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

FROM: Executive Office

SUBMITTAL DATE:
April 28, 2004

SUBJECT: Response to the Grand Jury Report: Riverside County Human Resources Department Temporary Assistance Pool (TAP)

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve with or without modifications, the attached response to the Grand Jury's recommendations regarding the Riverside County Human Resources Department Temporary Assistance Pool (TAP).
- 2) Direct the Clerk of the Board to immediately forward the Board's finalized response to the Grand Jury, to the Presiding Judge, and to the County Clerk-Recorder (for mandatory filing with the State).

BACKGROUND: On March 20 the Board directed staff to prepare a draft of the Board's response to the Grand Jury's report regarding the Riverside County Human Resources Department Temporary Assistance Pool (TAP).

Section 933(c) of the Penal Code requires that the Board of Supervisors comment on the Grand Jury's recommendations pertaining to the matters under the control of the Board, and that a response be provided to the Presiding Judge of the Superior Court within 90 days.

TONY CARSTENS
Deputy County Executive Officer

FINANCIAL DATA

Current F.Y. Total Cost:	\$ N/A
Current F.Y. Net County Cost:	\$
Annual Net County Cost:	\$

In Current Year Budget:
Budget Adjustment:
For Fiscal Year:

SOURCE OF FUNDS:

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

C.E.O. RECOMMENDATION: APPROVE.

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Venable and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes:	Buster, Tavaghione, Venable, Wilson and Ashley
Noes:	None
Absent:	None
Date:	May 4, 2004
xc:	HR(TAP), Grand Jury, E.O., Presiding Judge, Co.Clk-Recorder(2)

Nancy Romero
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.:

District: ALL

Agenda Number:

3.48

Policy
 Policy
 Consent
 Consent
 Dep: Re 1
 Per Exec. Ofc.:

**Riverside County Human Resources Department
Temporary Assistance Pool (TAP)
Response to Findings and Recommendations**

FINDINGS:

Finding Number 1:

The FY 2003-2004 budget for TAP was set at twenty five million dollars (\$25,000,000), 37 funded employees and 1035 inventory part-time personnel, reflecting an increase in five hundred percent (500%) over that of FY 1998-1999. Based on the Business Plan (Form 11) submitted to the Board of Supervisors the budget increase over 5 years would be twenty percent (20%) for a budget of \$6,428,400.

Response:

Respondent disagrees partially with the finding. Explanation:

The original appropriations budget for the TAP program, as approved by the Board midyear in FY1997-1998 was \$1,250,000. Subsequently, budgets for TAP were approved as follows:

Fiscal Year	Board Adopted TAP Budget	TAP Midyear Budget Adjustments	Final TAP Budget	TAP Admin Staff Salary & Benefits (Included in Total Budget)	TAP Actual Expense
FY 98-99	5,129,600	6,300,000	11,429,600	237,377	9,102,742
FY 99-00	11,061,002	4,596,826	15,657,828	418,989	13,512,158
FY 00-01	18,808,826	36,219	18,845,045	571,373	15,588,993
FY 01-02	29,476,671	145,586	29,622,257	943,679	22,452,064
FY 02-03	25,733,424	19,597	25,753,021	1,130,460	17,593,043
FY 03-04	21,460,018		21,460,018	1,170,085	*14,491,440

*FY03-04 estimate

The referenced Business Plan was not submitted to the Board of Supervisors, but was an internal document used to establish an Internal Service Fund (ISF) with the County Auditor Controller. The budget, as noted above, included the salaries paid to temporary workers, which is based on County-wide needs for extra help. The expansion of the budget is the result of other temporary agency sources being replaced by TAP, and this represents significant savings to the County – conservatively, in excess of \$1,500,000 per year for non-medical personnel. The attached chart (Exhibit 1) demonstrates these savings, based on the difference between TAP's overhead charge and the local temporary help agencies' charges.

The business plan was based on a minimal projected increase of 20% in TAP utilization. TAP expanded based upon the demand for services, which increased dramatically along with the savings. In the first year, its success made it necessary to return to the Board for an additional appropriation that doubled the first year's budget. The per diem medical staff was added to TAP in FY2001-02, again resulting in a significant increase in budget needs, along with savings through reduced use of registry personnel. Based on the Human Resources Department's Customer Satisfaction Survey, the TAP program continues to be very popular with County departments, receiving an average of 95% favorable responses.

