

Mandatory time off (Furloughs)

June 17, 2009



Role of a furlough

- A furlough is a tool to achieve “one-time” savings to help backfill short term revenue reductions or cash flow needs
- A furlough can be utilized to help “offset” reductions that happen mid-year (i.e. the department does not realize the full year of savings if a layoff happens in November, so the furlough savings help offset these one-time costs for that year only)

Authority for furloughs

- In accordance with the provisions of the MOU between the County and the affected Labor Organizations, Personnel Management Resolution #224-84 and Salary and Benefits Resolution #323-001 as amended, the Board may direct a temporary layoff of up to ten (10) working days of specific employees or classifications

Principles behind the furlough

- Furlough should be consistent
- Furlough should generate savings or remain revenue neutral
- In cases where the furlough does not generate savings, but is revenue neutral, the benefit comes in the positive effects on cash flow

History

- In FY 2008-09 the Board directed furloughs for specific departments
- For these departments, the furlough savings generated help “backfill” salaries paid out to employees prior to the layoffs that happened mid-year

Role of furloughs in the Proposed FY 2009-10 Budget

- Departments were given a Net County Cost “target” that was sustainable
- Even with these targets, there was still a budget “gap” that needed to be filled
- The Chief Administrative Office proposed a 10-day furlough to departments and this furlough value was taken out of the department budgets and utilized to balance the FY 2009-10 budget (\$2,362,376)

Role of furloughs in the Proposed FY 2009-10 Budget

- The question remains as to whether the reduced revenues are one-time in nature, or if more permanent reductions will need to be made to balance the budget for next fiscal year
- The furlough proposed fills the “gap” for FY 2009-10 and allows for more time to make strategic reductions based on core program priorities

Proposed Implementation Plan

- 10 day mandatory temporary layoff for all employees except the following:
 - Section 504 (due to charter requirements)
 - Probation – Institutions employees (due to the 24/7 nature of the job. The County would pay more in overtime costs to cover these 10 days than would be saved)
 - Child Support (would result in a loss of revenue)
 - Human Services (would result in a loss of revenue)
 - Public Health other than Animal Services and EMS (would result in a loss of revenue)
 - Mental Health (would result in a loss of revenue)

Flexibility is key

- We would like to give employees as much control and flexibility as possible in regards to the 10 days
- Employees could take the 10 days in any increment over the course of the year (with management approval)

Department discretion

- CAO recommending an office closure the week of Thanksgiving and the week of Christmas
- Department heads would have the option of closing to the public only or shutting down completely
- Employees would have the option of taking this time as furlough days, or utilizing vacation or management leave

Why not the two weeks at Christmas?

- The initial proposal was to close the week of Christmas and the week after Christmas
- This leads to some difficulty with payroll in regards to payment of health premiums
- By utilizing the week of Thanksgiving (3 days) and the week of Christmas (3 days), there are no issues for health premiums and allows for better administrative efficiencies

Why not take the time evenly over 26 pay periods?

- Human Resources has indicated that per the Labor Code, we can not deduct pay from an employees paycheck for time that they have worked
- Conversely, we can not pay them for time that they are not working
- Therefore, to allow employees the most benefit and flexibility, the proposed implementation allows for 10 days in any increment (employees could choose to take 4 hours off each pay period, or they could choose to take more days in a row.)
- Allows employees to manage their own personal budgets and Managers to manage their department schedules

Why not allow Department Head's to decide whether or not to implement?

- We may need more savings in August after the close of the final books
- High degree of uncertainty around State actions
- Goes against the principle of consistency
- Affects employee morale (Why do they have to do it and I don't?)

Why not allow Department Head's to decide whether or not to implement?

- If you give departments the flexibility to find savings elsewhere to manage to the furlough “target”, what happens if we need more savings?
- We don't want to be in a situation of being half way through the year, and then having to implement furloughs in a compressed amount of time
- Take the furloughs up front and then if we have to go back to “tier 2” savings, department heads would need to go deeper to find those savings elsewhere

Recommended Actions

- Direct the CAO to return on June 23rd with a resolution implementing the temporary layoff of up to ten (10) working days for all departments other than the exclusions noted in slide #8