

W. 5. b.

MEMORANDUM

AGENDA DATE: December 17, 2003

TO: LANE COUNTY BOARD OF COMMISSIONERS

DEPARTMENT: LANE COUNTY ADMINISTRATION

PRESENTED BY: David Garnick, Sr. Management Analyst

AGENDA ITEM TITLE: IN THE MATTER OF TRANSFERRING \$299,240 IN APPROPRIATIONS WITHIN THE GENERAL FUND FROM VARIOUS DEPARTMENTS TO GENERAL EXPENSE TO PARTIALLY ACHIEVE THE \$500,000 BENEFIT SAVINGS GOAL SET BY THE BOARD WHEN THE FY 03-04 BUDGET WAS ADOPTED.

I. MOTION

I MOVE APPROVAL OF ORDER 03-12-17-XX IN THE MATTER OF TRANSFERRING \$299,240 IN APPROPRIATIONS WITHIN THE GENERAL FUND FROM VARIOUS DEPARTMENTS TO GENERAL EXPENSE AS SHOWN ON ATTACHMENT B TO THE ORDER.

II. ISSUE

Local budget law requires a board resolution to transfer appropriations between organizational units.

III. BACKGROUND

The FY03-04 budget was adopted by the Board of Commissioners with an assumption that \$500,000 of savings in the General Fund would be achieved through negotiations with our labor unions. At this time, all but two bargaining units in the General Fund have signed agreements and budget staff is prepared to transfer the savings achieved to date into General Expense.

IV. ANALYSIS

The benefit savings goal for each bargaining unit was determined by prorating the \$500,000 goal by the number of eligible employees within the General Fund. There are a total of 787 eligible employees. Each bargaining unit therefore was asked to achieve an annual savings of \$635.33 per employee. Attachment A shows how the \$500,000 savings goal was spread across the bargaining units.

At this time AFSCME (except for the Nurses), the Prosecuting Attorneys Association, and the Non-Represented employees have agreed to a variety of changes in their benefit and compensation packages to achieve their savings goals. The two remaining bargaining units that are still in negotiations at this time are the Peace Officers Association and the Nurses within AFSCME.

Attachment B shows the breakdown of General Fund employees by department and bargaining unit. Budget staff is proposing that the amounts shown in the column "Amt Achieved" be transferred from the employee benefits appropriation of the respective department budgets and placed into General Expense. The "Remaining Balance" column represents the amount of the benefit savings goal that is still to be achieved for the Nurses and the Peace Officers Association.

The reasons that budget staff is proposing to transfer \$299,240 of the \$500,000 now are (1) the savings have been achieved and (2) to ensure that the correct benefit appropriations are reflected at the department level in the budget preparation system. The current year's budget levels serve as the starting point for departments when they are preparing their budget requests for FY04-05. That process will begin in late December. By adjusting the benefit levels prior to beginning this process, the need for reconciling adjustments will be minimized.

The Board may choose to wait to transfer the entire \$500,000 of appropriations until the agreements with the Nurses and the Peace Officers Association are signed. However, it is unknown at this time when agreement will be reached and may not coincide in time with the preparation of the FY 04-05 departmental budgets. The result is that all departments, instead of only two, will have a higher starting point for their employee benefit budgets than is necessary. This could cause undo confusion for the budget committee and department budget preparation staff.

In the alternative, the Board may also choose to transfer the entire \$500,000 of appropriations now as shown in the "Negotiated Savings" column of Attachment B. This action would ensure that the departments who have employees in the Nurses and Peace Officers Association are responsible for contributing their fair share of the \$653.33 per employee toward the \$500,000 benefit savings goal, regardless of the agreements reached by the two bargaining units. This would also ensure that the starting points for employee benefits are at the correct levels for all departments for the FY 04-05 budget preparation process. The downside of this approach is that if agreements with the two units do not result in the savings expected, the two affected departments will be forced to make other reductions to make up that difference. However, if they do not make reductions, then other departments in the General Fund will be required to make reductions to make up the difference. This would place a disproportionate burden for the benefit savings onto those departments.

Due to the unknowns of the agreements with the Nurses and the Peace Officers Association, it is budget staff's recommendation that the Board approve Option 1 below and that the Board revisit the issue of achieving the remaining balance of the \$500,000 benefit savings goal after the agreements have been signed and more information is known as to the impact.

V. ALTERNATIVES/OPTIONS

1. Approve the transfer of the employee benefits appropriations from the departmental budgets as shown in the "Amt Achieved" column on Attachment B, which reflects \$299,240 of the original \$500,000 savings goal.
2. Approve the transfer of the entire \$500,000 savings goal from the employee benefits appropriations from the departmental budgets as shown on Attachment B in the "Negotiated Savings" column.
3. Postpone the transfer of the employee benefits appropriations from the departmental budgets until agreements have been reached with the Nurses and the Peace Officers Association. Then the Board can adopt one resolution transferring the appropriations all at one time.

