

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

807



**FROM:** Human Resources

**SUBMITTAL DATE:**  
May 5, 2004

**SUBJECT:** Revision to Board Policy C-31 Voluntary Furlough Program

**RECOMMENDED MOTION:** That the Board of Supervisors approve the revision to Policy C-31, Voluntary Furlough Program, extending the Program to part-time employees.

**BACKGROUND:** On July 22, 2003, your Board approved the implementation of the Voluntary Furlough Program based upon the recommendation of the Countywide Labor Management Committee, as an option for helping departments save money. The Program has been in effect for over eight months and 241 employees have participated and the program has produced salary savings of almost \$207,000. Please see Attachment "A" for a summary of the participation for the first three quarters.

To allow broader participation in the Voluntary Furlough Program, we recommend that the Policy be revised to extend Program participation to part-time, as well as full-time, employees. Allowing part-time employees to participate will provide another option to departments to reduce costs.

Departmental Concurrence

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

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$	<b>In Current Year Budget:</b>	
	Current F.Y. Net County Cost:	\$		<b>Budget Adjustment:</b>
	Annual Net County Cost:	\$		<b>For Fiscal Year:</b>

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

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

*T. Galt*  
\_\_\_\_\_  
**County Executive Office Signature**

Dep't Recomm.:  Consent  Policy

Per Exec. Ofc.:  Consent  Policy

**Prev. Agn. Ref.:** \_\_\_\_\_ **District:** *ALL* **Agenda Number:** \_\_\_\_\_

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RECEIVED BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, CALIFORNIA

**3.29**

## ATTACHMENT "A"

### Voluntary Furlough Program Participation for Quarters 1 - 3 (July 24, 2003 - March 31, 2004)

Department	Participants	Savings as of 3/31/04*
Agricultural Commissioner	1	\$1,157
Community Health Agency	18	\$29,026
Dept of Child Support Services	103	\$28,210
Economic Development Agency	33	\$50,482
Facilities Management	32	\$19,967
Human Resources	38	\$50,532
Office on Aging	1	\$201
Probation	2	\$1,750
Public Defender	1	\$1,139
Purchasing	6	\$12,709
Riv County Regional Medical Center	5	\$10,782
Transportation & Land Mgmt Agency	1	\$908
<b>Total</b>	<b>241</b>	<b>\$206,863</b>

Bargaining Unit	Participants	Savings as of 3/31/04*
LIUNA	151	\$68,704
SEIU	49	\$83,486
Management/Confidential	40	\$53,728
RSA/Public Safety	1	\$945
<b>Total</b>	<b>241</b>	<b>\$206,863</b>

\*Gross savings, excluding benefits

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

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**POLICY:**

It is the policy of the Board of Supervisors to allow for a Voluntary Furlough Program (VFP) to reduce and/or defer payroll costs on a short-term basis. The purpose of the VFP is to help reduce expenditures during challenging budget shortfalls, yet maintain critical County services. The 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 ~~full-time~~ regular employees, irrespective of the funding sources for their positions. Agency/department heads may determine, however, which of the options to allow, based on the operational needs of their department. This policy is effective July 1, 2003, and will remain in effect until June 30, 2005.

**Eligibility:**

This program is available to all ~~full-time~~ 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. ~~Part-time,~~ Seasonal and temporary employees are not eligible to enroll in this program. In addition, employees must be on a paid status at the time of enrollment and on the workday prior to first taking time off. They 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 work hours or workdays are reduced on a biweekly basis, or (b) a block of time off is scheduled as unpaid leave. The employee and the department 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).

Note: Department heads already have the ability to grant 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 employer contributions for flexible credit allowance, as well as continuation of their other employee benefit plans. They will retain their ~~full-time~~ 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, nor a reduction in employees' service credit for the purposes of seniority, probationary period, retirement, leave accumulation, or anniversary date/merit salary adjustment. When a person reduces 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 period, as well as their leave accrual for the period. 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 40 hours required before overtime is paid.

Voluntary time off must be taken in increments of full hours per pay. For a block of time, it must be full days. Total voluntary time off should not exceed 160 hours for full-time employees (or 80 hours for part-time employees) in any six-month period, in order to prevent an effect on PERS service accumulations for pension purposes.

**Voluntary Furlough Enrollment:**

Agency/department heads are encouraged to promote the VFP in order to reduce departmental expenditures. Agency/department heads may determine, however, which options to allow based on the operational needs of the department.

