

Date: 05/11/09

AREA: Business and Finance
AGENDA ITEM(S): Salary Deductions for Locally Paid Employees
CONTACT PERSON(S): Susan J. Little, Chief Operating Officer
<input checked="" type="checkbox"/> ACTION FOR INFORMATION

I. Synopsis of Agenda Item (Overview & Purpose)

At our last meeting we touched on the Governor's Executive Order deducting .5% (1/2%) from all state and federally paid employees. As of this writing, we know very little more than we must make the deductions for all state and federally paid ten month employees in May and all twelve month employees must have the deduction spread across May and June's payroll. While not currently in writing, we know that the deduction does not apply to local supplements, mentor pay, stipends, worker's compensation short term disability or ABC bonuses. In addition to the deduction, the order granted every full time employee ten hours of leave that must be taken between June 1 and December 31, 2009. The State Board of Education is meeting today to approve a policy for this leave that will hopefully address many of the questions we have regarding the leave.

The local Board of Education must decide if the deduction will apply to locally paid employees. Specifically we are talking about employees paid from local current expense and child care. Food service is considered a federal program and is already covered by the order. Because we have received nothing in writing from the state on how to actually collect the deduction and send it back to the state, it is difficult to tell you how much savings would be realized in local budgets. With the additional budget cuts we are facing with the state, it is appropriate to apply the order to all employees regardless of fund source. The local school district has complete control over funding assignments and who is paid from local funds. State and federal paid employees would view this act as discriminatory if these cuts are not passed along to locally paid employees.

II. Organizational Impact (Academic, Fiscal & Personnel)

Based on the information we have at this time, we should apply the order to everyone paid within the district regardless of fund source. The savings to the local budget will be used to offset the pending state budget cuts we are facing.

The Board could offer some procedural protections to affected employees, while also taking the position that pay deductions for locally-funded employees are being implemented pursuant to a number of statutes that link the pay of those employees to that of their state-funded peers as referenced by N.C. Gen. Statute 115C-285(b), -273, 302.1(h), and -316. Essentially, the Board would be asserting that the Reduction in Force (RIF) statute does not apply because the Board's action is statutorily mandated.



The procedural protections would include notice to individual employees of the deductions, after the Board has approved the deductions and a chance for employees to request hearings before the Board.

III. Superintendent's Recommendation

Apply the .5% (1/2%) deduction to all employees.

IV.

Suggested Motion: I move THAT Chatham County Schools apply the Governor's Order with reference to furlough hours to all employees across the district, regardless of funding source, in the manner set forth in the Order;

THAT due to decreased funding and financial exigencies, and to further the cause of parity, CCS apply the Governor's Order with reference to a .5% salary deduction to all employees across the district;

THAT while this action is authorized both by operation of law, the Board directs the administration to provide each employee notification of this deduction and to offer each employee the opportunity to appeal this action to a panel of the Board;

THAT in view of this notification to employees and the aforesaid appeal opportunity, and given the urgency associated with implementing this deduction and the inapplicability of Board Policies 7920 and 7921 to the present circumstances, the Board waives the provisions of those policies.

THAT the Board takes this action during these extraordinary times of financial challenges to address a dramatic decrease in the current operational budget, to assure fairness to all employees regardless of funding source, and to stay in line with the past practice of applying state salary increases to all employees.