The 37 regular positions currently funded in the TAP budget include 17 filled positions to administer the program, and 20 positions available for the "Floater" program. The Floater Program provides current employees with an opportunity for on-the-job training in a classification for which they would otherwise not be eligible, for a period of three to six months. The employee can then return to their regular position with no loss of seniority or benefits.

Finding Number 2:

Since its inception in 1998, the TAP function has not been audited.

Response:

Respondent disagrees wholly with the finding. Explanation:

An internal audit of cash handling practices of Human Resources, including TAP, was conducted by the Auditor-Controller's Office in October of 2002.

A management audit of Human Resources' recruiting and hiring practices, including the TAP Program, was completed by Cooperative Personnel Services, an arm of the State Personnel Board, in December 2000. Aspects of the TAP Program are also currently being audited by CalPERS.

To quote from the State Personnel Board Audit:

"The County has appropriately time limited temporary employment and does not use temporary employment processes to circumvent the merit system. It has established the Temporary Assistance Pool (TAP) program to function as a temporary employment agency for the County. There is a rigorous, timely, and job-related examination process through which temporary clerks, nurses, heavy machine operators, accountants, and other staff are hired. These individuals are employees of the Department of Human Resources, whose salaries reimbursed by the departments to

which they are out stationed to fulfill temporary employment needs. Approximately thirty-three percent (33%) of these staff ultimately transition into permanent County employment through successful performance. This program expeditiously fills temporary employment needs while supplying a continuous supply of trained staff for permanent employment.”

The audit further summarized its findings on Riverside County's Human Resources Department as follows:

“..., the review team believes that the County Human Resources program is among the leaders in personnel management in California, particularly with respect to their utilization of advanced technology and business-like approach to delivering timely, merit-based services to it customers and partners. The team believes the suggestions contained in this report are refinements of an already effective system. Implementation of these, coupled with effective communication with stakeholders, will result in an even better personnel management system”.

Finding Number 3:

County employment has grown from approximately 12,000 employees in 1998 to over 19,000 in 2003. During this period, 2,659 temporary employees were transferred to permanent status. In addition, 12,374 employees were hired through the Resumix System. The Resumix System is a computer based program matching resumes to job descriptions. A total of 8,000 employees transitioned out of the County, resulting in an employee turnover rate of forty-two percent (42%).

Response:

Respondent disagrees partially with the findings. Explanation:

The turnover of 8,000 employees represents regular and temporary employees for the five-year period. Turnover rates are generally expressed as monthly or annual turnover, and usually exclude layoffs and temporary workers, but the rate used by the Grand Jury represents all terminations for a cumulative five-year period, resulting in an overstatement when comparing to averages.

County employment currently stands (as of 4/7/04) at the following:

15,843 Regular employees
1,751 Temporary employees
476 Per Diem
56 Seasonal

18,126 Total employees

County turnover averages 8%-10% per year for regular employees – considered "good" by Human Resources experts. According to the U.S. Department of Labor's Bureau of Labor Statistics, the average annual turnover rate for state and local government employees was 15.0% for 2001, and 15.1% for 2002 (the latest full years of data available).

Specific County employment numbers and turnover for regular employees for Fiscal Years 1998-2003 are as follows:

Fiscal Year	FY End # Employees	Total Terms	Turnover % Rate*
7/98-6/99	13,478	1,112	8.3%
7/99-6/00	15,140	1,252	8.7%
7/00-6/01	15,490	1,329	8.7%
7/01-6/02	15,563	1,529	9.8%
7/02-6/03	15,584	1,520	9.8%

***Turnover % Rate does not include promotions or transfers and is computed as follows:**

$$\frac{\# \text{ Total Terminations}}{(\text{Beginning \# Employees} + \text{Ending \# Employees}) / 2}$$

Finding Number 4:

Each time a person terminates and a new hire is brought in to fill the position, the County incurs additional cost. Based upon information provided by the Riverside County Assistant Director of Human Resources, and by Advantage Hiring, Inc., during the period 1998 through 2003 this cost was fourteen hundred forty dollars (\$1,440) per employee for a total of eleven million five hundred twenty thousand dollars (\$11,520,000)

Response:

Respondent disagrees partially with the findings. Explanation:

Each time a new hire is brought in, additional cost is incurred. The \$1,440 per employee figure was supplied by a Canadian consulting firm and has no relationship to hiring or replacement costs in Riverside County whatsoever. Temporary workers do not cost as much to hire or train as regular workers, and the County's program reduces the hiring cost per temporary worker by using the same workers in a number of temporary assignments. Further, when a TAP employee is transitioned to regular employment, training costs are reduced for the regular position that is filled, due to the previous training provided as a temporary worker.

