

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

644



**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
December 15, 2008

**SUBJECT:** Adoption of Board of Supervisors Policy C-31, County Voluntary Furlough Programs.

**RECOMMENDED MOTION:** That the Board of Supervisors adopt Policy C-31, County Voluntary Furlough Programs.

**BACKGROUND:** The original Board of Supervisor's Policy C-31, Voluntary Furlough Program, was rescinded on April 10, 2007 (Minute Order 3.3). The policy has been updated and is designed to reduce the overall wage obligations of the County while protecting employees' benefit plans, seniority, and positions with the County. In light of the projected budget challenges over the next three years it is prudent to have available furlough options to assist the County with budgetary concerns and restraints. The potential savings to be derived from Voluntary Furloughs has been discussed with Management, LIUNA, and SEIU, who endorse the proposed action.

Departmental Concurrence

\_\_\_\_\_  
Ronald W. Komers  
Asst. County Executive Officer/Human Resources Dir.

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	no
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	no
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/09

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY:   
Elizabeth J. Olson

**County Executive Office Signature**

- Policy
- Policy
- Consent
- Consent

Dep't Recomm.:  
Per Exec. Ofc.:

Prev. Agn. Ref.: | District: | Agenda Number:

**3.27**

**BACKGROUND continued:**

Santa Barbara County recently implemented a furlough program to assist with their financial difficulties and the Governor recently announced a furlough program for state employees of one day a month for 19 months, plus furloughs on certain state holidays.

Of the options available to the County to control its payroll, voluntary furloughs are probably the least difficult to implement and to plan for. Furloughs on County holidays, or on days surrounding a County holiday, permit the County to recognize a payroll savings on days when it either is not operating or can operate on a skeleton staff. Similarly, furloughs during vacation periods provide costs savings to the County without interruption of services. A furlough under the terms of this policy protects employee benefits and retirement options.

Although budgets are tight, departments also have service obligations they must meet. A furlough program provides departments an alternative to layoffs to obtain the 25% net county cost savings required by the Executive Office.

For example, a General Fund department with 500 employees, and a net county cost of \$17,000,000 in payroll, could save approximately \$74,000 (or 0.4% of NCC) if every employee volunteered for a 9 hour furlough. That translates into a savings of approximately \$196,000 (or 1.2% of NCC) for three (eight-hour) holidays in a fiscal year or approximately \$327,000 (or 1.9% of NCC) with a one-week (40-hour) furlough. To achieve similar savings by reduction in forces would require the layoff of six to ten employees.

As departments weigh options to obtain the required net county cost savings over the next three fiscal years, a furlough program will provide a significant cost savings device that may reduce the number of layoffs required to meet budget objectives. The proposed action will reinstate the option of Voluntary Furloughs for LIUNA, SEIU, Exempt Management, Management Confidential, and Other Unrepresented employees. We will also evaluate mandatory furloughs as an additional strategy for cost savings and to mitigate layoffs.

**COUNTY OF RIVERSIDE, CALIFORNIA**  
**BOARD OF SUPERVISORS POLICY**

<b>SUBJECT:</b>	<b><u>Policy</u></b> <b><u>Number</u></b>	<b><u>Page</u></b>
<b>COUNTY VOLUNTARY FURLOUGH PROGRAMS</b>	<b>C – 31</b>	<b>1 of 4</b>

**POLICY:**

It is the policy of the Board of Supervisors to allow for and encourage County Voluntary Furlough Programs to reduce and/or defer payroll costs. The purpose of the County Furlough Programs is to help reduce expenditures during challenging budget shortfalls, yet maintain critical County services.

Agency/department heads are encouraged to promote the voluntary furlough options described herein in order to reduce agency/departmental expenditures. Agency/department heads may determine, however, which option to allow based on the operational needs of the agency/department.

