



Milwaukee County
Department of Human Resources
INTER-OFFICE COMMUNICATION

File 22-1038

Date: September 29, 2022

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Tony L. Maze, Director of Benefits Administration, Department of Human Resources

Subject: **Report from, Department of Human Resources, requesting authorization to modify the current Paid Time Off Policy to address inequities and help attract and retain staff by amending Sections 17.17(1)(a) of the Milwaukee County Code of General Ordinances.**

File Type: Ordinance

REQUEST

The Department of Human Resources requests the Milwaukee County Board of Supervisors approve changes to Sections 17.17(1)(a) of the Milwaukee County Code of General Ordinances (MCGO) to accelerate employee access to enhanced paid time off and sick leave to help attract and retain staff. The effective date of these changes would be January 1, 2023.

BACKGROUND

The Benefit and HR Metric Division of the Department of Human Resources performed an evaluation of paid time off policies to ensure the effectiveness and equity of the benefits aligned with the goal to make Milwaukee County an employer of choice. The evaluation examined various inequities and led to a recommended solution to help attract and retain staff without incurring significant additional costs to the County. The solution also provides newer employees flexibility to meet the breadth of their health needs that can arise throughout the year.

Providing a competitive Total Rewards package is critical in our continuous effort to become an employer of choice and attract and retain talented employees at Milwaukee County. Our Total Rewards package includes elements of compensation, benefits, work-life balance, recognition, and career development opportunities. These components all contribute to employee satisfaction, employee engagement, and retention of top talent. Our evaluation of Milwaukee County's time off and medical leaves included benchmarking to comparable counties, and included data related to the following ordinances:

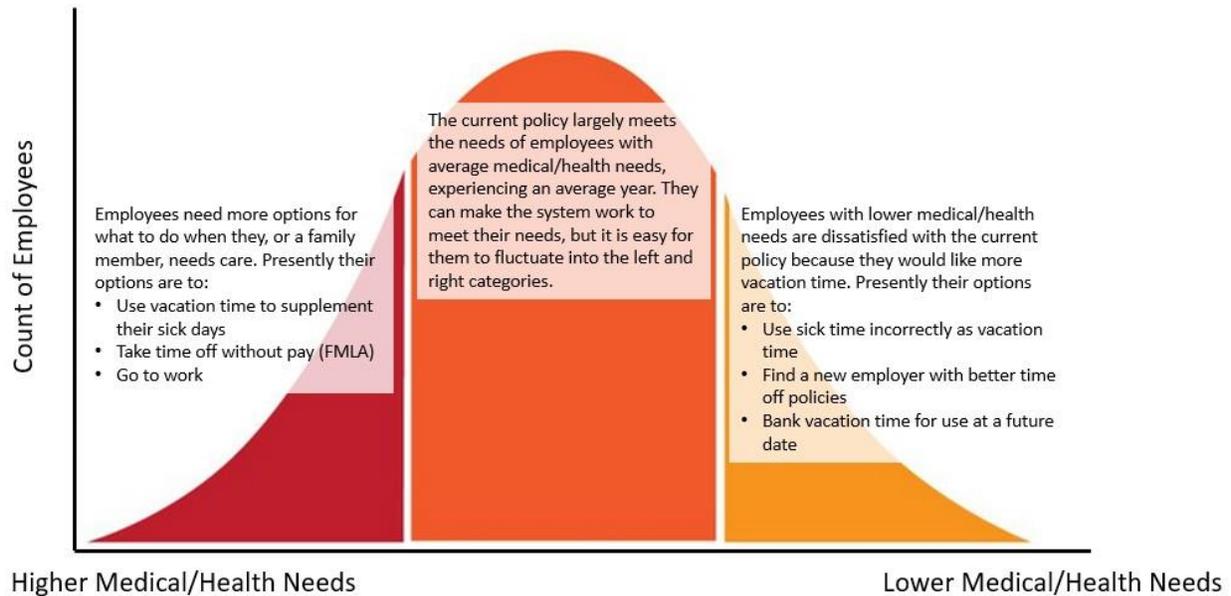
- Leave of absence with pay on account of illness or other special cause (MCGO Section 17.18)
- Personal days (17.172)
- Vacations and Holidays (17.17)
- Voluntary time off without pay (17.176)
- Personal leaves of absence-without pay (Section 2)

FINDINGS OF CURRENT ASSESSMENT

The results of the current-state assessment indicate Milwaukee County time-off policies do not afford flexibility to employees required to adequately address their personal needs. The lack of flexibility creates inequities along several key dimensions of the workforce. The County is offering a number of sick days above the industry average, one in part to buffer against the recognition that most employees do not enroll in the County subsidized Short-Term Disability (STD) and Long-Term Disability (LTD) leave insurance programs. This report gives a high level-overview of the inequities identified in the evaluation of existing policies, and a comprehensive, cost-saving solution to the issues.