VI. IMPLEMENTATION/TIMING

Upon Board approval, budget staff will implement the transfers accordingly.

VII. ATTACHMENTS

Board Order 03-12-17-XX

Attachment A – FY 2003-04 Negotiated Benefit Savings Goal by Bargaining Unit

Attachment B – FY 2003-04 Negotiated Benefit Savings Goal by Department and Bargaining Unit

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY,
OREGON

RESOLUTION &) IN THE MATTER OF TRANSFERRING
ORDER 03-12-17-) \$299,240 IN APPROPRIATIONS WITHIN THE
) GENERAL FUND FROM VARIOUS
) DEPARTMENTS TO GENERAL EXPENSE TO
) PARTIALLY ACHIEVE THE \$500,000 BENEFIT
) SAVINGS GOAL SET BY THE BOARD WHEN
) THE FY 03-04 BUDGET WAS ADOPTED.

WHEREAS, the adopted Lane County budget for fiscal year 2003-2004 contains an assumption that \$500,000 of benefit savings will be achieved in the General Fund; and

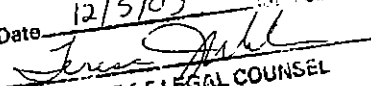
WHEREAS, AFSCME (except for the Nurses), the Lane County Prosecuting Attorneys Association, and the Non-represented employees have signed agreements that achieve their proportional share of the benefit savings; and

WHEREAS, the amount of employee benefit appropriations budgeted within the departmental organizations that have employees in the above labor unions shall be transferred to General Expense to reflect those savings as shown on Attachment B to this Resolution; and

WHEREAS, the Board of County Commissioners as the governing body of Lane County may, in accordance with Oregon Revised Statute 294.450(1), transfer appropriations between organizational units within the same fund by resolution;

NOW THEREFORE, IT IS RESOLVED AND ORDERED that the Board of County Commissioners transfer the FY03-04 employee benefit appropriations from departmental budgets to General Expense within the General Fund as shown on Attachment B to this Resolution.

Approved this ____ day of December 2003.

APPROVED AS TO FORM
Date 12/5/03 Lane County

OFFICE OF LEGAL COUNSEL

Peter Sorenson
Chair, Board of Commissioners

IN THE MATTER OF TRANSFERRING \$299,240 IN APPROPRIATIONS WITHIN THE GENERAL FUND FROM VARIOUS DEPARTMENTS TO GENERAL EXPENSE TO PARTIALLY ACHIEVE THE \$500,000 BENEFIT SAVINGS GOAL SET BY THE BOARD WHEN THE FY 03-04 BUDGET WAS ADOPTED.

**LANE COUNTY
 FY 2003-04
 NEGOTIATED BENEFIT SAVINGS GOAL
 BY BARGAINING UNIT**

General Fund

	# of EE's	Percent Share	\$500,000 Benefit Savings
AFSCME	275	34.94%	174,714
LCPOA	301	38.25%	191,233
PAA	27	3.43%	17,154
Non-Rep	184	23.38%	116,900
Total	787	100.00%	500,000

Rate per EE: \$500,000 / 787 employees = \$635.33 per employee

LANE COUNTY
 FY 2003-04
 NEGOTIATED BENEFIT SAVINGS GOAL
 BY DEPARTMENT AND BARGAINING UNIT

General Fund

Dept	AFSCME	POA*	Non-Rep	PAA	Nurses*	Elected	Total EE	Rate/EE	Negotiated Savings	Amt Achieved	Remaining Balance
A&T	49		5			1	55	635.33	34,943.15	34,943.15	0.00
CAO	1		15			5	21	635.33	13,341.93	13,341.93	0.00
CC			7				7	635.33	4,447.31	4,447.31	0.00
CCF	7		1				8	635.33	5,082.64	5,082.64	0.00
DA	36		10	27		1	74	635.33	47,014.42	47,014.42	0.00
IS	39		5				44	635.33	27,954.52	27,954.52	0.00
J Courts	8		1			3	12	635.33	7,623.96	7,623.96	0.00
LMD	29		4				33	635.33	20,965.89	20,965.89	0.00
Mgmt Svcs	44		29				73	635.33	46,379.09	46,379.09	0.00
Sheriff	29	282	57		14	1	383	635.33	243,331.39	55,273.71	188,057.68
YS	18	19	39		1		77	635.33	48,920.41	36,213.81	12,706.60
Total	260	301	173	27	15	11	787		500,004.71	299,240.43	200,764.28

*Contract has not settled as of 11/21/03