**1. VOLUNTARY FURLOUGH PROGRAM:**

The Voluntary Furlough Program (VFP) offers employees the opportunity to pursue education goals, address family issues, or handle other needs that require time off from work, without loss of health benefits or seniority. The VFP is available to all regular employees, irrespective of the funding sources for their positions. Agency/department heads are encouraged to participate in the VFP and shall determine/schedule participation based on the operational needs of their agency/department. The VFP is effective when authorized by the County Executive Officer to deal with challenging budget shortfalls and may be terminated at any time by the County Executive Officer.

**Eligibility:**

This program is available to all regular County employees who have completed at least two full pay periods of employment who request to participate, subject to approval by their agency/department heads. Seasonal and temporary employees are not eligible to enroll in this program. Participating employees must be in a paid status at the time of enrollment and on the workday prior to first taking time off. Participating employees must also ensure that they have adequate wages to cover their normal payroll deductions and the contributed benefit amounts, if applicable.

**Voluntary Time Off:**

There are two ways to participate in this option: (a) the employee's scheduled workday or work week is reduced on a biweekly basis, or (b) a block of time off is scheduled as unpaid leave. The employee and the manager/supervisor mutually determine the amount of time reduced and the scheduling required (i.e., the reduced work day, work week, or scheduled block of time off). An FLSA exempt employee may not select the reduced workday option.

[Note: Agency/department heads already have the ability to implement these two types of work/pay reductions. The difference in this program is that certain benefits and leave accruals will not be reduced to reflect the temporary reduction in hours.]

Employees participating in the VFP will be allowed to maintain the same level of County contributions for flexible credit allowance, as well as continuation of their other employee benefit plans. They will retain their work status for benefit purposes. Voluntary furlough hours will have no effect on the following benefits:

- Flexible benefit allowance
- Medical/dental/vision/life insurance eligibility and coverage
- Retirement eligibility and benefit level (unless retirement is within 12 months)
- Rate of differential and premium pay that is included in the compensation base for pension calculation, except to the extent that they are based on the actual number of hours worked. This includes bilingual pay, shift differentials, etc.

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Furlough hours will not cause a break in service; or a reduction in employees' service credit for the purposes of seniority, probationary period, retirement, leave accumulation, or anniversary date/merit salary adjustment. When employees reduce their work hours these service credits are unaffected unless they are off for a full pay period.

VFP participants who take a block of time off will be protected from losing their service credits and flexible benefit credits for the relevant pay periods, as well as their leave accrual for the relevant periods. Normally, if a person takes a full pay period off without pay, the flex credit, leave accruals, and service credits would not be given. For those who choose a biweekly reduction in hours, there will be no harm, because their regularly-scheduled hours will not change; they will simply report a number of unpaid hours each pay period.

A special time entry code will be established to capture all voluntary time off hours taken under this program, and to facilitate continuation of seniority, health and retirement benefit accruals, contributions, and payments. Employer taxes and withholdings will be calculated based on the actual hours worked and benefits received. Eligibility for overtime during the period that the furlough is taken will be calculated based on actual hours worked; furlough hours will not count toward the hours required before overtime or certain retention premiums are paid.

Time off must be taken in increments of full hours per pay period. For a block of time, it must be taken in increments of full days. Employees should be aware that total voluntary time off that exceeds 160 hours for full-time employees (or 80 hours for part-time employees) in any six-month period may have an effect on PERS service accumulations for pension purposes and plan accordingly.

**Voluntary Furlough Enrollment:**

All eligible employees will be made aware of the VFP described herein. New hires may enroll following two full pay periods of employment. Employees enrolled in the VFP for a reduced work schedule must agree to participate for a minimum of three months, with three-month extensions allowed during subsequent enrollment periods if the agency/department head approves. The employee must complete the Voluntary Furlough Program Enrollment & Cancellation Form and submit it to Human Resources for processing.

