

YCEA Quick Notes- August 20, 2009

Site Rep/Membership Meeting

County Budget

The State has supposedly resolved their budget deficits for fiscal year 2009-2010. In reality, this resolution is based in large part upon overly optimistic predictions of economic recovery, accounting maneuvers and borrowing money from local government. It is predicted that the State Legislature will need to once again make budget adjustments in October and possibly after the first of the year. The State has exercised its power under Proposition 1A (from several years ago) to borrow property tax funds from local government. This represents approximately \$1.45 million for Yuba County. The impact to the County will be negligible assuming the State in fact repays these funds. Of more significant concern is the State's decision to delay paying the County the highway user taxes for six months (approximately \$2 million), potentially creating a cash flow problem for the County. It is the County's intent to use highway construction funds to backfill this revenue loss and then replenish the highway construction funds once the State repays highway user tax revenues due the County. Of great concern is that this source of review is still being eyed by the State as available for their taking, the Steinberger's lawsuit against the Governor's line item vetoes is successful.

When the Board of Supervisors (BOS) met on August 18, to adopt the final budget they were advised that the fund balance for fiscal year 2008-2009 as reported in the tentative budget was over projected requiring further adjustments to balance the budget. Actions taken by the Board included not filling the Public Guardian position, reallocating funds from the Public Safety Fund Account, and reallocating funds from the contingency reserves. Balancing the budget was also helped by the County receiving delinquent property taxes that have been paid due to home foreclosures and short-sales in the County.

For now the County's budget is balanced, but the status of the budget is hanging on what the State does to balance their own budget. If the economy does not improve quickly it is almost certain that additional cuts will be necessary. Fortunately, the economy is showing signs of recovery, but most economists are predicting a slow bumpy return to a positive "bull market" and consumer confidence. It is unlikely that the recovery will eliminate the need for layoffs next fiscal year, with the implementation of the County's obligation to begin paying the employee contribution of 7%.

Early Retirement Incentive

The County is not in a position to offer a true incentive, but to encourage those that might be seriously considering retirement already; the County is looking at offering potential retirees a payout of \$500 per year for each year of service. The County will be seeking YCEA's approval of this offer and staff will recommend that the YCEA Board approve the County making this offer to interested employees in order to expedite the County's ability to talk seriously with those that may take this option.

Voluntary Time Off Program

The BOS will be asked to approve the final policy to implement the Voluntary Time Off Program within the next few weeks. The policy reflects the agreement reached with YCEA. We encourage employees to consider this Program if they are able and can afford to take some time

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off. As a reminder, the program provides that interested employees may take time off without pay on a pre-determined schedule in order to generate salary savings that will reduce budget costs while maintaining delivery of services to the County's clients. The agreement includes the following:

- Allows full-time County employees to take unpaid leave of up to 360 hours in a fiscal year without negatively impacting accrued benefits such as PERS service credit, vacation, sick leave, and seniority.
- Employees would be able to request this time off without pay based on departmental approval to be used consecutively or intermittently throughout the fiscal year. Time off requests will be coordinated with the employee's supervisor allowing for flexibility while minimizing, as much as possible, impact to customer service.
- Unpaid leave must be taken in increments of one full hour and may not exceed 10 work days (80 hours) in any one pay period.
- Credits toward sick leave, vacation, and holiday eligibility shall accrue as though the employee were on paid status.
- Unpaid leave time shall be counted as time in service for step advancement and seniority for purposes of layoff, but shall not be counted as time for purposes of completion of probation or as time worked for overtime purposes.
- Unpaid leave time shall be granted without requiring the employee to first use accumulated vacation, floating holidays, or compensatory time off.
- Unpaid leave must be requested by the employee through his/her supervisor and Department Head on the approved Authorization form. The approval of leave is at the sole discretion of the Department Head.
- Departments shall report the value of the VTO salary savings to the County Administrator. YCEA will have access to salary savings information for YCEA members.
- Employees considering participation in the VTO program shall be advised of the potential negative affect such participation may have on their CalPERS service credit and/or final compensation for purposes of retirement by meeting to discuss possible impacts with their supervisors and a representative from Personnel.
- An employee can revoke his or her request for VTO at any time due to a change in circumstances resulting in a hardship should the VTO continue.

Once the program becomes available we will request that the County advise employees.