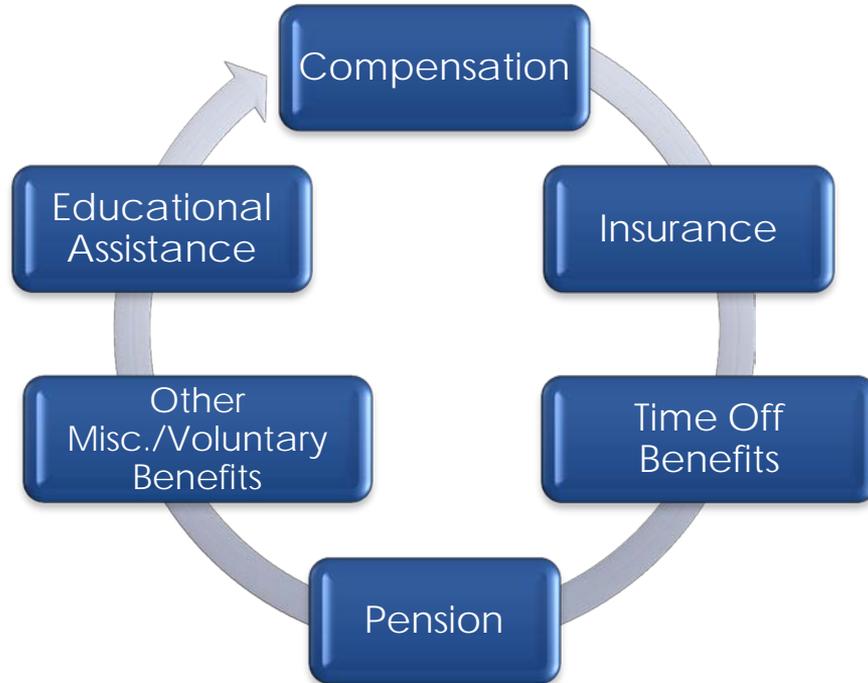




Total Benefit Package

Employee Benefit Committee
Presentation to Administration
and Finance Committee
June 11, 2018

Total Benefit Package Components





Employee Benefit Committee Charter

- 1) Develop recommendations for modifying the City's retiree health insurance policy so it is affordable and consistent with the strategic plan for the City. Recommendations may include increasing the separation of the rating of the health insurance plans for current and retired employees, and gradually shift premium sharing for current employees to a more standard premium ratio.
- 2) Develop a Paid Time Off benefit plan to replace the City's various time off plans in 2018 (sick leave, holidays, vacation, personal leave, etc.) which moves toward a balance between fiscal responsibility and employee recruitment and retention.



Themes of Employee Comments from Employee Survey

- PTO - Bad Idea
- Need an Emergency Bank
- PTO - Need More Information
- More time for new employees at start
- Credit for Sick Leave
- Deal with Sick Leave Abuse

Themes of employee comments from Employee Survey

BAD IDEA

- Bad idea plain and simple.
- One of the perks that I have working for this city is getting PTO, sick time and Comp time like city's around us receive. I believe this city would lose hard working employees if everything is pooled into one big bank.
- I've heard at other places of employment that have changed to PTO that the employees lost out on a lot and basically got screwed with it.
- Current employees should be grandfathered in and all new hires should go to this new system. I was offered these benefits when hired, one of the main reasons I accepted the job. If the city wants to try a new system then offer it to new employees but don't change what I was given and agreed to at hire.
- Do it for new hires Grandfather current employees
- do not change the current system!!!!
- I have had family members wipe out a years worth of PTO due to an illness. Due to one health issue, they could not take a vacation for almost two years. I think having separate pots gives more balance to how people can take time off, and no one is punished for being ill or having a medical issue. I guess I've never had anyone say to me, "I'm glad I have a PTO plan" where those people are jealous of my separate off time benefits.

