




BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Board of Supervisors
Department No.:
For Agenda Of: 06/02/09
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Fourth District Supervisor, Joni Gray
Contact Info: 
SUBJECT: Set Hearing – Discuss a Statewide Temporary Wage Reduction

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions: That the Board of Supervisors conduct a hearing on June 2, 2009 to discuss a Statewide temporary wage reduction as a strategy to address significant fiscal challenges throughout the state, mitigate the potential for double-digit unemployment throughout the State, and provide an overall positive impact on California's and the County of Santa Barbara's economy.

Summary Text:

The Board will discuss means and methods for potentially influencing and advancing a statewide strategy to temporarily reduce wages for **all** government employees including elected and appointed officials; employees of the judicial system, including judges; employees of the educational systems, including administrators, teachers, and classified employees; public sector retirement system administrators and employees; as well as all other State, county, and city employees, as a means of addressing the significant economic challenges facing the State of California as well as the majority of counties and cities throughout the State.

Background:

The global economic crisis has dramatically impacted almost every state, county, and city throughout the country. Many jurisdictions are struggling to address historic and often devastating budget deficits. Some jurisdictions have filed bankruptcy or are considering doing so. The State of California budget, as adopted by the legislature in late February, closed an

unprecedented budget shortfall of \$41.6 billion. That budget was based on revenue estimates using November 2008 data; however, since that time, the already severe economic downturn in California has worsened substantially. These economic changes are now causing the State to project a budget gap of anywhere between \$15.4 and \$21.3 billion and the Governor has recently indicated that California may need up to \$23 billion in cash solutions just to ensure the State can pay its bills. It is inevitable that the State's financial crisis will have additional devastating impacts on counties and cities throughout California.

On the local level, up and down the State, counties and cities are facing an unprecedented magnitude of workforce reductions that will further weaken the State's overall economy. As public servants lose their jobs – there will be few job opportunities for displaced workers. This will propel the State into double-digit unemployment which in turn will further reduce consumer spending and result in even more significant declines in the revenue required to provide critical government services including those services related to public health and safety.

The County of Santa Barbara is not immune to the impacts of the economic crisis. As the Board learned during the May 12, 2009 Board Meeting, the 2008-2009 Third Quarter Budget and Financial Update continues to show a decline in County revenues and reserves continue to be depleted in order to sustain service levels. Staff reported that during the past quarter revenues have either declined or have not grown as the County's 2008-2009 budget had projected. Additionally, April 2009 sales taxes have declined 20% as compared to April 2008, and it should be assumed that this trend may continue for some time.

These factors and the impact of other economic factors are putting the County of Santa Barbara in a position where it will be difficult for many departments to end the 2008-2009 Fiscal Year balanced, and certain departments will be required to reduce service levels and use one-time reserves and designations to end the year with a balanced budget. The overall picture for the Fiscal Year 2009-2010 portrays an extremely fragile budget.

In Fiscal Year 2008 – 2009, the County of Santa Barbara got out in front of its budget challenges and worked closely with its labor organizations to achieve historic wage concessions that were used to balance the budget and sustain service levels throughout the year. To date, only a handful of employees have lost their jobs as a result of the historic concessions made by the County's labor organizations as well as the wage reductions and wage freezes in which unrepresented employees participated.

The County, its labor organizations, and its management staff demonstrated the kind of leadership from which other jurisdictions throughout the State could benefit. The downturn in the economy is not a local issue – it is one that affects every county and city throughout the State. It is time for the State, counties, and cities to collaborate and cooperate to identify statewide solutions that will enable government to continue to provide the critical services citizens expect and have a right to receive.

The purpose of this hearing will be to explore with the Board of Supervisors actions that this Board can take to drive a temporary pay reduction at all levels of government throughout the State of California (elected, non-elected, local, state, court employees, school administrators, classified staff etc.) so that the State can proactively address its significant financial challenges and continue to sustain services until such a time as the economic picture improves. A statewide temporary reduction in pay for **all** public employees in the State of California would have a dramatic and positive impact on the financial picture for the State, counties, cities, universities, and school districts.