

## City of Salem Furlough Overview

Staff reviewed the potential use of “furlough” as means to reduce personnel expenses. Furloughs are a reduction of work by unpaid leave for employees. Typically, furloughs are a day a week, or by pay period, or by month, for a defined amount of time. Employers often consider furloughs during times of financial difficulty to generate savings without resorting to permanent workforce reductions or layoffs. For the City of Salem, particularly in already understaffed departments in Police and Fire, it is not feasible to implement furloughs for those public safety positions. This is because mandatory staffing levels would require backfilling positions and incur additional overtime expenses. It is also not a viable option for those public safety positions due to the critical needs of providing safety and health emergency services to ensure the safe and livability of the city. Our police officers are already experiencing safety concerns due to being severely understaffed. Adding furloughs to the mix would further jeopardize the safety of our employees and our community.

There are complex factors that are to be considered if the use of furloughs is to be employed. The City’s workforce, comprising approximately 77% of employees is represented by unions: AFSCME (General unit) 47.5%, IAFF (Fire) 12.4%, PCEA (9-1-1) 4.5%, SPEU (Police) 11.9%, and SCABU (Legal) 0.5%. Implementing potential furloughs for represented staff will require negotiation and mutual agreements between the City and unions. Any negotiations involving working conditions and compensation will have costs associated with the timing of the negotiations process, the potential for unintended financial burdens, and the overall uncertainty of the eventual outcome of labor negotiations. The collective bargaining agreements for AFSCME and SPEU are up for re-negotiation as of June 30, 2024. Human Resources has started preliminary bargaining preparations and informal discussions with union leadership. It is anticipated that any negotiations regarding furloughs will most likely be an undesirable topic and not easily agreed upon as an alternative solution to the City’s budget crisis.

The remaining 23% of the workforce consists of non-represented management and confidential staff. Within this group, 18% are supervisors or managers, or other salaried (exempt from overtime) administrative and professional employees. Salaried-exempt public employees receive fixed salaries regardless of the number of hours worked, beyond the standard 40-hour work week. State and federal wage and hour regulations permit salaried-exempt employees to be furloughed for budgetary reasons without losing salaried-exempt status, and their pay must be reduced accordingly during the week when the unpaid furlough time occurs. This may further compound the issues the City is already experiencing in terms of employee morale, work-life balance, and the lack of interest in promotional opportunities. Furthermore, management staff are currently not able to maintain a 40-hour work week. Reduction in work time and pay will have compounding impact, including service impacts and overtime pay for any time more than the actual work hours.

As discussed in previous Council and budget meetings, it is widely recognized that the City’s workforce is severely understaffed considering the level of demand for services required by the community. The City is already struggling with capacity issues, service levels, employee mental health concerns, recruitment difficulties, career progression obstacles, and retention issues. A reduction in paid work time for both represented and non-represented employee groups will generate some savings in personnel costs but will further exacerbate existing employment-related challenges.

### Costing

A single furlough day for all General Fund employees would amount to approximately \$366,255 in savings. Excluding public safety services, the savings for other non-public safety employees would be approximately \$166,585.