	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒

Employee Stipends and Perks		Savings Potential	Employee Tolerance	Outside CBA
86	Freeze out-of-state travel	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
87	Cap travel expenses	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
88	Limit conference attendance	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
89	Limit staff events to on-campus/free spaces	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
90	Limit professional development spending	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
91	Freeze work station technology updates	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
92	Reduce dining subsidies	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
93	Charge employees for parking	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
94	Limit cell phone offerings	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
95	Limit entertainment/food budgets	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
96	Combine holiday celebrations	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒

Overtime		Savings Potential	Employee Tolerance	Outside CBA
97	Cap overtime	\$ \$ \$ \$ \$	👤 👤 👤 👤	☐
98	Require "max-out" of after-hours shifts	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
99	Create off-schedule shifts	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒
100	Target incremental overtime	\$ \$ \$ \$ \$	👤 👤 👤 👤	☒