Finding Number 5:

The County Department of Human Resources has projected that unemployment compensation claims from temporary hires in FY 2003-2004 will approach six million, six hundred thousand dollars (\$6,600,000) or approximately ten thousand dollars (\$10,000) per claimant. This accounts for more than one-third of such claims by all County employees.

Response:

Respondent disagrees wholly with the finding. Explanation:

Unemployment claims for temporary workers for FY 2003-2004 will approach \$600,000 (not \$6,000,000). Unemployment claims for all County workers since 1998 are as follows:

Unemployment claims FY 97-98	636,245
Unemployment claims FY 98-99	785,086
Unemployment claims FY 99-00	910,900
Unemployment claims FY 00-01	1,038,555
Unemployment claims FY 01-02	1,039,354
Unemployment claims FY 02-03	1,734,682

Additional detail for Calendar Year 2003 is as follows:

Unemployment Insurance	Actual UI Claims Paid									
	HR/TAP				County				Total	
	Claims	% of Claims	Dollars	% of Dollars	Claims	% of Claims	Dollars	% of Dollars	Claims	Dollars
2003										
First Quarter	150	26%	\$125,465.00	29%	424	74%	\$311,592.20	71%	574	\$437,057.20
Second Quarter	170	40%	\$157,035.00	32%	251	60%	\$327,815.20	68%	421	\$484,850.20
Third Quarter	180	41%	\$162,248.00	30%	263	59%	\$371,141.20	70%	443	\$533,389.20
Fourth Quarter	166	42%	\$165,551.00	31%	234	59%	\$374,150.61	69%	400	\$539,701.61
2003 Total to Date	666	36%	\$610,299.00	31%	1172	64%	\$1,384,699.21	69%	1838	\$1,994,998.21
Average Total Claim:										
HR/TAP Employee		\$ 916.36								
County Employee		\$1,181.48								
Combined		\$1,085.42								

Unemployment claims are expected to be filed frequently by temporary workers, due to the nature of temporary employment. It is part of the cost of doing business, and is covered as part of the overhead charges to the departments. As shown in the chart above, the average unemployment claim paid for a TAP employee who terminated in 2003 was \$916.36, slightly lower than the average claim for a regular employee who terminated. Further, claim cost is a function of general unemployment and Federal policy – not just TAP.

Finding Number 6:

Sixty eight percent (68%) of permanent County employees currently staffing the TAP function within the Human Resources Department began County employment as temporary hires. This situation creates a duplication of efforts and additional costs to the County.

Response:

Respondent disagrees partially with the findings. Explanation:

A number of TAP staff began their work for the County as temporary employees. This is an entirely appropriate and expected result, since part of the TAP program objective was to transition temporary workers to regular employment, where appropriate. Of the total 29 employees who have worked in the TAP administrative unit since its inception, 19 of them (66%) began their employment as temporary workers. There is no duplication of effort or additional cost to the County by "this situation."

Finding Number 7:

On January 24, 2004, the Board of Supervisors ordered all departments to cut spending across the board by eight percent (8%). In spite of the directive, on Sunday, February 22, 2004, a local newspaper carried a County TAP advertisement for new temporary hires in more than thirty (30) positions.

Response:

Respondent disagrees partially with the findings. Explanation:

On January 27, 2004, the Board adopted a partial hiring freeze, and the County Executive Office ordered a FY 2004-2005 budget target reduction of 8% for General Fund departments (net County cost).

Recognizing that departments would have ongoing temporary needs throughout the year, the TAP program was specifically exempted from the hiring freeze, while the transition of temporary employees to permanent positions was not exempted (See attached Mid-Year Report from Larry Parrish – Exhibit 2). The budget target reduction does not apply directly to TAP, although its budget may be indirectly reduced through fewer requests for TAP workers. The TAP program continues to advertise and fill requested positions.