Theme of employee comments from Employee Survey

EMERGENCY BANK

- Ability to rollover certain # of hours into following year. Hours could be taken on an emergency basis if needed
- I like to have banked sick time in case of emergency and you need off time to recover
- If go to PTO will City then provide short and long term disability at NO charge to employees for serious illnesses? I cannot afford to pay for another payroll deduction for disability insurance in the event of a serious illness even if it is less than \$20 a paycheck. These deductions all add up. 2. What will happen with any sick leave "bank" that has been accumulated (especially several hundred hours)? Will employees be allowed to keep their current sick leave "bank" to continue to draw from in the event of illness or doctor appointments or will they be illuminated? 3. If City decides to switch to a PTO plan, please give employees at least 12 months prior notice to the effective date. Some employees do plan vacations, events (surgeries) in advance and it would be helpful to know when the plan will switch over well in advance.
- Concerned that there will be no "safety net," as far as sick time is appointed, for an extended illness. The ability to "carry over" sick day is very important.
- There is usually no way bank time for planned medical procedures that may take more than is allotted for one year.
- What about my banked hours? What happens if you don't utilize all of your PTO time in one year? Will the City offer free short term disability and long term disability insurance to make up for the loss of sick time?
- Allow employees who have accrued a set number of sick leave to choose between storing more sick leave or converting their unused sick leave into bonuses (pay or PTO).
- Any unused vacation days should be rolled over to use at anytime with no limit on the amount of days. "Holiday Pay" should only be paid to employees that actually would the holiday at triple time. Employees who have the day off should not receive the holiday pay. This would reduce the amount of holiday time paid by the city, as well as give more incentive for employees to work holidays when we are typically the shortest and busiest.
- Any added plans (disability insurance) as a result of any changes should be at NO cost to employees. Any changes that are made to the vacation/sick time should be effective with new hires as done in the past. As specifics to health benefits and the time off plans become available, please make the drafts available to employees to review prior to implementing so that there can be constructive, open discussion. These plans will have huge impact on the lives of the City employees who want to continue to work here. So please keep them involved and show that their input is valued. Also ensure that there is plenty of time/notice prior to effective dates of the changes so that employees can plan accordingly.
- PTO won't create bad marks on my annual review if I take a sick day.
- I did have PTO at my previous place of employment and it was very easy to understand. Hopefully that is something that can be considered here.
- I support this move 100%. The current system creates a "reward" for using sick time as a basis for increasing time off. In general employees should see an increase in total paid time away from work to increase productivity and job satisfaction.
- Additional paid time off to be used at their convenience. Currently, if an employee wanted to have extra days, they can just call in sick which actually makes it harder to provide adequate departmental coverage. If time off is planned, it is much easier to adjust internally for coverage. Most of us will get hit with a flu bug or something at one time or another so it shouldn't be an all or nothing perk, meaning an allowable amount of time should be expected to be covered by sick pay, but those who only utilize a very small portion of allocated time should be rewarded with paid time off. We don't want to create a situation where people can't use any of their sick days without jeopardizing the incentive to use less.

Theme of employee comments from Employee Survey

NEED MORE INFORMATION

- interesting but need more info
- explain (pros and cons) of existing vs. a PTO option
- PTO may be easier for employees and supervisors to administer rather than keeping track of the different rules related to each type of off time, but I would hope a PTO plan isn't a way of reducing how much vacation/"real off-time" is provided to employees. It may curb abuse of sick leave.
- NEED A LOT MORE INFO TO MAKE AN EDUCATED DECISION
- need details
- Would like to see more information, charts, etc.
- 1. The total time off per year should be equal or close to current. ie Sick +Random+Vac= PTO 2. What happens to current accrued Sick Time?

Theme of employee comments from Employee Survey

NEW EMPLOYEE – More Time Off at start

- Newer employees do not have enough vacation time and that makes it challenging when coming from another employer where you had accrued several weeks of vacation time only to lose most of it by switching jobs
- whatever plan is decided upon, the city definitely needs to offer more time off to newer employees. The city is not competitive with the private sector.

Theme of employee comments from Employee Survey

SICK LEAVE CREDIT

- Pay out for sick time not used during employment. This would curb sick issue if there were such a thing. This would be a incentive not to use sick time and help the employee pay down the road towards health insurance.
- The PTO concept would not be an option, unless the city is willing to explore implementing a converted sick leave credit/buyback, and adding a sick leave time off incentive program (IE, 8 hours time off for no sick leave usage for 3 months).
- option to receive pay out at end of year for unused sick time option to receive half pay for unused sick time at retirement
- When they retire one suggestion is to pay the hours they have in sick time in full or no less than half hours they have. Maybe some how put it into a hsa account when we retire to pay insurance premiums since I or most people will not be able to have city insurance because either to old or not enough time in the city. This maybe some ways I think to have people want to come to work. Instead of mind set of "I have it, I might as well use it" because "I'm going to lose it or I can't take it with me".
- Some sort of extra pay/time off/or bonus at retirement. Right now numerous employees use all their sick time as soon as they get it and others have hundreds of hours because they do not abuse it. If honest employees who only use sick time when it is warranted get nothing for not abusing it, more and more people are going to transition to abusing it and costing the city and their department's productivity.
- Cash them in for money once they retire. Cash them in for time off every year, two years, or so forth. Provide lower health care costs once retired if you have X amount of sick time used/not used.
- There NEEDS to be some sort of payout at the end of an employee's career. Right now, an employee could retire with 5000 hours on the books and get no benefit. There is no reward for not calling in sick. Essentially, the way this system is set up actually rewards people for calling in sick.... If you use the time, you get paid while you use it. If you don't use it, you just lose it.... That's not right at all...

