

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE

Thursday, February 5, 2009

**Lyle Shields Meeting Room, Brookens Administrative Center
1776 E. Washington St., Urbana**

MEMBERS PRESENT: Tom Betz, Chris Doenitz, Brad Jones, Brendan McGinty (Chair), Steve O'Connor, Michael Richards, Giraldo Rosales, Barbara Wysocki

MEMBERS ABSENT: Steve Moser

OTHERS PRESENT: Carol Ammons (County Board Member), Kat Bork (Administrative Secretary), Deb Busey (County Administrator of Finance & HR Management), Tony Fabri (Auditor), Barb Frasca (Recorder), Denny Inman (County Administrator of Facilities & Procurement), Stan Jenkins (Supervisor of Assessments), Duane Northrup (Coroner), Alan Nudo (County Board Member), Julia Rietz (State's Attorney), Mark Shelden (County Clerk), C. Pius Weibel (County Board Chair), Dan Welch (Treasurer)

CALL TO ORDER

McGinty called the meeting to order at 7:00 p.m.

ROLL CALL

Bork called the roll. Betz, Doenitz, Jones, McGinty, O'Connor, Richards, Rosales, and Wysocki were present at the time of roll call, establishing the presence of a quorum.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Jones to approve the agenda and addendum; seconded by Betz. McGinty recommended that Busey be allowed to present her recommendations amending the FY2009 General Corporate Fund Budget before public participation or other agenda items. McGinty and Busey spoke with AFSCME leadership earlier that day about the recommendations to amend the FY2009 General Corporate Budget that were being presented to the Finance Committee tonight. The committee agreed. **Motion carried.**

APPROVAL OF MINUTES

MOTION by Wysocki to approve the Finance Committee minutes of January 8, 2009 and the Legislative Budget Hearing minutes of August 26, 2008; seconded by Richards. **Motion carried.**

PUBLIC PARTICIPATION

Nora Stewart, a County Clerk's Office employee and the AFSCME Local 900 President, said she was a little upset and perturbed because she was trying to figure out how the County got this situation where they are asking her fellow union members to either take days off or lose their jobs. She said some of the employees are single households and they cannot afford even one day off because they make \$9.45 an hour. Stewart saw Busey's presentation earlier today and felt it all boiled down to the Champaign County Nursing Home (CCNH) loans. She asked what was the purpose of the Finance Committee and why they did not stop this if they saw it coming. The Finance Committee has lent CCNH over \$2 million and it still was not doing anything, but the committee wanted the little people to pay for the mistakes. Stewart thought it was unfair to give employees the choices of either taking days off or losing their jobs. She encouraged the committee to envision how they would feel if they were in the employees' situation. She could not believe the Finance Committee let this situation get to this point. She claimed this has never happened before in the 12 years she has been at the County. There have been talks, but then money always came from somewhere. Stewart read some of the past committee minutes during which people told the Finance Committee that the money would not be there for long, but this forewarning evidently fell on deaf ears. She claimed the committee now wanted the employees to suffer the consequences of their fiascos.

Angela Lusk, a County employee, said she was not as perturbed as she was before she came to the meeting and saw Busey's financial presentation, which she appreciated being shown before public participation to give people a chance to cool their minds. She noted everyone is having budget issues, both at home and at work. She was willing to suffer the consequences of taking days off to save her co-workers' jobs. But she wanted the Finance Committee to know that they needed to cut out some fat. Lusk suggested the committee look at themselves, department heads, and their secretaries. She claimed there were employees sitting around playing on the Internet or not coming into work. She stated there are people making between \$60,000 to \$80,000 a year who are not working 40 hours a week. Lusk and her fellow co-workers were tired of seeing people get paid a great deal of money and not doing any work. Lusk stated there were certain people in the County who actually know the jobs their people do all day, what it is to run an office, and make the flow work to maintain efficiency. But there are offices where the boss is seen leaving at noon and not coming back or do not coming in at all. Lusk said these people should be called out and she would be naming names. She said the Finance Committee should really think about that and the several high paying jobs that could be cut out because they are a waste of the County's money. She would rather see people on her level who work for hard for the County for several years to make ends meet than see someone who lives in a \$200,000 house and is spending money left and right when they are not showing up to work. Lusk said these people should show up and do their work to make the employees feel they are working for the County too. She would cut conferences out completely for County Board members if she has to cut the cable television out of her household budget. She thought all the officials should have to cut a significant amount out of their budgets even if it means a secretary who has to do the jobs of two people. Lusk said the newsletter probably takes hours to put together, but it is unnecessary. She encouraged the committee to look at what is necessary in the budget, like she is doing with her household budget. She thought they should ask their employees for help in these matters because the employees could help the County Board help themselves; but they never ask the employees.