Finding Number 8:

Through interview and documents, it was established that employment decisions were not completely based on merit in the hiring of temporary personnel through TAP. It was found that, in some cases, relatives of

supervisory, managerial, or administrative permanent employees were afforded employment consideration not available to other applicants; for example:

- a) A temporary employee file was found in the archive with a "post-it" note attached stating that the file contained the application of a permanent TAP employee's daughter. This applicant was immediately hired.
- b) The spouse of a supervising permanent County employee submitted an application for temporary employment for work that the applicant was not qualified to perform. It was made clear to the employee reviewing the application, that this person would be hired even if the document had to be altered.
- c) During the course of this inquiry, the Grand Jury physically inspected the employment files of temporary employees in pre-selected alphabetical categories corresponding to the surnames of certain persons known to have been hired by TAP. The alphabetically maintained employment records of some persons known to be related to permanent County employees serving in supervisory capacities could not be located. The records were produced by TAP employees only after specific name requests were made.

Response:

Respondent disagrees wholly with the finding. Explanation:

All hiring is based upon merit. As with regular positions, family relationship does not provide an advantage or disadvantage to any person in a merit based process. Qualifications for employment are determined by work experience, written test and/or by interviews by both TAP and the hiring department; the hiring department ultimately determines who is hired. TAP simply refers applicants to hiring departments. Regarding the examples provided:

- a) Current TAP policy forbids family members from determining suitability for hire of relatives - - the appropriate file was annotated so TAP policy would be followed.
- b) The County is not aware of any unqualified person being employed – the hiring department, not TAP, makes the ultimate decision.
- c) Grand Jury members appeared at our office to inspect certain alphabetical categories of files. At the same time, we were undergoing an audit by CalPERS, whose auditors had requested certain files to review on the same day of the Grand Jury request. Some files were

missing when the Grand Jury reviewed that alphabetical category, but the employment files requested were provided within 10 minutes when a specific name was given.

Finding Number 9:

Several employees interviewed stated fears of management retaliation were they to speak candidly with the Grand Jury.

Response:

Respondent disagrees wholly with the finding. Explanation:

The Human Resources Department does not retaliate based on discussions with the Grand Jury. We are not aware of the content of any Grand Jury discussions, nor of any individuals' specific testimony.

RECOMMENDATIONS:

Recommendation Number 1:

Human Resources reduce the size and budget of TAP to its FY 1998-1999 size including the increased projected by the March 1998 Business Plan, resulting in a budget of \$6,428,400. The Form 11 and supporting documents submitted to the Board of Supervisors for the establishment of the TAP Program stated that a twenty percent (20%) increase has projected for the five year period following FY 1998-1999. This translates into a budget of six million, four hundred twenty eight thousand dollars (\$6,428,000) for FY 2003-2004. If one used the Cost of Living Index for the Los Angeles, Long Beach, and Riverside area of sixteen percent (16%) for the same period, the figure would be about two hundred thousand dollars (\$200,000) less.

Response:

The recommendation will not be implemented because it is not warranted or is not reasonable. Explanation:

The TAP Program hires TAP workers only as requested by hiring departments. The 20% projected budget increase was a minimum target before program success was known. Since the TAP Program's inception, the County has expanded TAP to deal with medical hiring throughout the County and increased requests from County departments. The County has saved taxpayers millions of dollars compared to the costs of using private temporary and registry agencies. The attached chart titled "Estimated Savings Using TAP" (Exhibit 1) demonstrates savings of over \$19 million through reduced overhead charges alone. In addition, TAP

employees are generally paid 5.5% less than regular workers, resulting in further savings. TAP charges departments for the employee's salary, plus a 22.9% overhead charge. TAP's "overhead" rate is lower than any private temporary help agency providing similar workers, as demonstrated below:

<u>Overhead Charges</u>			
<u>Agency</u>	<u>Clerical</u>	<u>Industrial</u>	<u>Accounting</u>
TAP	22.9	22.9	22.9
Apple One	33%	50%	
Accountants Overload			60%
Best Temporary	42%	54%	
Blaylock & Associates	36.5	52.5	
Accountemps	:		60%
Kelly	36%	N/A	N/A
Select Personnel	35%	55%	
Thomas Staffing	35%		

The overhead charge covers a large number of services and costs, as listed on the attached description of the Temporary Assistance Program (Exhibit 3). Since mid-2002, TAP has also provided per diem employees for the County hospital. Had RCRMC not used TAP and used private agencies instead, they would have paid at least \$10,674,784 more for the same labor, based on the overhead charged by the temporary agencies.

Recommendation Number 2:

The County Auditor/Controller conduct a full audit of the TAP function within the Department of Human Resources.

Response:

The recommendation will be implemented. The Auditor-Controller has committed to begin the financial audit within the next three weeks.

Recommendation Number 3:

Since the Auditor-Controller performs fiscal audits only, it is recommended an independent managerial auditing firm be hired to conduct a study to report on the following:

- a) The County employee turnover rate.

