

Our plan seeks to achieve \$102m of cost savings in FY 2012 and \$258m in FY 2013

| | FY 2012 savings | FY 2013 savings | Ask | Example/Impact | Timing |
|---------------------------|-----------------|-----------------|---|---|----------------|
| Income tax revenue | \$2m | \$6m | <ul style="list-style-type: none"> C-corporations 1.0% to 1.9%; does not include partnerships, professional and limited liability corporations | <ul style="list-style-type: none"> \$7m corp. taxes x 90% increase = \$6m | 1/1/2012 |
| DPS collection | \$15m | zero | <ul style="list-style-type: none"> Collect outstanding past due receivables | | 12/1, 1/1, 2/1 |
| Payroll (10% cut) | \$13m | \$26m | <ul style="list-style-type: none"> Eliminate furlough days and implement 10% pay reduction | <ul style="list-style-type: none"> Uniform: \$57k avg. salary x 4,497 FTE x 10% cut = \$26m savings Non-Uniform: no impact | 1/1/2012 |
| Medical | \$7m | \$27m | <ul style="list-style-type: none"> Change cost share to 70/30, implement plan changes, phase out more expensive plans (BCBS Traditional, BCBS MM, and US Health) | <ul style="list-style-type: none"> \$3k savings x 10k participants = \$27m savings | 4/1/2012 |
| Pension (GRS) | zero | \$15m | <ul style="list-style-type: none"> Pension changes not expected to result in cash savings in FY 2012 | | 7/1/2012 |
| Work rules | \$20m | \$40m | <ul style="list-style-type: none"> Allowed to work out of class at current rates and 50% reduction in overtime | <ul style="list-style-type: none"> \$80m total overtime x 50% cut = \$40m savings | 1/1/2012 |
| Retirees | \$8m | \$43m | <ul style="list-style-type: none"> Medical (\$33m annual) – Accept same medical changes as active employees Pension (\$10m starting in FY 2013) – Eliminate excess earnings distributions | <ul style="list-style-type: none"> \$3k savings per retiree x 10k eligible retirees = \$33m \$20m earnings distribution x 50% split = \$10m | 4/1/2012 |
| DDOT | \$10m | \$31m | <ul style="list-style-type: none"> Outsource management | <ul style="list-style-type: none"> \$206m cost x 15% = \$31m savings | 4/1/2012 |
| Vendors (10% cut) | \$13m | \$25m | <ul style="list-style-type: none"> Cut A/P vendor disbursements by 10% | <ul style="list-style-type: none"> \$250m spend x 10% = \$25m reduction | 1/1/2012 |
| Sub-total | \$88m | \$213m | | | |
| Layoffs (1,000) | \$14m | \$45m | <ul style="list-style-type: none"> FY 2012 savings net of \$9m accrued comp. payout FY 2013 includes \$9m unemployment comp. payout | <ul style="list-style-type: none"> \$54k savings per FTE x 1,000 FTE = \$54m savings \$54m savings - \$9m unemploy. = \$45m savings | 2/1/2012 |
| TOTAL | \$102m | \$258m | | | |