**Election Changes:**

An employee whose participation in VFP has been approved may not reduce or cancel the agreed schedule/amount except: 1) if he/she transfers to another agency or department; 2) if he/she terminates employment with the County; 3) if he/she demonstrates a personal hardship; or 4) he/she has participated for three months in the program. An employee may request to increase the agreed schedule/amount at any time. Any changes to the agreement will require a completed Voluntary Furlough Program Enrollment & Cancellation Form, which must be submitted to Human Resources for processing.

**Payroll Contributions/Deductions:**

Participation in the VFP will reduce the employee's immediate take home pay. In determining the amount of time off to request, an employee needs to ensure that he/she has adequate wages to cover his/her normal payroll deductions (e.g., tax withholdings, credit union deposits, deferred compensation contributions and loan payments, union dues, life insurance, dependent care and health care Flexible Spending Accounts). If electing a block of time off greater than one pay period, the employee needs to arrange payment of the normal required employee contributions for benefit plans.

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**2. VOLUNTARY CONTRIBUTION FURLOUGH**

The Voluntary Contribution Furlough (VCF) is an alternative method of voluntary participation in a County Furlough Program that may hold interest for a limited number of employees. Under this alternative employees continue to work their normal schedule, but sign an agreement to waive either their flexible benefit contribution or their car allowance to the County. In the case of flexible benefits the employee's benefit elections remain unchanged and his/her salary is reduced to the extent necessary to pay for the benefit elections. The actual benefits received by the employees are continued during the period of the VCF. Employees would then pay the charges for their flexible benefit elections with pre-tax dollars. Employees participating in the VCF will maintain their full-time work hour status for salary and benefit purposes. The VCF is effective when authorized by the County Executive Officer to deal with challenging budget shortfalls and may be terminated at any time by the County Executive Officer.

**Eligibility:**

The VCF is available to all regular County employees who have completed at least two full pay periods of employment who request to participate, subject to approval by their agency/department heads. Seasonal and temporary employees are eligible to enroll in this program. Participating employees must be in a paid status at the time of enrollment and on the workday prior to first taking time off. Participating employees must also ensure that they have adequate wages to cover their normal payroll deductions and the contributed benefit amounts, if applicable.

**Contribution Furlough Enrollment:**

All eligible employees will be made aware of the VCF option described herein. New hires may enroll following two full pay periods of employment. The employee must complete a Benefit Contribution Credit Authorization Form specifying the benefit(s) to be "contributed", and indicate in which pay periods the reduction is to take place.

**Election Changes:**

An employee whose participation in VCF has been approved may not reduce or cancel the agreed amount except: 1) if he/she transfers to another agency or department; 2) if he/she terminates employment with the County; 3) if he/she demonstrates a personal hardship; or 4) after three months of participation. An employee may request to increase the agreed amount at any time. Any changes to the agreement will require a new Benefit Contribution Credit Authorization Form, which must be submitted to Human Resources for processing.

**Payroll Benefit Contributions/Deductions:**

Participation in the VCF will reduce the employee's immediate take home pay, because his/her benefits will be charged as pre-tax payroll deductions. However, the pre-tax nature of these deductions will result in a pay decrease that is somewhat less than the amount contributed. For example, if a person's payroll taxes are 30% of gross pay, and the flex contribution is \$300 biweekly, the net loss in pay would only be \$210 due to the reduction in taxes. In determining the reduction to request, an employee needs to ensure that he/she has adequate wages to cover his/her normal payroll deductions (e.g., tax withholdings, credit union deposits, deferred compensation contributions and loan payments, union dues, life insurance, dependent care and health care Flexible Spending Accounts).

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**3. PROGRAM REPORTING:**

Each agency/department will receive a quarterly summary of payroll savings achieved as a result of employee participation in the VFP, based on the tracking of hours in OASIS. Each agency/department will provide a quarterly summary of payroll savings achieved as a result of employee participation in the VCF. These summaries shall be included in the agency/departmental quarterly reports submitted to the Executive Office.

**4. APPEAL**

An employee who requests to participate in either the VFP or the VCF and whose request is denied may appeal the denial to the County Executive Officer and the County Human Resources Director for final determination.