- b) High incidence of temporary employee unemployment insurance claims.
- c) Whether the use of temporary employees was required by an operational necessity or unanticipated event.

Response:

The recommendation has been partially implemented. Explanation:

- a) A study of the turnover rate is not warranted or necessary. As explained in the response to Finding Number 3, the County's turnover rate is lower than the average turnover for state and local government agencies.
- b) A study of the unemployment claims is not warranted or necessary. As explained in the response to Finding Number 5, the incidence of claims is within the expected range, given the nature of temporary employment.
- c) An audit of the County's recruiting and hiring practices has been conducted by Cooperative Personnel Services, as indicated in the response to Finding Number 2.

Recommendation Number 4:

Human Resources establish a database so all departments can access current and former employees records for tracking all TAP employees' records and those who have transitioned to permanent status as County employees. The capability already exists within County Information Technology.

Response:

The recommendation has been implemented. Explanation:

The County implemented the PeopleSoft Human Resources Management System in 2001, and all employee records, including TAP employees, are in that system.

Recommendation Number 5:

Human Resources establish specific policies defining the circumstances under which a manager may request the hiring of temporary staff and impose limitations on the number of temporary hires authorized at any given time within each department.

Response:

The recommendation will not be implemented because it is not warranted or is not reasonable. Explanation:

The need to hire employees, whether permanent or temporary, is rightly the prerogative of the County departments – not TAP. The hiring department is in the best position to manage their Board-approved budgets.

Recommendation Number 6:

Departments shall not exceed their temporary hire quotas unless the Chief Executive Officer personally authorizes such a hiring increase based upon the existence of a temporary emergency or other non-recurrent necessity.

Response:

The recommendation will not be implemented because it is not warranted or is not reasonable. Explanation:

County departments, within their budgets and consistent with workload, determine their hiring needs. (See the response to Recommendation Number 5.)

Recommendation Number 7:

Human Resources require that all departments comply with the hiring freeze ordered by the Board of Supervisors.

Response:

The recommendation will not be implemented because it is not warranted or is not reasonable. Explanation:

County Departments are complying with the hiring freeze, which is closely monitored by Executive Office analysts.

Recommendation Number 8:

All TAP applications be amended to require the applicant to disclose the name and permanent duty assignment of any of his or her relatives employed by the County.

Response:

The recommendation will not be implemented because it is not warranted or is not reasonable. Explanation:

Hiring is not influenced by relatives employed by the County. This information is already generally available through our payroll system. Additionally, County Ordinance 440 prohibits employees from directly supervising a family member.

Recommendation Number 9:

TAP permanent employees shall not review, make any recommendation, or take any action, with respect to an employment application submitted by a family member.

Response:

The recommendation has been implemented.

This has always been the Policy at TAP.

Exhibit 1

Estimated Savings Using TAP Based on Actual Salaries Paid FY 1999 through 2004					
<u>Fiscal Year</u>	<u>Per Diem Salaries</u>	<u>Other TAP Salaries</u>	Estim. 32% Overhead Savings through TAP <u>Per Diems</u>	Estim. 12.1% Overhead Savings through TAP <u>Other TAP</u>	<u>Total Savings Through TAP</u>
2003-04 thru Dec. 2002-03	\$6,044,503	\$5,443,759	\$1,934,241	\$658,695	\$2,592,935
2001-02	\$14,104,335	\$14,752,885	\$4,513,387	\$1,785,099	\$6,298,486
2000-01	\$13,209,863	\$17,921,167	\$4,227,156	\$2,168,461	\$6,395,617
1999-2000		\$13,650,671		\$1,651,731	\$1,651,731
1998-99		\$11,812,859		\$1,429,356	\$1,429,356
		\$7,981,825		\$965,801	\$965,801
Totals	<u>\$33,358,701</u>	<u>\$71,563,166</u>	<u>\$10,674,764</u>	<u>\$8,659,143</u>	<u>\$19,333,927</u>



Executive Office
County of Riverside

Larry Pamst
County Executive Officer

January 27, 2004

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

**REQUIRES
4/5 VOTE**

SUBJECT: FY03/04 Mid-Year Budget Report

Board members:

The mid-year report updates our financial condition and recommends needed adjustments. All recommendations and adjustments in the body of this report are summarized in Attachment A. The effects of recent and recommended activity on contingency are summarized below.