Faith Kopmann said she is thankful every day that she has a job when she watches the news because many people are being laid off. Her husband lost his job a year ago, so she knows the effects of a layoff for a household. Kopmann has been a County employee for 3 years and worked in 2 different departments. She has become fond of many employees and she was willing to give up 7 days to know that not 1 employee would go without. Kopmann realizes the furlough days will be difficult, but a layoff would be even worse. Jobs are hard to come by right now with the increase of unemployment and the decrease of labor demand. She wanted to know if the employees were guaranteed that their jobs are safe if they give up 7 days. She noted that she works for benefits in addition to wages and if her husband had to add her to his insurance plan, they would be paying \$400 more a month. She does not have children and therefore has more money than someone with several kids, but that is a choice she made and there are ways she can cut her budget. Kopmann was grateful that the County has looked at options other than layoffs and hoped the committee would vote to help everyone keep their jobs.

Joan Wiegel, 17-year employee in the Circuit Courts and a union steward for the Chief Judge unit, understood the committee was considering possible layoffs, across-the-board cuts, and furlough days for employees. In considering these options, she would like to see the Finance Committee meet with each department to see where the cuts can be agreed upon in that department. She said the County Board and all the employees were aware of the overspending in the new Courthouse and the Champaign County Nursing Home. She asked each committee member to consider how they would feel to take one of these cuts when there is a position at the Courthouse, specifically the Court Administrator, which the County Board allowed to receive a \$10,000 pay increase after the individual was relieved of all of his supervisory duties over the courts due to his attitude and possible sexual harassment of the courts system employees. She said those allegations were swept under the carpet. Wiegel said the County was paying for the Court Administrator's attorney license though he was not practicing law, the costs for him to attend seminars, and other miscellaneous fees. Wiegel said it was a hardship for the committee to ask the employees who work hard to be faced with losing their income when no one could justify the Court Administrator's job duties or figure out what he does in a regular work day. She claimed the Court Administrator has displayed behavior that would have resulted in a normal employee being relieved of their position. Wiegel asked the County Board justify to employees the reasons for paying the salary of \$100,000/year for a supervisory position for the courts when that position no longer has those duties.

John Farney, Vice-President of AFSCME Local 900, appreciated the information Busey provided to the union earlier this afternoon. He thanked Busey for putting so much work into the presentation and for coming up with what appeared to be solid numbers so educated decisions could be made on what needs to happen to have as little an impact on the Champaign County employees as possible. He agreed that taking 7 days without pay is easier than forcing himself or a friend to be laid off. Farney said he had been at the County for 2 years and could be directly affected by layoffs, so he was all in favor of taking furlough days if it would save his job. Farney stated that everyone who works at Champaign County is good at what they do, so it is best that they be able to stay in their positions. Layoffs would mean union employees would bump into new positions and he asked if the County really wanted to have to train employees on how to do different jobs in different departments. He said it would ruin the efficiency that has been developed in many departments. The furlough days appear to be the best, though not the greatest, option. Farney stated the greatest

option would be to just hope everything gets better, but the County has seen what ignoring problems has led to at the Nursing Home. Farney agreed with Lusk that there are some high paying positions at Champaign County that need to be seriously looked at to determine if they are actually needed. He spoke about people who show up every day and people who do not. Farney said one elected official still needs to be shown around the building because he does not know where everything is or what he is doing here. The demand for services in the County will not decrease. There are more registered voters for the County Clerk's Office than ever before. Even though the economy has affected the number of homes being built, refinancing is still going on and the Recorder's Office has needs, as does the Coroner's Office because people will die and the Sheriff's Office because people will need to be jailed. Farney said it was interesting to see that traffic fines are down and suggested the Sheriff work at pumping up tickets. He is hopeful they can get through this over the next 9 months and the federal government's economic stimulus package will allow sales and income tax in Champaign County to rebound. Farney said the situation could be reviewed as the year goes along and maybe reduce the number of furlough days needed. Farney asked the Finance Committee to keep in mind that the lowest paid wage earners in Champaign County will be the most affected by the furlough days. If someone is earning 6 figures, taking a day without pay is nothing, but if someone is making a little over \$10/hour, like Farney, it will hit that person's pocket. He appreciated the committee's thoughts and consideration when dealing with their employees and said they are here to help the committee get through this.

Tara McCauley, AFSCME staff representative, said everyone knows the economy is tough, people are suffering all over the country, and that businesses and government bodies are making tough decisions. She said that she would not stick her head in the sand and pretend that it was not happening; however, she thought the committee should really consider what it means to the people before the employees are asked to take 7 days off without pay. She hoped they have studied every nook and cranny of the budget to eliminate any other expense they could find. McCauley said the County did not have excess staff or people that they did not need. McCauley said employees take pride in their jobs and are very selfless to take a furlough before seeing someone laid off. McCauley said she needed to see more about the budget cuts and asked the County Administrators and department heads to meet with their employees who might have good ideas about how to cut expenses. She wanted the committee to consider some of those ideas before they make this decision. She did not want to see a hasty decision made and the employees have to swallow that. McCauley acknowledged the resentment from employees as far as seeing some of the administrators who maybe are not working as hard some of the employees. She said the union needed to see that the committee had searched under every rock and squeezed out every other penny before the employees are asked to take a wage cut because that is what furlough days would mean. McCauley stated that employees are facing the same cost increases at home as everyone else, so this would be asking them to have flat wages while costs are increasing. McCauley knows Busey put a lot of time into the presentation, but she wanted to see that the Board members are looking at every expense item and figuring out what they can cut from departments so employees would be asked to take fewer furlough days. McCauley stated the County is asking AFSCME to open up a contract that they do not have to open. She thinks the union will open the contract if the only other option is layoffs, but they would rather not. She has heard other discussions at meetings and statements made by the Treasurer about the General Corporate Fund losing money, so she knows this is not out of the blue but she hoped the committee had looked at other places.