Inequities Based on Employees' Health Needs

The County's current leave policies best meet the needs of people with average medical/health needs in a typical year, but they do not afford flexibility for employees with below or above average medical/health-needs. For employees with fewer medical/health needs, this inflexibility creates an incentive to use the existing sick time policy incorrectly as a way to supplement their allotted time off. For employees with higher medical/health needs or people experiencing a medical/health emergency, they may be forced to use vacation time to supplement their sick days to take care of themselves or a family member, take time off without pay, or come to work when they should be staying home. The interests of different groups are summarized in the graphic below:

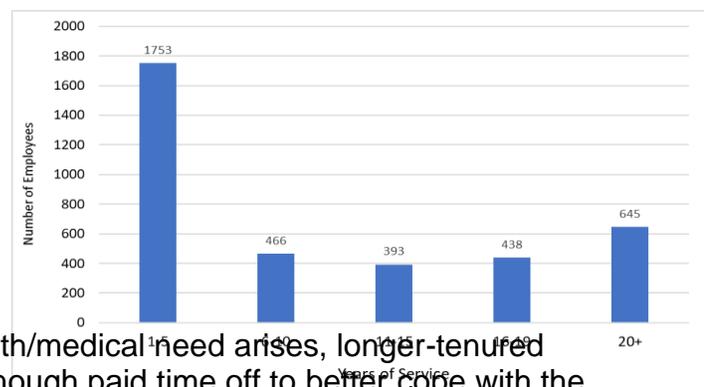


Inequities Based on Tenure

New employees are prohibited by ordinance from using their accrued sick time for six (6) months during the probationary period. It can take several years to accrue enough sick time to cover a medical leave, if needed. Newer employees who have worked at the County for 5 years or less constitute

47% of employees, which means that half of the workforce is currently harmed by this inequity. In other words, prospective or newer employees with medical needs, or are disproportionately negatively affected by existing county policies compared to

longer-tenured employees.² If a health/medical need arises, longer-tenured employees typically have accrued enough paid time off to better cope with the



situation than newer employees. However, even if a longer-tenured employee has accrued the maximum 960 hours of sick time, they can end up in a difficult situation if their medical/health needs exceed six months, and they have not enrolled in the optional County subsidized long-term disability insurance to provide a financial safety net.

Inequities Caused by Negotiating Power of Prospective Employees

Negotiating for additional vacation time is common for prospective employees. The inflexibility of the time-off policy, which is below market standards, leaves hiring managers with a sub-optimal set of options: 1) give additional time off, which advantages prospective employees with social and positional power, or 2) strictly enforce the given policy knowing that many people, especially non-entry level positions, will not accept the job offer with the existing time-off benefits.

The inflexibility and inequities uncovered from the assessment of the County's current-state time-off policies requires County Supervisors, the County Executive, and Elected Officials to explore solutions that better meet the diverse needs of today's workforce.

Updating Amount of Time-Off Days

To increase the flexibility of the current time off policies to better meet the range of health needs/interests of the workforce, Milwaukee County should rebalance its vacation days. These changes will better meet the needs of employees with lower medical/health needs³, mitigate incentives to use sick days as vacation days, mitigate inequities between employees with social/positional power to negotiate more vacation time, and better align the County with market standards. In the proposed changes listed below, vacation time starts higher and escalates quicker in someone's tenure, creating a stronger incentive for newer employees to stay with the County.

This new possible PTO Policy would include changes to the existing paid time off categories of Vacations and Holidays (MCGO Section 17.17(1)(a)). The two tables below show the existing paid time off policy and the proposed paid time off policy, respectively.

Existing Paid Time Off

Years of Service	Vacation Allotment*	Personal Time	Sick Days**	Minor Holidays	Total Max. Time Off
1-5	10 Days	3 Days	12 Days	4/5 Days	29/30
5-10	15 Days	3 Days	12 Days	4/5 Days	34/35
10-15	20 Days	3 Days	12 Days	4/5 Days	39/40
15-20	25 Days	3 Days	12 Days	4/5 Days	44/45
20+	30 Days	3 Days	12 Days	4/5 Days	49/50

*Employees can rollover a maximum of 56 hours, or seven days annually.