<u>\$ millions</u>	
12.6	Second quarter beginning balance (page 29)
(0.1)	Second quarter activity (page 29)
<u>0.1</u>	Items recommended in this report (page 29)
\$12.6M	New balance

Details on likely added costs totaling \$2.7 million for the current year and \$0.3 million ongoing are included in departmental narratives and summarized below:

<u>\$ millions</u>		<u>\$ millions ongoing</u>
0.3	Planning Department Positions (page 9)	0.3
2.0	Potential SCAPP funding shortfall (page 16)	0.0
<u>0.4</u>	DCSS Support (page 18)	<u>0.0</u>
\$2.7M		\$0.3M

Departments signaling NCC shortfalls are directed to formulate a plan to meet current targets. This does not include SB90 revenue shortfalls – there are funds reserved to cover budgeted expenses for state-mandated programs.

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, Auditor-Controller

BY *Shel Ward* 1/22/04
Deputy

Honorable Board of Supervisors

Page 2

January 27, 2004

Budget shortfalls this year and next year will drain our remaining reserves and force us to use one-time money from several sources. The shortfalls also will cut operating programs by \$26 million and force departments to absorb \$54 million in new costs.

We have developed a strategy for balancing the budget but those plans could shift as state budget proposals are released following the March election.

State estimates on Vehicle License Fee backfill indicate that the county will lose another \$16.5 million this year, beyond the \$20 million loss for which we already have budgeted. John Husing estimates the additional loss may be as much as \$18 million. Additionally, the county hospital will be short an estimated \$12 million to 16 million this year and in future years.

In FY04/05 the Governor has proposed shifting more property taxes from local jurisdictions to schools to help balance the state budget. That annual cost to Riverside County will be \$26.4 million and the state will continue to withhold \$10 million owed to the county as reimbursement for providing mandated services. Beyond the effect of state actions, we face a \$30 million increase in general fund costs next year to cover staffing and services for Board-approved programs. Lastly, state reimbursements for county-provided social-service programs might fall \$10 million short of expectations.

The ongoing hospital shortfall, combined with state proposals to take more of our property taxes and withhold reimbursements, puts the county in a fragile budget position. We can hope for better times as the economy improves and the state budget stabilizes. But for at least two years we are faced with maintaining essential public services under severe funding restrictions.

In early February, I will instruct departments to cut general-fund support for their FY04/05 budgets to correspond with the Governor's proposed property-tax reduction. That amount, \$26.4 million, represents an 8 percent cut across the board, including public-safety departments. When budget requests arrive near the end of March, we will better understand the state's budget status and will seek Board guidance on priorities for adjusting anticipated county cuts.

Tobacco-settlement payments totaling \$16 million are available for one-time use. Other options to consider include the \$12 million available in development agreement trust funds and \$13 million in the Palm Desert Redevelopment Trust. Rather than transfer these funds now, I recommend that we spend nothing more from those accounts until we stabilize the county budgets for this year and next. We need to lock down those monies at this time to protect against major service cutbacks that might otherwise be required.

Preparing for the next fiscal year will require departments to absorb \$34 million in pension-cost increases, \$24 million in internal rate increases and the \$26 million budget cut. This

amounts to \$84 million in reduced funding, or 19 percent of the FY03/04 final general-fund budget. We are holding insurance costs well below what would normally be required by our actuaries and are carefully evaluating both pension bonds and refinancing our pension debt to reduce the burden departments would feel next year.

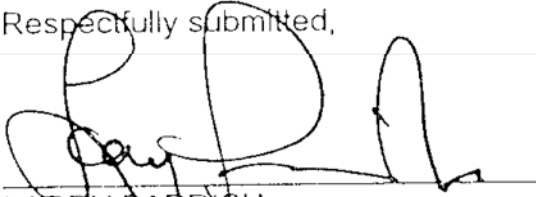
Given the uncertain budget environment, I am acting now to conserve general fund monies for next fiscal year. This step will reduce the potential need for layoffs if the state's financial picture worsens. First, I hereby instruct all departments to manage their budgets so that no additional general-fund appropriations will be needed to close out this fiscal year. In the past, we have had sufficient funding to fill gaps as they occurred. We will not have that flexibility this year or next. Second, I am imposing an immediate hiring freeze on all general-fund and internal-service funded positions, with no job offers to be extended after today unless my office approves. Detailed instructions will be distributed to departments shortly.