Mark Shelden, Champaign County Clerk, said he was going to speak later but he realized he was a “cut-ee” and not a “cut-er” so he decided to speak now. He expressed concern that County employees and department heads have to say “yes” one time to give the committee the go-ahead to make the \$1.5 million in cuts. Shelden stated his office is not going to produce a voter guide and is looking at some other ways to save money. He trusted Busey and McGinty to take all the suggestions seriously and hoped they would listen to various employees. Shelden said there would need to be diligence over the course of the next 10 months because the department heads will have done their part. The Finance Committee would see various spending requests and budget amendments every month and Shelden hoped the commitment to the deal to balance the budget made with department heads would extend to the remaining 10 months of the fiscal year. He spoke about the Champaign County Nursing Home going broke and being bailed out with \$2-\$3 million worth of loans and \$4 million in construction funds, but then building a \$15,000 sign. Shelden said when someone decides they are going to do something like build a big sign on May or April of this year, then he would be leading the charge to stick it right back to the Finance Committee as to why the department heads made their deal when other people did not hold up their end of the bargain. Shelden said he would be a watchdog over what is happening and invited others to be watchdogs. He wanted to look at suggestions made in the last few years that could have resulted in the County being in a better position now. He said when people look at CCNH they think about the way the County Board has generally put their heads in the sand over the Nursing Home’s operational costs. He also mentioned that a number of people have been harping on the County’s lack of a capital plan for over a decade. Shelden predicted that the Finance Committee would be asking department heads to make more cuts in 2 years to pay for a major capital project like replacing the roof on Brookens due to a lack of planning. He suggested the committee learn a lesson from their lack of planning on CCNH and decide to actually plan for future needs. The General Corporate Fund is trying to reach a \$4 million fund balance and Shelden asked if the committee knew how many years of not spending on every little thing that crosses their desk it would take to rebuild the fund. He predicted it would take between 5-7 years. Shelden wanted his office to do its part, such as changing their procedures of ensuring election ballot integrity. His staff will be stretched thin and he thinks morale has been down, but if the County Board wants to see morale plummet then they should make some of the really awful spending choices like they have made in the last few years, the pain of which the County is feeling right now.

The committee then returned to discussion on the recommendations to amend the FY2009 General Corporate Fund Budget.

BUDGET AMENDMENTS/TRANSFERS

Budget Amendment #09-00015

MOTION by O’Connor to recommend to the County Board approval of Budget Amendment #09-00015 from Fund 080 General Corporate – Department 017 Cooperative Extension Services for increased appropriations of \$16,104 for the Cooperative Extension Services line with increased revenue of \$15,099 from the Current-Cooperative Extension line, \$324 from the Back Tax-Cooperative Extension line, \$544 from the Mobile Home Tax line, \$137 from the Payment in Lieu of Taxes line; seconded by Jones. **Motion carried.**

Budget Amendment #09-00016

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #09-00016 from Fund 089 County Public Health Fund – Department 049 Board of Health for increased appropriations of \$17,913 for the C-U Public Health District line with increased revenue of \$16,795 from the Current-Public Health/C-U line, \$361 from the Back Tax- Public Health/C-U line, \$605 from the Mobile Home Tax-Public Health/C-U line, \$152 from the Payment in Lieu of Taxes-Public Health/C-U line; seconded by Jones. **Motion carried.**

Budget Amendment #09-00017

MOTION by Doenitz to recommend to the County Board approval of Budget Amendment #09-00017 from 188 Social Security Fund – Department 075 General County for increased appropriations of \$99,887 for the Social Security-Employer line, with increased revenue of \$99,887 from the IMRF/Social Security Reimbursement line; seconded by Jones. **Motion carried.**

COUNTY ADMINISTRATOR

General Corporate Fund FY2009 Revenue/Expenditure Projection Report

General Corporate Fund information was provided in the presentation about the FY2009 Budget.

General Corporate Fund Budget Change Report

No report was provided to the committee.

