

Memo

To: Village Board

Fr: Tracy Flucke, Administrator

Re: Implementing PTO Program

Date: November 15, 2013

We have continued to have discussions on PTO and have the following updates to provide to you. – Highlighted sections

1) **Sick leave** moved to PTO Block at a reduced amount of 6 to 8 days a year (currently receive 12 days a year) the number of days rolled into PTO should be set when an option is developed to help employees with a shorter term disability or illness.

2) **Vacation** is moved to a PTO block based on the following schedule for all employees. (we currently have two different vacation schedules)

Upon hire - 2 weeks prorated

1st year - 2 weeks

5th year - 3 weeks

12th year - 4 weeks

20th year - 5 weeks

Anyone over 5 weeks will be frozen at current amount earned.

This vacation schedule was discussed during our review process for the personnel manual and at that time staff was comfortable with a switch to one schedule for all.

3) **Personal days** moved to a PTO Block - 3 days each year – prorated first year of hire (currently receive 3 days a year)

4) **Maximum carry over** – from the PTO Block is ~~15~~ 20 days (example: of PTO balance - 8 days of sick leave, 10 days of vacation and 3 personal days = 21 days available for leave in first full year) The reason for the increase is to allow staff to accumulate time if they need it for an injury or illness. Although the number of days need for this will be dependent on how short term disability is handled.

5) **Extended Leave Bank (ELB)** - all accumulated sick time is capped at the employees' current balance and moved into the ELB. No more sick leave can be added to the current balance. The ELB can only be used for FMLA, medical necessity lasting three (3) or more consecutive days, or

payout upon retirement. Beginning 1/1/14 there is no more accumulation of sick leave for any employees.

Decisions to be made in regard to ELB include: what the accrual cap will be, requirements for payout (Sick leave balance, years of work payout requirement, payout immediately – total balance or portion of balance, minimum sick leave balance required to be moved to ELB etc.)

More research needs to be done on the ELB.

6) **Short Term Disability** - The village offers an optional employee cost or provides a short term disability policy. The village currently provides a long term policy and covers total premium for 180 day start. Employees can buy down to as low as 30 day start.

Upon checking on short term policies with a start time of 7 days for accident and 7 days for illness – total estimated premium would be between \$5,000 and \$7,000 a year. The premium can change considerably depending on start day, amount of coverage and how long the coverage continues, number of employees, income level of all participants etc. – so it is impossible to get a good quote at this time.

In regard to short term disability many of our employees will not need it because they have the ELB to use for an illness or injury until their long term disability would kick in. The Village might be better off buying down the long term disability coverage to 30 days for all employees or suggesting employees buy down the long term disability coverage to 30 days. Then the employee only has a thirty day gap to cover which could almost be covered with the PTO amount (minimum amount is 21 days)

More research needs to be done to determine if we need short term disability and if so how we want to handle it.

Please note these are suggestions are from the management level and nothing has been discussed with employees at this time. This is for input from the Village Board and if you feel these suggestions merit more research and refinement. If so staff will continue to work on it and begin to involve the employees in the discussion.

Any budgetary impact of the PTO would be if the Village Board decides to pay out some or all of the employees' accumulated sick leave and short term and or long term disability implementation or changes.

Upon further investigation of short term disability staff suggests the board consider handling it the same as the Village of Howard. They have handled the short term disability concern as follows: (Please see attachment #1 for specific details)

1) The village will self-fund short – term disability by paying up to 75% of the employee's normal wage for up to 6 months, at that time the Income Continuation Insurance would kick in.

2) Employee would be required to make their check whole for the other 25%.

Clara also put attachment #2 together in regard to past use of FMLA (Short term disability) that staff members have used in the past 5 years. This will just give you an idea of potential costs if the village decides to go with self-funded short –term disability or considers a buy down to 30 day elimination period for staff members.

