



# TOWNtalk

A newsletter for Town of Chapel Hill employees

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Special Issue

[www.townofchapelhill.org](http://www.townofchapelhill.org)

## Letter to Employees about the Recommended Budget from Town Manager Roger L. Stancil

Dear Fellow Employees,

I will present my Recommended Budget for 2009-10 to the Town Council tonight. This recommendation will be reviewed, and potentially modified, by the Town Council over the next few weeks. I will keep you informed of any changes they make that affect you in a different way than described below.

As we have discussed, and as we all know from personal experience, these are unpredictable economic times different from anything we have experienced before. Our ability to survive the current year in good shape and our ability to present a balanced recommended budget with no tax increase for the coming year is a tribute to you and the dedicated service you provide to the Town, especially in difficult times. In order to continue the high quality services our residents expect in these times, I am committed to a budget that affects current Town employees as little as possible.

You can read the Recommended Budget and my Budget message online from the Town's website beginning at 5 p.m. today. The budget is focused on the Council's goals as set in its planning retreat, but it is a hold-the-line budget. Departmental budget targets were the same funding levels as the current year. I have listed below the items reflected in this budget that I believe affect you personally:

- While we will continue to manage the filling of vacancies, there are no layoffs or furloughs for current employees in this budget.
- There are no pay increases recommended for 2009-10. We have surveyed our market and I believe there are few local governments providing pay increases. We are not alone in this approach and I do not believe we will get out of sync with the market.
- We have discussed two Budget Savings Initiatives, designed to put us in a more sustainable financial position for the future, which I will ask Council to consider. You should have received an information sheet on these initiatives. If you need additional information, please ask your department head:

- o A change in the Workers Compensation policy which will compensate those who file claims in the future consistent with state statutes and with the practices

of practically all other municipalities in the state. This will be accompanied by an enhanced focus on employee safety and improved return to work programs.

- o A change in retiree health benefits for people who came to work after a date certain in the future. This change will be to a defined contribution program versus a defined benefit program that we have. **THE BENEFIT TO CURRENT EMPLOYEES IS NOT AFFECTED BY THIS RECOMMENDATION.** This change allows the Town to reduce its future liability for this insurance and therefore improve the sustainability of our program for current employees.

- The cost of healthcare insurance will increase by 17 percent beginning in October 2009. Departments have absorbed this increase for employees in their budgets. There will continue to be no cost to the employee for health insurance coverage, and there are no benefit changes proposed. For those who pay for dependent coverage, you will see a 17 percent increase in your share of that premium for dependent coverage. Employees with dependent coverage will see this additional cost in their payroll deduction starting in September 2009. These increases are a national trend in healthcare. We must look for ways to address these skyrocketing costs or we will not be able to maintain our excellent coverage for employees. I will propose to the Council that I work with a group of employees throughout the year, and communicate with all employees, to develop recommendations about how we can address the escalation of these healthcare costs.

I appreciate all you do every day to provide the high quality service our residents have come to expect. While this budget is slim, I believe it does position us to be ready for the future recovery of the economic system in our country. In the coming year, we must look for improvements in the way we do business to reduce our costs. We will continue to monitor spending, and we will be thoughtful in approving the filling of positions so we can maintain our commitment to the people who work here now. Thank you for your help in these difficult times.