MOTION by Jones to receive and place on file the County Administrator's report on the General Corporate Fund; seconded by Wysocki. **Motion carried.**

FY2009 Abatement Ordinance

MOTION by Wysocki to approved the FY2009 Abatement Ordinance; seconded by Betz. **Motion carried.**

Recommendations to Amend FY2009 General Corporate Fund Budget

Busey had a PowerPoint presentation about her recommendations to amend the FY2009 General Corporate Fund (GCF) Budget. The last five years of GCF budgets were reviewed. The GCF ended FY2004 with a \$710,000 revenue positive budget, ended FY2005 with a \$953,236 revenue positive budget, and ended FY2006 with a \$1.5 million deficit. Busey pointed out that in FY2006 the County Board granted \$1.2 million to the Champaign County Nursing Home (CCNH) and granted about \$800,000 to the Self-Funded Insurance Fund. The true GCF operations in FY2006 ended with a \$474,393 surplus if the grants to CCNH and Self-Funded were subtracted out. In FY2007 the GCF received revenue for the ILEAS capital project at the old Nursing Home in the amount of \$794,542, which was not spent until FY2008. This made the FY2007 budget appear more revenue positive and the FY2008 budget more revenue negative than they actually were. The

County Board also granted another \$327,821 to CCNH, which is not a GCF operating expense. Removing the ILEAS project and the CCNH grant leaves the GCF with a true ending deficit of \$127,405 in FY2007. All the ILEAS revenue was spent in FY2008, but Busey calculated the true operating deficit in FY2008 as being \$120,405. Busey wanted the committee to understand how the GCF has been operating within its own revenue and expenditures over the last five years. Next, Busey reviewed the GCF balance history since FY1994. The fund balance has dipped in the past. The fund balance was almost \$3 million in FY1994 and by FY1996 it had dropped below \$2 million. The fund balance began rebuilding between FY1996 and FY2001. The balance dropped again in FY2002, then stabilized and started climbing again. The more recent fund balances started dropping with the grants to CCNH and the Self-Funded Insurance Fund. The FY2008 ending fund balance appears to be at \$2.3 million, but of that amount \$1.3 million has been loaned out to the CCNH and is not sitting in GCF. The true GCF FY2008 ending fund balance was right at \$1 million. Busey reviewed the ending fund balance as a percent of the budget. The fund balance goal for FY2009 is 12.5% percent or \$4.2 million, whereas the fund currently sits at \$1 million or a 3% fund balance. When GCF is at the fund balance goal, it does not require loans from other funds to operate. About a quarter of GCF's revenue is derived from property taxes, which are not received until well into the second and third quarters of the fiscal year. When GCF has historically required loans because it is not at the fund balance goal, the loans have not been needed until April and the amounts do not exceed \$1 million. These loans were paid back in May or early June once the property tax revenue was received. In FY2009, GCF took its first loan in December and currently has taken out loans from other funds totaling \$2.5 million. This represents all of the lending authority available from other funds under County Board's control. Busey hopes these loans will cover GCF's cash flow until April.

Busey then reviewed the GCF FY2009 revenue with its three major categories: property taxes, sales/income taxes, and fees/fines. The property taxes are stable and will come in at the amounts budgeted. However, there have been substantially new and different information for the sales/income tax revenue and general fees/fines revenue since the budget was prepared in August. The economic world has been deteriorating since September and this will impact the sales and income tax revenue. Busey has spoken about the stability of the sales tax at Finance Committee meetings, especially the Quarter Cent for Public Safety Sales Tax that came into existence in 1986. The Quarter Cent Sales Tax has been a very stable revenue stream with a few declines of less than 1%. Busey warned the County has not seen an economic recession like the one the country is currently experiencing since the Quarter Cent Sales Tax went into effect. The last severe recession occurred in the 1980's, so the sales tax revenue from this period was used as a comparable. The forecast is that the current recession will be worse than the 1980's recession and more similar to the Great Depression of the early 1930's. The sales tax revenue did decline over a period of four years during the 1980's recession. Busey presented a chart documenting the annual growth in the sales and income tax revenue. The chart is skewed in FY1986 and FY1987 because the Quarter Cent Sales Tax was first collected in the second six months of FY1986 and the first full year in FY1987. There was a 4.4% decline in sales tax revenue in FY1983 and a 10.8% decline in FY1985. The chart also shows two other recessionary periods in the early 1990's and after September 11, 2001. When Busey projected the sales taxes for the FY2009 budget, she anticipated growth on top of the FY2008 revenue. This is clearly no longer an acceptable projection for this fiscal year. Busey presented a list of recommendations to amend the sales and income tax budget. Her recommendations anticipate the One Cent Sales Tax would decline 3%, the Quarter Cent Sales Tax

would decline 5%, the use tax would decline 3%, and the income tax would decline 3% for a total consolidated decline of 4.05% over FY2008. Busey's recommendations are based on the historical information that she has and the information received to-date. This would mean cutting the GCF revenue budget by \$824,847 in sales and income tax revenue.

Most of the fees and fines revenue comes from the criminal justice system, which moved to a new technology system in July. Busey reported that this has affected how she was able to make projections for the FY2009 budget and she based the budget on the actual FY2007 numbers, which was a year when these revenues spiked. The fees and fines revenue either increases or remains stable historically. In reality, the fees and fines revenue dropped 11.35% in FY2008. Busey attributed at least a portion of the decline to the fact that the police agencies in Champaign County are writing fewer traffic tickets. Busey recommended amending the FY2009 fees and fines revenue budget to reflect a \$335,000 cut in revenue stamps (which are collected by the Recorder for real estate transactions), a \$25,000 cut in recording fees, a \$110,923 cut in Circuit Clerk's fees, and a \$207,830 cut in fines for total consolidated cuts of \$678,753.

