County of El Dorado

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Legislation Details (With Text)

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Title: Chief Administrative Office recommending the Board approve and authorize the Chair to sign Resolution 129-2022 increasing the base salaries of all County classifications, excluding the Board of Supervisors classification, by two percent, effective the first full pay period following adoption.

FUNDING: Various, countywide impact.

Sponsors:

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Attachments: 1. A - 2% Resolution, 2. B - Exhibit A Salary Schedule, 3. C - Counsel Approval of Resolution, 4. D - FY 2022-23 General Fund Projections with 2% increase, 5. Executed Resolution 129-2022

Date	Ver.	Action By	Action	Result
8/23/2022	1	Board of Supervisors	Approved	Pass

Chief Administrative Office recommending the Board approve and authorize the Chair to sign Resolution **129-2022** increasing the base salaries of all County classifications, excluding the Board of Supervisors classification, by two percent, effective the first full pay period following adoption.

FUNDING: Various, countywide impact.

DISCUSSION / BACKGROUND

Over the past year, the Board of Supervisors has brought almost all County classifications to the median (+/- 1%) of the County's approved benchmark organizations in an effort to recruit and retain qualified employees. In addition, the Board has approved two percent increases for many of the bargaining units that will take effect in January or July of 2023.

Despite this significant investment in County employees, the County continues to struggle with recruiting and retaining employees. As of mid-July 2022, the County had a vacancy of rate of 15%; almost 300 vacant full-time equivalent allocations. Some departments struggle more with filling positions due to a competitive labor market that impacts some classifications more than others. In mid-July, the Health and Human Services Agency had an overall vacancy rate of 19%, with a vacancy rate of 25% in the Behavioral Health and Public Health Divisions and 33% in the Community Services Division. The Department of Transportation had a vacancy rate of 18.5% in mid-July. These challenges in recruiting and retaining employees negatively impact the performance of County departments, who often are providing mandated services despite staffing shortages.

Other counties are experiencing the same recruitment and retention challenges. In June and July 2022, the Placer County Board of Supervisors approved an increase to base salaries of 4% in July 2022, 4% in July 2023, and 4% in July 2024 for the Placer Public Employees Organization (PPEO), the exclusively recognized organization representing approximately 1,900 employees of Placer County. In addition, increases of 4.5% in July 2022, 4.5% in July 2023, and 4% in July 2023 were approved for approximately 255 classified and unclassified Management staff. Sacramento County has approved compensation increases of 4% in the first year, 4% in the second year, and 2-4% (based on the Consumer Price Index) in the third year for some of its 30 bargaining units. As two of the County’s primary labor market competitors, Placer and Sacramento County’s increases to compensation negatively impact El Dorado County’s ability to recruit and retain employees.

Beyond recruitment and retention challenges, El Dorado County employees are experiencing increased costs of living. The U.S. Bureau of Labor Statistics’ June 2022 Consumer Price Index for the San Francisco Area has increased 6.8% over the past year. Food prices have increased 10.8% and energy prices have increased 36.4%, primarily due to gasoline prices.

To address challenges in the recruitment and retention of qualified employees and the increased costs of living, the Chief Administrative Office is recommending the Board increase the base salaries of all County classifications, except for the Board of Supervisors classification, by two percent (2%). While a 2% increase is not as aggressive as neighboring counties or equal to CPI increases, staff believe this increase will help address some of the challenges described above while conservatively increasing costs in anticipation of a possible economic downturn in the coming years.

The additional 2% being recommended today will help in recruiting and retaining employees but will limit the discretion of the Board in upcoming fiscal years when discretionary revenues are needed to fund these compensation increases. A larger increase or multi-year increase is not being recommended in the event of an economic downturn to reduce the risk of needing to implement reductions in force in order to balance the budget as occurred during the Great Recession.

ALTERNATIVES
The Board may decline the recommendation or provide direction to staff to return to the Board with an alternative change in compensation.

PRIOR BOARD ACTION
June 7, 2022, Legistar item 22-0973 - FY 2022-23 Recommended Budget Hearing

OTHER DEPARTMENT / AGENCY INVOLVEMENT
Human Resources and County Counsel

FINANCIAL IMPACT
The 2% increase is estimated to cost approximately $3.4 million for the remainder of FY 2022-23, factoring in current actual vacancy rates. The General Fund Impact is estimated at $2.2 million for the remainder of Fiscal Year 2022-23. Most County departments budget the full cost of all positions and either do not incorporate a vacancy rate or they incorporate a conservative vacancy rate that is lower than the actual vacancy rate. As a result, many departments have Salaries and Benefits savings at the end of each fiscal year.

Based on this history of Salaries and Benefits savings and the current unusually high vacancy rate, is it anticipated that departments can absorb most compensation increases and may not need additional appropriations in FY 2022-23.

There are several options for funding any increases that cannot be absorbed within departments’ current appropriations. The first and recommended option is to increase the growth assumption for property tax growth from 4.75% to 7% in the Adopted Budget. The local assessment roll, for property taxes to be collected in FY 2022-23, closed at approximately 7.4% growth from the prior year. Increasing the growth assumption for property tax to 7% will result in $2.3 million more in discretionary property tax revenue that can be used to cover any increases that can't be absorbed within departments' current appropriations.

Finally, the FY 2022-23 Recommended Budget includes $9.8 million in General Fund Contingency above the Contingency required by Board policy. This could be used in the current or future years to help fund compensation increases.

It is likely that the CAO will recommend that the majority of any additional fund balance from FY 2021-22 and any projected increase in general revenues included in the Adopted Budget be set aside in Contingency to fund any costs that can't be absorbed in the current year, and to be available if needed in future years, should revenues grow more slowly than costs in the near term. CAO and Department staff will monitor budgets during this fiscal year and provide an update on the effects of the Salaries and Benefits increases on departmental budgets at mid-year.

CLERK OF THE BOARD FOLLOW UP ACTIONS
Obtain the Chair's signature on the Resolution and forward a copy the Human Resources Department.

STRATEGIC PLAN COMPONENT
This item works toward the Good Governance goal of "create and maintain a supportive culture for all employees through staff engagement in policy and process decisions and through strong labor relations."

CONTACT
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