Other items to consider:

After additional review of the Income Continuation Insurance Program the Village now offers to employees for long term disability, the following was learned. The program does allow employees to buy down to 30 day elimination period – this is the lowest amount available. Cost for an employee to buy down to a 30 elimination period is between \$25.00 and \$40.00 a month(depends on employee wage) and the employee would be required to complete and submit an evidence of insurability form to be considered for the buy down. Everyone is not guaranteed to be able to buy down; therefor this really is not a viable option.

In regard to donated sick leave – the following is recommended. “In the event an employee utilizes all his/her ELB or PTO hours, another employee may donate hours of accrued ELB/PTO to the employee with the approval of the Village Administrator.”

The Village Board is asked to provide direction on PTO implementation and the suggestions brought forth. Thank you.

paid by the village and deducted from the \$54 per diem from the schedule above.

B. Medical, Dental and Short-term Disability Insurance.

1. All full-time employees and their eligible dependents (as defined by the insurance policies adopted by the village) will become eligible for medical, dental and short-term disability benefits in accordance with the terms and conditions of the policy approved by the board. ~~Central States Health and Welfare Plan C6 (C6 Plan). The village will pay for the C6 Plan. Employees will be responsible to pay 10% of the premium through payroll deductions in 2014 and 12.5% beginning on 1/1/15. Employees will be responsible for all deductibles and copayments as outlined in the C6 Plan.~~

2. ~~The village will provide a medical reimbursement plan and a dependent care plan under Sections 125 and 129 of the Internal Revenue Code, respectively. Under the plans, each employee may elect to participate at his/her discretion. The election must be made near the end of each calendar year as directed by the third party plan administrator. Payroll deductions for each plan will be made on each biweekly payroll. All benefits, reimbursement procedures and other rules of the plan are covered in the plan documents.~~ This policy allows the Administrator to work with outside vendors to provide the appropriate medical reimbursement plans (such as Section 125, 129 and 213(d) of the Internal Revenue Code) to allow for employee use. Any village contributions to such plans require village board approval.

3. The village will provide self-funded short-term disability insurance for all full-time benefited employees. The village will provide up to six (6) months of disability insurance by paying 75% of their normal wages or hourly rate each biweekly pay period ~~minus any loss of time benefits paid by the C6 Plan.~~ Employees receiving disability payments must will have the ability to "make their check whole" by supplementing the 25% unpaid salary or wages with any paid time off or sick time, compensatory time or vacation time of hours banked at the time of disability. Any employee on a short-term disability will not accrue time-off benefits during their absence (for employees hired after 12/31/13).

C. ~~Longevity.~~ Employees shall receive longevity benefits according to the following schedule:

<u>Anniversary date</u>	<u>In 2011</u>	<u>In 2012</u>	<u>In 2013</u>
5 th through 9 th	\$101.00	\$103.78	\$106.64
10 th through 14 th	\$202.00	\$207.56	\$213.27
15 th and subsequent	\$303.00	\$311.33	\$319.89

C. ~~Retirement Plan.~~ The village will participate in the State of Wisconsin, Department of Employee Trust Fund (ETF) Retirement Plan (WRS). All rules established by ETF will be enforced and followed. ~~The village elects to pay 100% of exempt employee portion of contributions. Non-exempt employee contributions will be paid at a rate of 100%.~~

	2009	2010	2011	2012	2013
Employee 1	584	152	164	92	344
Employee 2	62		147.5	216	119.5
Employee 3				312	
Employee 4				768	
Employee 5				72	
Wage 1	23.43	22.69	23.43	33.55	24.25
Wage 2	22.62		26.39	20.98	23.66
Wage 3				23.66	
Wage 4				21.21	
Wage 5				26.2	
Total SL Wages	15,085.56	3,448.88	7,735.05	15,000.20	11,169.37
Village 75%	11,314.17	2,586.66	5,801.28	11,250.15	8,377.03
PTO 25%	3,771.39	862.22	1,933.76	3,750.05	2,792.34

Avg. \$7,865.86

Average Hourly Wage of 33 employees	25.72
Average Annual Salary	53,497.60
ICI Rate to buy down to 30 Days (per month)	33.75
Annual cost for 33 employees	13,365.00

*Excluded firefighters as they are no longer applicable.