The one area of revenue cuts not previously discussed is state reimbursement, a number set by the State of Illinois. This amount is \$170,047 less than what was budgeted in the FY2009 GCF budget. The total of all the revenue cuts is \$1,673,647 or 4.94%.

Busey explained the GCF cannot afford to spend more than it receives in FY2009 and with a 4.94% cut in revenue, there is a need to implement expenditure cuts. She presented an overview of the FY2009 expenditure budget, of which 70% is in personnel expenses. The Capital Asset Replacement Fund has not been funded for the last two years for any future replacement of technology for GCF offices. The remaining non-personnel line items have been carefully watched and budgeted for in the last couple of years. Busey provided a recommendation for non-personnel cuts that was developed with the elected officials and department heads since the last Finance Committee meeting. The cuts included a \$340,000 cut from the Purchase Documents Stamps line because the Recorder will not need to purchase stamps if real estate transactions are down, the Sheriff's reduced vehicle budget of \$100,000 was totally cut, \$38,000 cut from the Sheriff's budget for gas and oil reflective of the lower gas prices, the complete removal of the \$208,354 contingent line, reduction by \$15,000 from the County Clerk's Office for not publishing the voter guide, and a \$16,400 cut from the Supervisor of Assessments' publication line. The total cost of photocopy services for all GCF office was reviewed and Busey believes \$10,000 can be cut from the Administrative Services budget for that expense. All offices who have conferences and training monies appropriated have recommended a total cut of 50% or \$76,246. This cut still allows departments to have an opportunity to obtain essential training. The total non-personnel expenditure cuts total \$804,000.

Busey recommended some specific personnel cuts in FY2009 that included cutting all the merit increases budgeted for non-bargaining employees in the total amount of \$31,998 and cutting the EMA Temporary Assistant budget of \$6,000. The County Board amended its per diem rate last month and this will result in savings of \$35,500. Busey recommended implementing a hiring freeze. There are currently four vacant GCF positions and not filling these positions would result in savings of \$89,778. The vacant positions are a Clerk in the Recorder's Office, a Clerk in the Correctional Center, a Clerk in the County Clerk's Office, and a Visitation Clerk in the Correctional

Center. The total of the targeted personnel cuts amounts to \$163,276. Busey also presented implementing an across-the-board personnel cut that would reach all GCF employees. She stated all GCF employees received at least a 3.5% increase on December 1, 2008 and explained the effect of a 3.5% wage decrease for the remaining three fiscal quarters in FY2009. This could be done by an actual adjustment to the hourly rate so the employees would paychecks more similar to what they received last November than what was received in the three months of this fiscal year or employee could use 7 furlough days between March 1, 2009 and November 30, 2009. There are 20 pay periods during that time, so an employee would be paid one day less than normal for 7 pay periods. Busey stated this was not fixed in stone. She met with the department heads this afternoon and an across-the-board implementation of this personnel cut could be as flexible as the departments and employees can make it. An employee could adjust his or her schedule to work 2 hours less a week to add up to a total of 7 days. Busey pointed out that the department heads are going to continue to look at their budgets and evaluate whether there are other alternatives, such as not paying employees for the holidays. The result of this across-the-board salary cut is that each employee would receive a salary of at least 0.0875% more than they did in FY2008 because they received the salary increase for the first quarter. The total savings in FY2009 would amount to \$537,458. The savings achieved through the furlough concept by each employee group was \$183,459 by non-bargaining employees, \$68,989 by AFSCME General Unit employees, \$12,646 by AFSCME State's Attorney employees, \$18,096 by AFSCME Courts employees, \$25,994 by AFSCME Circuit Clerk employees, \$27,791 by FOP Court Services employees, \$32,774 by FOP JDC employees, \$74,518 by FOP Law Enforcement employees, \$78,240 by FOP Corrections employees, and \$14,951 by FOP Court Security employees.

Busey stated that the County Board does not have the ability to impose furlough days on bargaining employees because all are currently within existing contracts. Busey met with AFSCME this afternoon and there will be meetings with FOP to ask the bargaining representatives and employees whether they would prefer an across-the-board furlough implementation or the equivalent of layoffs. If layoffs were selected, they would be equitably distributed among all of the groups of the GCF employees to equal the same savings that could be achieved via furlough days.

Busey summarized her recommended expenditure cuts as \$804,000 or 8% from non-personnel, \$163,276 or 0.7% of specific cuts from the personnel budget, and \$537,458 or 2.25% of across-the-board personnel. This amounts to a total of \$1,504,734 or 4.4% in expenditure cuts. The resulting GCF Budget is not balanced, as there remains a deficit of \$168,913. Busey said that interesting times generate interesting ideas and there has been much talk about new revenue ideas. GCF departments never spend 100% of their budgets, so there is always some money given back at the end of the fiscal year. Busey hopes the \$168,913 deficit will be covered by a combination of those two areas.

