Office of the Comptroller

Milwaukee County

Scott B. Manske • Comptroller

DATE: August 20, 2020

TO: Supervisor Joseph Czarnezki, County Board of Supervisors

FROM: Cynthia (CJ) Pahl, Financial Services Manager

SUBJECT: Fiscal Impact of Converting County Designated Minor Holidays to Major Holidays

As requested, our office has reviewed the fiscal impact of converting the following minor holidays to major holidays:

- Presidents Day
- Cesar Chavez Day
- Election Day (every other year)
- Veterans Day
- Thanksgiving Day After

The change in fiscal impact between a major and minor holiday occurs because of how minor holidays are treated in County ordinance. All facilities and departments must remain open during a minor holiday. In order to remain open, most non 24-7 departments require a small number of staff to work on the holiday, but also allow other employees the choice to work or to take time off. Employees who work on a minor holiday then accrue the number of hours worked to their accrued holiday bank. For non FLSA-exempt employees, if the accrued holiday time expires before taking it as time off, that employee is paid out for those hours. If an FLSA-exempt employee terminates employment before using any holiday time accrued as time off, then that employee is paid out for that accrued time. It is those payouts of accrued holiday time that generate a direct fiscal impact to the County.

When a major holiday occurs, all facilities and departments close except for 24-7 service. Therefore, the number of employees working during a major holiday is automatically less than the number working during a minor holiday because departments are not required to remain open. With less employees working, there are less hours accrued and therefore, a lesser fiscal impact to the County.

Utilizing the same assumptions as the previous fiscal note which calculated costs of the Juneteenth Day holiday as both a major and minor holiday, the fiscal difference between a major and minor holiday is shown in the chart below:

Cost Comparison - Single Minor Holiday v. Single Major Holiday		
	Minor	**Major**
FLSA-Exempt (Accrual Paid out at Termination)	$ 5,400	$ 700
Non FLSA-Exempt (Accrual Paid out 14 Pay Periods Later)	$ 79,000	$ 49,300
Revenue Offset	$ (12,000)	$ (1,600)
Fiscal Impact	$ 72,400	$ 48,400

Applying this impact to the 5 minor holidays results in the following fiscal impact:

Cost Comparison - All County Designated Minor Holidays Converted to Major Holidays			
	Minor	**Major**	**Savings**
FLSA-Exempt (Accrual Paid out at Termination)	$ 27,000	$ 3,500	$ 23,500
Non FLSA-Exempt (Accrual Paid out 14 Pay Periods Later)	$ 395,000	$ 246,500	$ 148,500
Revenue Offset	$ (60,000)	$ (8,000)	$ (52,000)
Fiscal Impact	$ 362,000	$ 242,000	$ 120,000

It is important to note that this analysis does not consider the operational impact of lost productivity and loss of public access that occurs when converting a minor holiday to a major holiday. While departments remain open and accessible to the public during minor holidays, the public has no access to certain services on major holidays. Likewise, the ability to alert the general public about facility and service closures on these holidays will likely cause inconveniences for the general public. Although these operational changes likely have some financial impact, those costs are incalculable.

Other unintended consequences for County employees could result from converting minor holidays to major holidays. Employees may use accrued minor holidays to supplement smaller vacation and sick banks throughout the year, which for most would no longer be available after converting minor holidays to major holidays. This conversion would remove the flexibility that employees have with accrued holiday time.

This analysis also does not consider other opportunities for achieving a similar cost savings. For example, minor holidays could be replaced with a floating holiday bank each year. This floating holiday bank could be granted on a use-it-or-lose-it basis annually similarly to personal time. The County could also choose to not pay out such a bank of time at termination which would result in the greatest cost savings to the County. These types of changes would likely require bargaining with protective service unions and would be best done in consultation with the Employee Benefits Division of the Department of Human Resources.

Cynthia (CJ) Pahl, Financial Services Manager
Office of the Comptroller

cc: Scott B. Manske, Comptroller