Attachments Included in this report:

ATTACHMENT A Recommendations and associated budget adjustments
ATTACHMENT B Capital Improvement Program Update
ATTACHMENT C Savings Plan Update
ATTACHMENT D Code Enforcement Report
ATTACHMENT E Budget Schedule and Guidelines
ATTACHMENT F John Husing Economic Report
ATTACHMENT G State Budget Update

IT IS RECOMMENDED that the Board of Supervisors: 1) Receive and file this report, including Attachments A through G; 2) Approve the recommendations in Attachment A and approve and direct the Auditor-Controller to make the budget adjustments in Attachment A; and Approve the budget schedule and guidelines in Attachment E.

Respectfully submitted,



LARRY PARRISH
County Executive Officer

Request for Exemption from Hiring Freeze

To: County Executive Office, _____
(analyst)

Date: _____

From: _____
(department & division)

Title of Position: _____ Position #(s): _____

Type of Recruitment Requested: External Internal Both

Step 1

Prior to requesting a candidate referral, please assess other options by answering the questions below.

Question	Answers
A. Can the tasks assigned to the vacated position be transferred to another employee?	
B. Can the tasks be streamlined?	
C. Are all of the tasks essential to the organization, or can the department afford to suspend them?	
D. If existing staff absorbs the duties, what will be the effect on service? Are those effects acceptable?	

Step 2

Please complete the following:

Question	Answers
1. Is the position a critical health or safety position without which additional risks would be borne by either the public or the department?	
2. Does the position generate more in revenue, in any form, than it currently costs to maintain the position? Is that revenue stream expected to continue?	
3. Is the funding for the position certain? (i.e., not in jeopardy from state action, economic or political forces)	
4. Is the funding of this position required to meet a minimum maintenance of effort requirement pursuant to state law or other binding agreements?	
5. Date position was vacated:	
6. Estimated annual cost (salary+benefits):	
7. Net County Cost (% and \$):	

Submitted by: _____

Department head or designee

Date

Step 3

Submit to County Executive Office, to your assigned management analyst.

Step 4

Analyst recommendation: _____

Executive Office Analyst

Date

Step 5

Approved Denied

County Executive Officer or designee

Date

Hiring Freeze Parameters

As of January 28, 2004, all vacant positions (full-time, part-time, seasonal and temporary) are frozen if they are budgeted in the General Fund, receive funding from the General Fund, or are assigned to an internal service fund. This includes State contract positions, such as in Fire. The hiring of temporary TAP (Temporary Assistance Program) positions is specifically exempted from this freeze, but the transfer of temporary employees to permanent positions is not. Any exceptions to the hiring freeze must be approved by the Executive Office on the new form Request for Exemption from Hiring Freeze (REHF).

Affected Departments and Divisions:

AGRICULTURAL COMMISSIONER	HR, HUMAN RESOURCES
ANIMAL CONTROL	IT, INFORMATION TECHNOLOGY
ASSESSMENT APPEALS BOARD	JUVENILE HALL
ASSESSOR	MENTAL HEALTH
AUDITOR-CONTROLLER	OASIS
BOARD OF SUPERVISORS	OFFICE ON AGING
BUILDING & SAFETY	PARKS (REGIONAL PARKS DISTRICT)
CALIFORNIA CHILDRENS SERVICES	PLANNING
CENTRAL MAIL	PRINTING SERVICES
CODE ENFORCEMENT	PROBATION
COMMUNITY ACTION	PUBLIC ADMINISTRATOR
COMMUNITY HEALTH AGENCY	PUBLIC DEFENDER
COOPERATIVE EXTENSION	PUBLIC GUARDIAN
CORONER	PUBLIC HEALTH
COUNTY CLERK-RECORDER	PURCHASING
COUNTY COUNSEL	RCRMC, REGIONAL MEDICAL CENTER
COUNTY EXECUTIVE OFFICE	REGISTRAR OF VOTERS
COURT PRE-TRIAL SVCS (DEPT. 21001)	RISK MANAGEMENT
DCSS, DEPT. OF CHILD SUPPORT SVCS	SHERIFF
DETENTION HEALTH	SUPPLY SERVICES
DETENTION MENTAL HEALTH	SURVEYOR
DISTRICT ATTORNEY	TAP (permanent positions only)
DPSS, DEPT. OF PUBLIC SOCIAL SERVICES	TLMA ADMINISTRATION
EDA, ECONOMIC DEVELOPMENT AGENCY	TLMA COUNTER SERVICES
EDWARD DEAN MUSEUM	TLMA INTEGRATED PLAN
ENVIRONMENTAL HEALTH	TREASURER-TAX COLLECTOR
FACILITIES MANAGEMENT	VETERANS SERVICES
FIRE PROTECTION	
FLEET SERVICES	

Process

Requesting Department sends REHF form to County Executive Office → CEO sends approved REHF form to Human Resources (attn: John Mooney, mail stop 1150) → Requesting department sends Candidate Referral Form to HR → HR processes only those CRFs for positions with approved REHF forms on file, and for those departments exempt from freeze.