She also provided a glimpse of FY2010, in which the property tax growth will be limited by the CPI factor of 0.1%, the EAV will have an estimated growth of 3%, and the resulting total increase in property tax for the Champaign County levies will be 1.8%. The GCF increase is projected at \$133,397. By comparison, the FY2009 GFC property tax increase was \$628,012. Regarding IMRF, the estimated increase in the IMRF rate for the County is about 30%. This means if salaries were frozen the required increase in the IMRF rate for FY2010 would be \$744,994. The

property tax increase allowed for IMRF at 1.8% will be \$43,550, resulting in an approximate shortfall of \$700,000.

Busey requested the Finance Committee approve a hiring freeze resolution to require departments to maintain positions which become vacant through attrition open for at least 3 months and require departments to obtain approval from the Finance Committee to fill positions which become vacant through attribution after 3 months. She further recommended the Finance Committee amend the FY2009 with the described revenue cuts totaling \$1,673,647 and expenditures cuts totaling \$1,504,734.

McGinty said the committee should keep in mind that the changes being asked are amendable as they go to the County Board meeting. The elected officials and department heads, as well as the AFSCME representatives, have just seen the presentation this afternoon so there is a lot of digesting going on. McGinty moved on to public participation before the committee discussed the issue. He asked that each public speaker keep their comments to 5 minutes in length.

The committee returned to the discussion after public participation. McGinty reminded anyone that each department is quite different and can afford to do things differently. He encouraged suggestions.

Wysocki commented that the County Board approved salary increases for 4 elected officials prior to last fall's election. Busey confirmed in August 2007 the County Board approved salary increases for the Coroner, Auditor, Recorder, and Circuit Clerk. Wysocki asked if there was any way to rescind those raises. Busey said there was not because any change has to be done at least 180 days before the election. Wysocki asked if the County was obligated to consider elected officials' salaries in anticipation of the 2010 election. Busey said the County Board would be setting salaries for the Treasurer, Sheriff, and County Clerk, who will be elected in November 2010, either later this year or early next year. Wysocki asked what could be done to persuade the elected officials to not take any raises. Betz stated the County Board is not required to give raises to the elected officials whenever it considers their salaries. He said the elected officials' compensation could be frozen like the County Board's compensation has been for 15 years. Busey said it was 20 years.

Richards what the County was doing to be sure it gets a piece of President's stimulus plan. Weibel answered the County is in contact with Senator Durbin's office, Senator Frerichs, and Representative Jakobssen, as well as other state senators. The County is watching how the act is going through Congress to plan its steps.

Jones commended Busey for coming up with a plan without cutting positions. He asked if not paying the employees for federal holidays was being considered. Busey answered that it was suggested in the department heads meeting and it might be easier for some exempt staff to take their furlough days on holidays. Her plan is the leave as much flexibility to the department heads and employees as possible. The employees could take the holidays as furloughs or leave early each day as long as 52.5 hours of pay is cut. Jones was concerned the economy would get worse and asked if there were any other ideas to close the remaining \$170,000 deficit gap in FY2009, like stopping the newsletter as Lusk suggested. Busey said the newsletter is effectively employee staff time and if

furloughs are enacted it will likely be cut because the employee will not have time to do it. Jones bet there were a lot of things like that could save a few thousand here or there. Busey said there will be more meetings and the committee's action tonight will indicate there will be at least this much cut in terms of expenditure to offset the cuts in revenue. The cuts might be presented a slightly different configuration to the County Board at the February 19th meeting. The departments have new ideas all the time about new areas of revenues, some of which will require legal review. She was concerned if the County Board does not take action in February then later cuts will potentially be deeper. Jones suggested completely cutting the County Board conferences and training budget. Busey said the Board could choose to do that or approve her recommendation to cut the budget in half, which would leave \$2,500. She left some training budget available because sometimes going to training in difficult financial times has resulted in ideas being brought back ideas that generated more savings than it cost to send the person to the training. A lot of enhancements made over the recent years are the direct results of employees receiving training in areas about how to make this government more efficient. Some departments have required training and CEUs that they have to obtain each year. Jones wanted to assure employees the County Board is not taking trips to California or Hawaii. Weibel stated the County has paid for the \$25 conference fee for him to attend the Peoria meeting on wind turbines, but this should be a useful conference. Wysocki noted she paid her own way to the wind turbine conference and it was a very useful because it was associated with her committee assignment, plus she came away with a lot of information. There will be another conference in July and Wysocki pledged that she would also attend that conference at her own expense.

Weibel wanted the administration to cut his salary as County Board Chair by an amount corresponding to the number of employee furlough days and he encouraged other elected officials to do the same. Busey said Welch brought up that issue before the meeting and she will check to make sure the County is not required to pay the Chair his set salary amount. This is a legal question and they will get an answer. Welch stated he was not willing to have his employees' salaries cut if his salary was not cut too. He offered to write the County a check for the amount if necessary.