Theme of employee comments from Employee Survey

SICK LEAVE ABUSE

- once I hit max what incentive is there for me not to take off? Might as well burn it, than lose it.
- I have mixed feelings. A few colleagues blatantly abuse our generous sick hours and use their sick time when they are not sick. They then have a lot of vacation hours left to use at end of year, so they end up getting more time off than those of us with more seniority and earned time off. However, I feel that PTO would punish someone like myself who exercises, eats properly, and is rarely sick. If PTO is implemented, I hope I will not lose my over 500 sick hours which I have earned. Please find a way for us to keep our sick hours which we have carefully saved for future sickness/injuries.
- It is ridiculous that some employees currently have unlimited sick time.
- There are employees who "milk" the system and get away with their "sick days", others who use very few, truly when its needed, they should be rewarded
- The city is ignorant for not offering incentive for employees not using sick time. The first part of my career, supervisors made it very clear that you should come into work sick and that admin. will not promote people that call in sick. This has been disproven over time because of the double standards. How about common sense like giving a day off for every 6 months without calling in sick. The city will benefit in the long run. QUIT being so short sighted.

Total Benefit Package Components:

- ***For all employees, even those who remain in Legacy Benefits –***
 - Long Term Disability (65 workday/90 calendar day elimination period) – (Extended Sick Leave Benefit to bridge gap)
 - Scheduled/Recognized City Holidays (was 8/proposing 9 – addition of MLK Day, in exchange for random holiday 4 to 3)
- Retiree Health Care (up to 10 years/Medicare/Medicaid/Title 19 eligibility)
- Participation in City Sponsored Medicare Offering at retiree's full cost
- Time Off Bank with Extended Sick Leave Bank (ESLB)
- Long Term Disability provides true safety net for employees beyond one year of disability/sick/injury
- Jury Duty & Military Service (**existing benefits**)
- > 3 Day Events for Bereavement Leave
- City Sponsored Employee Paid Vision
- Lateral Time Off Benefit Conversion
- ESLB Bonus for Retiree health Care Contribution
- Tuition Reimbursement adjustment AND Tuition Repayment addition



Total Benefits Package with Time Off Bank with Extended Sick Leave Bank (ESLB) - Positives

- Competitive Advantage in Recruiting/Retention
- Meets needs of a diverse workforce
- Rewards desired behavior (accountability) with extra time off (more equitable to those that come to work every day)
- Does not challenge employees' integrity
- Elimination of Sick Leave Abuse
- Ease of Administration
- Employer Scheduling/Predictability (reduce unscheduled absences)
- Employee Flexibility
- Privacy for Employees
- Elimination of awkward City accrual system for time off (on books before earned/pay back if not fully earned/end of employment payout calculations)
- Employees more engaged at work since they can take off when needed for personal reasons



Total Benefits Package with Time Off Bank with Extended Sick Leave Bank (ESLB)

Cons:

- Perception - fear of losing benefits and/or fear of change
- Fear of the unknown / lack of understanding of the plan
- Unaccountable employees
- Tracking of FMLA challenging
- Presenteeism (coming to work ill)
- Employee planning risks (if view is to use entire time off bank as vacation time)



Total Benefit Package

- New Employees on and after TBD (8/1/18?)
- Current employees who choose to opt in
- Opt in must be made by 11/1/18; effective 1/1/19 (cannot change back and forth)
- New options (except as noted) are for new employees and existing employees who opt in



Time Off Bank with ESLB includes:

- Vacation
- Random Holidays
- Normal sick occurrences
- Emergency Leave for personal needs (including use of leave for family short-term illness or appointments)
- Short-term (1-3 day events) Bereavement Leave
- Extended Sick Leave Bank (ESL) (transition hours / voluntary EE contributions)
- Long Term Disability which extends past one year, up to age 65 and in some cases to age 70 based on specific illness/injury/disability



Employee Examples

- New Employee
- 10 year employee with retiree health care
- 10 year employee without retiree health care
- 25 year employee



Next Steps

- Seek input from Employees, Elected Officials, Police and Fire Commission and Library Board
- Draft Policies for review and implementation
- Next EBC Meetings – June 26 - 3pm; August 6 – 3pm; September 14 – 3pm
- Administration and Finance/Common Council – June 19th, July 17th, August 7th



Future Steps

- Retiree Health Care
 - Pre-65 Retirees
- Total Benefits/Rewards Package
 - Health and Dental Insurance Offerings and Plan Design
 - Wellness Program
 - Flexibility for Work/Life Balance



Questions?