REHF and CRFs that are denied will be returned to requesting departments

Temporary Assistance Program (TAP)

Background:

The TAP division of Human Resources is in its sixth year of successful operation. During this time period TAP staff has grown from five employees to a division of seventeen regular employees. We have tested, interviewed and hired over 6,500 temporary employees in just six years of operation. Currently, TAP has over 1,000 employees on temporary assignments throughout Riverside County. Our Medical Per Diem Pool and Nurse Registry have assisted County departments in increasing the number of medical placements for the last two years. We manage on average 986 employees per pay period. Each pay period we receive 50 to 90 new temporary assistant job requests for immediate placement. The average time to wait to fill an order is 2-3 days. Since inception we have transitioned 2659 TAP employees into regular county positions. TAP has developed a network of 15 recruiting sources both locally and in surrounding communities. Weekly, we provide these sources with an updated job bulletin and specialized flyers for posting and circulation to 15 agencies.

To meet the demands of our County departments, we conduct our own "Open Recruitment & Job Fairs" on a regular basis. The job fairs have attracted from 300 to 700 applicants in one day. TAP is also responsible for coordinating staff participation in Job Fairs countywide. The staff participates in 15 to 20 job fairs per year.

Each candidate must complete a comprehensive screening process, and a physical examination (including screening for drugs/alcohol). Candidates placed in medical facilities need to complete a more extensive physical including vaccinations to protect the public. Computerized testing (QWIZ) determines skill levels in computer usage as well as a large variety of other defined skill sets. This extensive review ensures that TAP provides capable and qualified candidates for placement.

The administrative charge for TAP services has remained at 22.9% since the program started in fiscal year 97/98. Many payroll costs such as worker's compensation, unemployment benefits usage have driven up our operating costs.

TAP records a salary savings statistic for TAP employees versus what the County would be paying an outside temporary staffing service (the ranges from 35% to 60% administrative fees) These fees from the staffing services generally do not include medical screening, including drug and alcohol testing and background investigations. The data reveals a minimum savings for County departments of at least \$60,000 per pay period. This results in an annualized county-wide savings of approximately \$1.5 million.

TAP Services

TAP offers the following services for the County of Riverside's departments and employees:

Recruitment Services

- In depth interviews
- Insuring that applicants meet the minimum qualifications
- Computerized testing (QWIZ)
- Representation at Job Fairs/Career Expos
- TAP sponsored open recruitments

Specialized recruiting for hard to fill positions

Absorb all advertising costs –

- Classified Advertisement
- Magazine publications
- Internet
- EDD
- Flyers
- Cable Television
- Magazine publications
- Mailings

New Employee Processing Services

Pre-employment medical screening

Pre-employment vaccinations required for all medical field placements

Alcohol and Drug screening for TAP, Medical Per Diem, Nurse Registry

Criminal background screening

Employment verifications

Credit checks

DMV reports

Authorizations to drive

New Hire Orientations – conducted 4 days a week

Employment Transactions Form (ETF) processing

TAP Dependant Care Program processing and monitoring

Processing and orientation for new Student Interns

Accounting/Payroll

Time sheet calculation and verification

Payroll processing

- Time entry to Peoplesoft
- Bi-Lingual designations
- Calculations of 20 pay differentials
- Labor Distribution
- Processing of Special handling for payroll.

Monthly billing

401(A) plan for Temporary Employees

Enrollment in PERS after 1000 hours worked

Workers Compensation costs

Unemployment Benefits

Representation at unemployment hearings

Monitoring of eligibility for Exclusive Care benefits

Department Services

Monthly Usage Reports for departments

1000 hour reports

Transitions to regular county positions

Quality control

Monitor usage of staffing services to ensure compliance with Government Code 31000.4

Verify billing of temporary agencies prior to submitting to the department.

Volunteer Services – provide monthly usage volunteer report

Medical Per Diem Pool/Nurse Registry

Staff on site @ RCRMC

Staff on site in Indio