

**COUNTY OF SACRAMENTO
CALIFORNIA**For the Agenda of:
March 3, 2009

To: Board of Supervisors

From: Department of Personnel Services

Subject: Management of Vacation Over Maximum Payments
Supervisorial

District: All

Contact: David Devine, Director of Personnel Services, (916) 874-6388

Overview

Currently, some classes of County employees are authorized to receive cash payout for vacation hours accrued above the maximum accrual limits. This item would require the appointed Department Heads to manage these employees' use of vacation in order to minimize the payout of vacation hours accrued above the maximum accrual limits. This item would also request the elected Department Heads to take similar action.

Recommendation

1. Approve this item requiring the appointed Department Heads to manage employees' use of vacation in order to minimize the payout of vacation hours accrued above the maximum accrual limits.
2. Request that the elected Department Heads take similar actions to minimize payout of vacation hours accrued above the maximum accrual limits.

Measures/Evaluation

Successful implementation of this item will result in minimizing cash payout for vacation hours accrued above the maximum accrual limits to eligible employees.

Fiscal Impact

Reduction of cash payout for vacation hours accrued above the maximum accrual limits to eligible employees could result in savings/cost avoidance of up to \$2.0 million for the remainder of Fiscal Year 2008/09 and up to \$8.6 million in Fiscal Year 2009/10.

BACKGROUND

Since July 1995, the certain classifications of employees have been authorized to receive cash payout for vacation hours accrued above the maximum accrual limits. Authorization for this payout is contained in Personnel Ordinance section 2.78.730 (e).

Monitoring Payout Of Excess Vacation Accruals

Page 2

DISCUSSION

Cash payout for excess vacation accruals is taken from the existing budget resources of each department. Given the County's increasingly challenging budget situation, it is important that agencies and departments control vacation payout for hours accrued above the maximum levels in order to reduce net County costs. Language in the Personnel Ordinance (Section 2.78.730 (e)) and in the applicable labor agreements provides appointing authorities discretion to schedule vacation use as an alternative to cash payouts.

This item proposes to minimize the vacation over maximum payouts through departments effectively managing vacation use and requests elected Department Heads to take similar actions. This item does not propose to eliminate the actual authorization for cash payouts at this time. However, the County Executive's Office is considering bringing forward a recommendation to the Board of Supervisors to amend the Personnel Ordinance to eliminate authorization for such payouts to unrepresented employees effective next fiscal year. Also, the County Executive has directed the Office of Labor Relations to engage in discussions with the County's bargaining units regarding the elimination of such authorization from existing labor agreements where such authorization exists.

The Department of Personnel Services (DPS) can assist departments in monitoring the vacation accruals of their employees by providing COMPASS reports identifying individual employees who are nearing their vacation accrual limits.

Additionally, DPS can assist departments in developing staffing plans to allow employees to use vacation, thereby minimizing vacation over maximum payouts while maintaining staffing levels. For example, DPS can work with departments to review their available staffing resources (e.g., on-call pools, other classifications that may perform the required functions, etc.), and to develop strategies for effectively deploying those resources to maintain adequate staffing levels while employees nearing vacation accrual limits take vacation time off.

MEASURES/EVALUATION

Successful implementation of this item will result in minimizing cash payout for vacation hours accrued above the maximum accrual limits to eligible employees.

FINANCIAL ANALYSIS

Reduction of cash payout for vacation hours accrued above the maximum accrual limits to eligible employees could result in savings/cost avoidance of up to \$2.0 million for the remainder of Fiscal Year 2008/09 and up to \$8.6 million in Fiscal Year 2009/10.

Monitoring Payout Of Excess Vacation Accruals
Page 3

Respectfully submitted,

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Department of Personnel Services

APPROVED:
TERRY SCHUTTEN
County Executive

By: _____
MARK NORRIS, Administrator
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