** Employees can accumulate a maximum of 960 hours, or six months throughout their tenure with the County. (Full-time employees accrue 3.7 hours of sick leave per pay period, or 12 days per year)

Proposed Paid Time Off

Years of Service	Vacation Allotment*	Personal Days	Sick Days**	Minor Holidays	Total Max. Time Off
0-2	15 days	3	12	4/5	34/35
3-5	18 days	3	12	4/5	37/38
6-10	21 days	3	12	4/5	40/41
11-19	25 days	3	12	4/5	44/45
20+	30 days	3	12	4/5	49/50

* Employees can rollover a maximum of 56 hours, 7 days annually.

** There is no 6-month waiting period before new employees can use accumulated sick time.

***The new proposed PTO Policy will include additional vacation days for most employees with less than 15 years of service.

Estimated Costs of Proposed Time-Off Policy Changes

An analysis was prepared by the Office of the Comptroller in April 2022 which estimated the vacation policy change will result in approximately 102,240 additional vacation entitlement hours in 2023. The estimated staffing hour cost of the additional vacation hours is estimated to be approximately \$2.5 million. However, it is anticipated that a large portion of the cost impact will be absorbed within agency operations.

The vacation policy is expected to result in backfill costs which will result in budgetary impacts. This is particularly the case in program areas with 24x7 operations where increased vacation hours may result in an increase in overtime and other backfill costs. This includes the Criminal Justice Facility and the Community Reintegration Center (the House of Correction is rebranded to the Community Reintegration Center in the 2023 Recommended Budget). The estimated backfill cost of the increased vacation hours is approximately \$600,000. This is the estimated budget impact for 2023.

Within the 2023 Recommended Budget, the Community Reintegration Center budget includes an increase of \$836,047 overtime budget. The 2023 Recommended Budget for the Office of the Sheriff includes a \$361,192 increase in overtime funds. These overtime budget changes are intended to cover potential overtime cost increases resulting from the vacation policy change, as well as other overtime impacts due to staffing levels.

Benefits of Comprehensive Policy Change

- Gives flexibility to employees with both higher and lower medical/health needs
- Provides a missing financial safety net to employees when a health emergency arises
- Reduce inequities based on tenure, health needs, earnings, and negotiating power
- Mitigates incentives to use accrued sick time as vacation
- Better aligns County benefits to industry standards, making the County a more competitive employer better positioned to attract

- and retain top talent
- Increase employee engagement
- Quicker escalation of vacation time creates stronger incentive to stay with the County

Risks of Comprehensive Policy Change

- Significant employee education would be needed.

Next Steps

The attached resolution/ordinance makes changes to MCGO Sections 17.17(1)(a) (Vacations and Holidays) to effectuate the recommendations contained in this report.

ALIGNMENT TO STRATEGIC PLAN

Describe how the item aligns to the objectives in the [strategic plan](#):

- 1A: Reflect the full diversity of the County at every level of County government
- 1B: Create and nurture an inclusive culture across County government
- 1C: Increase the number of County contracts awarded to minority and women-owned businesses
- 2A: Determine what, where, and how we deliver services to advance health equity
- 2B: Break down silos across County government to maximize access to and quality of services offered
- 2C: Apply a racial equity lens to all decisions
- 3A: Invest “upstream” to address root causes of health disparities
- 3B: Enhance the County’s fiscal health and sustainability
- 3C: Dismantle barriers to diverse and inclusive communities

FISCAL EFFECT

TERMS

VIRTUAL MEETING INVITES

Tony Maze

PREPARED BY:

Tony Maze, Director of Benefits, Human Resources

APPROVED BY:

Tony Maze, Director of Benefits, Human Resources

ATTACHMENTS:

None

cc: County Executive David Crowley
Mary Jo Meyers, Chief of Staff, County Executive's Office
Margo Franklin, Chief Human Resources Officer
Margaret Daun, Corporation Counsel
Supervisor Liz Sumner, Chair, Finance & Audit Committee
Supervisor Willie Johnson, Jr., Chair, Personnel Committee
Scott Manske, Controller
Stephen Cady, Comptroller's Office
Aaron Hertzberg, Director, DAS
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk

¹ <https://www.bls.gov/opub/ted/2019/private-industry-workers-with-sick-leave-benefits-received-8-days-per-year-at-20-years-of-service.htm>