All eligible employees will be made aware of the VFP described herein, and will be notified of the quarterly enrollment periods. New hires may enroll during enrollment periods 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 department head approves. The employee must complete the Voluntary Furlough Program Enrollment & Cancellation Form, which must be submitted to Human Resources for processing.

**Election Changes:**

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

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BOARD OF SUPERVISORS POLICY**

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**Payroll Contributions/Deductions:**

Participation in the Voluntary Furlough Program will reduce the employees' immediate take home pay. In determining the amount of time off to request, an employee needs to ensure that s/he 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.

**Furlough Credits:**

In the event that a mandatory furlough is implemented, employees who volunteered to participate in the Voluntary Furlough Program may either use accrued vacation, holiday, or compensatory time, or continue to work (if the department/building is open), and be paid during a mandatory furlough in recognition of their voluntary furlough time, using their furlough credits on an hour-for-hour basis.

**Costs/Savings/Advantages:**

The savings to the County from this option include direct salary savings, reduction in FICA/Medicare taxes, and reduction in PERS pension contributions in the current fiscal year (both employer portion and employee pick-up). The advantage for the employee is a reduction in work hours to accomplish other goals, without the loss of employee benefits. In addition, the payroll savings will help to lessen or avert the need for reductions in work force or mandatory furloughs. In the event of a mandatory furlough, the employees who elect to participate in this program will not suffer a double loss of income.

**Program Reporting:**

Each 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. The summary shall be included in the departmental quarterly reports submitted to the Executive Office.

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**Furlough Alternative – Benefit Contribution Credit**

An alternative method of participation in this program may hold interest for a limited number of employees. Under this alternative, the employee continues to work his/her normal schedule, but signs an agreement to contribute either their flexible benefit contribution or their car allowance to the County. In the case of flexible benefits, the employee would then be able to continue to pay the charges for their flexible benefit elections with pre-tax dollars, but the department would not provide the County's contribution; all employee flexible benefits are continued during the period of the contribution furlough.

Employees participating in this option will maintain their full-time work hour status for salary and benefit purposes.

**Eligibility:**

This program is available only to Management, Confidential, and Unrepresented employees who have completed at least two full pay periods of employment and who request to participate. In addition, employees must be on a paid status at the time of enrollment and on the workday prior to first contributing their employer contribution amount. If a collective bargaining unit elects to make this option available to its members, the "contribution furlough" will be made available to its members.

**Contribution Furlough Enrollment:**

All eligible employees will be made aware of the VFP option described herein, and will be notified of the quarterly enrollment periods. New hires may enroll during enrollment periods 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 application/agreement has been approved may not reduce or cancel the agreed schedule/amount except: 1) if s/he transfers to another agency or department; 2) if s/he terminates employment with the County; 3) if s/he demonstrates a personal hardship; or 4) after three months (6 pay periods) of participation. Any changes to the agreement will require a new Benefit Contribution Credit Authorization, which must be submitted to Human Resources for processing.

**Payroll Benefit Contributions/Deductions:**

Participation in this option of the Voluntary Furlough Program will reduce the employees' 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 \$184 biweekly, the net loss in pay would only be \$129 (due to the reduction in taxes). In determining the reduction to request, an employee needs to ensure that

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s/he 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).

**Furlough Credits:**

In the event that a mandatory furlough is implemented, employees that selected participation in this option may apply the dollar amounts contributed, on a dollar-equivalent basis, toward their mandatory furlough obligation. To the extent that an employee contributed benefit dollars, s/he will be able to either use accrued vacation, holiday, or compensatory time, or continue to work (if the department/building is open), and be paid during a mandatory furlough in recognition of their voluntary participation. For example, if a person contributed their benefit credit of \$184 per pay period for three months, the County would have saved \$1,104 (\$184 x 6 pp). If that person's hourly pay is \$25, s/he could work and be paid for up to 44 hours ( $\$1104 / \$25 = 44.16$ ) during a mandatory furlough, or use that amount from leave banks in the event that buildings/offices are closed during the furlough.

**Costs/Savings/Advantages:**

The savings to the County from this option include savings from payroll benefit charges, and a possible reduction in FICA/Medicare taxes (if the employee's calendar year salary is less than the Social Security Wage Base of \$87,000). The advantage for the employee is immediate tax deferral, and a way of participating in the VFP without reducing work hours. In addition, the employee would not have a reduction in PERS compensation for the year, which would be important to those planning to retire within the next twelve months.

**Program Reporting:**

Each department will provide a quarterly summary of payroll savings achieved as a result of employee participation in this option of the VFP. The summary shall be included in the departmental quarterly reports submitted to the Executive Office.