Nudo asked if the County has monitoring system in place to get faster information on sales tax revenue so the Board can react in case something goes south. The current system requires waiting 90 days. Busey said the County did not, but it is a good idea. Nudo explained he is in commercial real estate and is hearing foreboding stories on the regional and national levels. He hoped the stimulus package kicked in quickly, but he did not think the Board could put their heads in the sand. He thought Busey did a wonderful job putting together factual information, but these kinds of precipitous drops in sales, automobile, and manufacturing have not been seen in our lifetimes.

O'Connor said that if anything on the list of recommendations deserved total annihilation, then it was the conferences and schools. Betz noted that the Board sent him a conference in Portland, Oregon over 10 years ago for a little over \$600. He returned from the conference with the idea of a 5% set-aside for the prevention of juvenile delinquency. To-date \$2.5 million has been raised on this \$600 investment. Betz wanted the Board to be careful about eliminating conferences and training because it is not always the wisest thing to do. He does not want to see people pitting themselves against each other or bargaining employees versus non-bargaining employees. He said they should not pit CCNH employees against the other employees. The CCNH employees are

members of AFSCME and the loans made to CCNH paid those employees' paychecks instead of laying people off. Betz thought there was a way to work this out. McGinty said the idea of acrimony between groups was a sensitive and thoughtful issue at the department heads meeting earlier today.

Jones inquired if the State of Illinois will pay the County all its state reimbursement. Busey stated the amended figure is a reflection of the difference in the state budget. This is not information Busey had when the FY2009 budget was prepared. The total amount of state reimbursement was cut by \$170,000 in FY2009 compared to the FY2008 amount. Jones can understand employees' frustrations when furloughs are being discussed and they see people in higher paid positions who do not come into work. He would like to see a list of those people who do not come into work. He noted if those people are elected officials then there is nothing can be done by the County Board.

Rosales thanked Busey for the fine presentation. He found the information that the Finance Committee had a fiduciary role to balance out the budget to be shocking. He considered the furlough days hard to swallow because he knows CCNH has been a nightmare and plastered all over the news. He spoke about the hiring freeze at the University of Illinois, how they have never received a 3.5% raise like County employees did, and that furlough days are also being discussed. There are offices vacant on his floor of positions that have not been filled through attrition. He asked if the furlough days would be consecutive or would the employees decide what days they would be furloughed. Busey said the recommendation is intended to be 7 days through the end of the fiscal year and it was up to the individual department head and employee to determine the best method. It was considered whether the County could go to 4-day work week, but because of diversity of services offered through County government that would probably be very difficult. When the Treasurer's Office is very busy from May to September he could not close down 1 day a week. The criminal justice system represents 68% of the General Corporate Fund Budget and is probably not a good candidate for being closed 1 day a week because a majority of the Sheriff's operations are 24/7 and holding court every day is almost a necessity. Busey stated her recommendation is not that the County Board make any decision about when the employees take this furlough time. That decision should be left entirely to the department heads and the employees themselves.

Rosales said one of things done at the university is that a person visits offices with a meter to measure the room temperature. The office temperature is supposed to be 68 degrees to be energy efficient no matter how employees complain. Rosales suggested exploring other avenues of revenue and expenditure other than cutting staff time. McGinty agreed and spoke about the energy audit performed on the County. He added that people realize the times are tough all over. The university is experiencing these and Carle Hospital has terminated 72 employees recently. McGinty indicated the County Board felt very sensitive to the fact that they did not want anyone losing their jobs. He encouraged anyone with ideas to make suggestions and noted a similar approach was taken with CCNH. The Finance Committee always felt like it was making the best decisions to help keep CCNH going based on the information it had at the time even though it is easier to criticize in retrospect. He urged anyone with ideas to contact him or the appropriate department heads. It was great to hear how much employees care about fellow employees jobs because people are losing their jobs elsewhere. Busey stated she was going to find as many opportunities to provide this

presentation to all of the County employees. She will be presenting it at 8:15 a.m. in this room and at noon at the Courthouse tomorrow.

MOTION by Betz to recommend to the County Board to approve a hiring freeze requiring departments to maintain positions which become vacant through attrition open for at least 3 months and require departments to obtain approval from the Finance Committee to fill positions which become vacant through attrition after 3 months. He further moved to recommend to the County Board amending the FY2009 General Corporate Fund Budget with revenue cuts totaling \$1,673,647 and expenditure cuts totaling \$1,504,647 as presented. The motion was seconded by Wysocki.

Wysocki asked if the committee was giving Busey discretion with the revenue cuts. Busey explained the revenue cuts will be exactly as presented this evening. There might be some ideas of what else could be done for expenditures cuts to change the 7 furlough days. Otherwise the expenditure cuts would be the same as presented. Wysocki asked if the department heads who were present agreed to the recommendations. There was no objection from the present department heads. Wysocki asked if the majority of employees present preferred to take furlough days rather than have positions cut. The employees present in the audience agreed. Busey stated the furlough days would require memorandums of understanding to the union contracts for the County Board to approve on February 19th. There was no objection to the memorandums of understanding being submitted directly to the County Board. McGinty ordered a roll call vote.

Motion carried with a vote of 8 to 0. Betz, Doenitz, Jones, McGinty, O'Connor, Richards, Rosales, and Wysocki voted in favor of the motion.

McGinty declared a few minutes of recess.

NURSING HOME

Financial Report on the Nursing Home

The report was provided with the addendum and was emailed to the committee in advance of the meeting. Betz asked Nudo to briefly synopsise the report from CCNH management. Nudo noted Page 2 of the report documents CCNH's progress towards a turnaround. The net income was \$35,921 in October, \$45,690 in November, and \$83,515 in December. The CCNH census is at 206 and the operation is no longer a drain on the County. Mike Scavatto has incorporated depreciation and other expenses in the financial statement that do not necessarily reflect cash flow. Nudo thought it would behoove the Finance Committee to have Scavatto provide a cash flow statement for rest of the year so there are no surprises. Betz asked if the financial statement was inclusive of the General Corporate Fund money given to CCNH last year. Busey said the GCF money went to CCNH in June and was long gone. This money is no longer reflected in the financial statements because it was used to catch up CCNH's accounts payable at that point in time. The tax anticipation warrant money that was received in December was used to pay off CCNH's FY2008 IMRF and Social Security obligations. Scavatto is attempting to move CCNH to full accrual accounting so the operation is paying IMRF, Social Security, and all other expenses like accounting services they receive through the Auditor's Office on a monthly basis rather than waiting to try and make all of those payments at the end of the year. These expenses should be reflected in the monthly statements and means the Finance Committee will receive more accurate monthly statements. Betz

asked about the nursing situation. Nudo explained that it has been exacerbated by the increased census. CCNH has hired 6 new nurses, but more contract nursing is necessary at this stage to maintain the resident to staff ratio.

MOTION by Jones to receive and place on file the Champaign County Nursing Home Report dated February 3, 2009; seconded by Wysocki. **Motion carried.**

TREASURER
Monthly Report

Welch distributed his report to the committee and drew their attention to the bottom of Page 6 where he listed the Illinois Funds average monthly rates of January 2008 versus January 2007. The rate has dropped from 3.285% to 0.455% in the Money Market Fund. Welch stated he bid out \$2 million for about 90 days last week and the best investment bid he got was 0.6%. He listed the interfund loans on Page 12 showing the last \$1 million the General Corporate Fund borrowed from the Public Safety Sales Tax Fund on January 22nd. This brought the loans from other funds to GCF to a total of \$2.5 million in FY2009 so far. Welch indicated GCF has approximately \$90,000 in loan authority left in the Public Safety Sales Tax Fund. This does not mean much when 1 two-week payroll for GCF is \$810,000. He was very concerned that the GCF will be to make it between now and when tax revenue is received at the end of May. Welch pointed out that Champaign County is very fortunate that tax bills go out on time because a delay in the bills would cause a delay in the receipt of revenue. He anticipated tax bills will be sent on May 1, 2009 with the tax cycle group is working hard in a collaborative effort to make this happen. Welch stated the GCF balance is \$878,000 as of today. This amount would cover just a single two-week payroll and it takes \$1.6 million to cover just 1 month's payroll. The GCF is in the same bank account as the Capital Improvement Fund. Welch stated GCF is in a heck of a position even after \$2.5 million in loans. Once the fund is out of loan authority, it maybe just a matter of tax anticipation warrants. He predicted GCF will be facing tax anticipation warrants every December 1st for the next 5 to 6 to have enough money to operate alongside the interfund loan authority.

MOTION by Wysocki to receive and place on file the Treasurer's January 2009 monthly report; seconded by Rosales. **Motion carried.**

AUDITOR
Purchases Not Following Purchasing Policy

Fabri distributed 2 documents listing the purchases not following the Purchasing Policy. Fabri asked for approval of both documents because the first page was the purchases not following the Purchasing Policy with special conditions. Fabri said the special condition was the County Board had disallowed reimbursement of travel expenses submitted more than 60 days past the date of travel. Bill Keller, the EMA Director, went to Quincy to assist the locals in a flood response and was just now being reimbursed from the state for his meals. McGinty stated the County Board approves the list, not the Finance Committee.

Monthly Report for December 2008

MOTION by Richards to receive and place on file the Auditor's December 2008 monthly report; seconded by O'Connor. **Motion carried.**

CHAIR'S REPORT

There was no Chair's report.

OTHER BUSINESS

Approval of Violent Crime Victims Assistance Program Grant for State's Attorney's Office

MOTION by Wysocki to approve the Violent Crime Victims Assistance Program Grant for State's Attorney's Office; seconded by Doenitz. **Motion carried.**

DESIGNATION OF ITEMS TO BE PLACED ON COUNTY BOARD CONSENT AGENDA

McGinty designated agenda items 6A-C, 7C, and 12A for the consent agenda.

ADJOURNMENT

Meeting adjourned at 8:43 p.m.

Respectfully submitted,

Kat Bork
Administrative Secretary

Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.