



Unlimited Paid Time Off
at the One Year Mark

April 9, 2025

Your Presenters



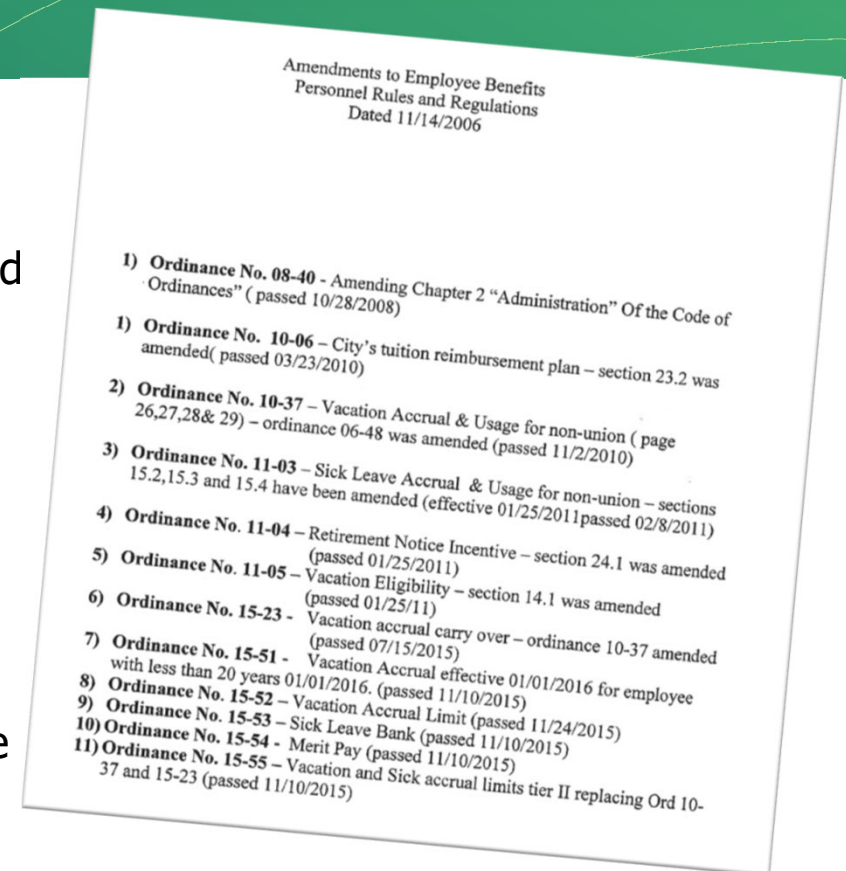
Rob Sabo
City Manager



Glen Cole
Asst. City Manager
& Comm. Dev. Director

Context

- **Personnel Rules and Regulations**
 - Many outdated, antiquated concepts
 - Amended numerous times but document not revised
 - Unclear interpretation
- **Step and Grade System**
 - Pay is weakly tied to performance
- **City's Response to the Great Recession:**
 - **Create a "Tier 2" With Reduced Benefits**
 - "Tier 1" – High accruals, high banks
 - Reduce the cost of employee benefits over time
 - **Allow Compensatory Time to Exempt Staff**
 - Make up for additional demands & workload with staffing cuts



Measurements for Scale (1/2)

Average "Tier 1" Employee (Hired before Nov. 2010)

<u>Annual Employee Cost</u>		
Base Pay	\$58.75 hour	\$122,200
Vacation	175 Annual Hours	\$10,280
Sick	96 Annual Hours	\$5,640
Compensatory	80 Annual Hours 1x for Management 1.5x for All Others	\$4,700
Total		\$142,820 (~17% of base pay)

<u>Payable At Separation</u>		
Base Pay	\$58.75 hour	
Vacation	134 Hours Banked	\$7,900
Sick	796 Hours Banked	\$46,800
Compensatory	155 Hours Banked	\$9,100
Total		\$63,800 (6 months pay)

Measurements for Scale

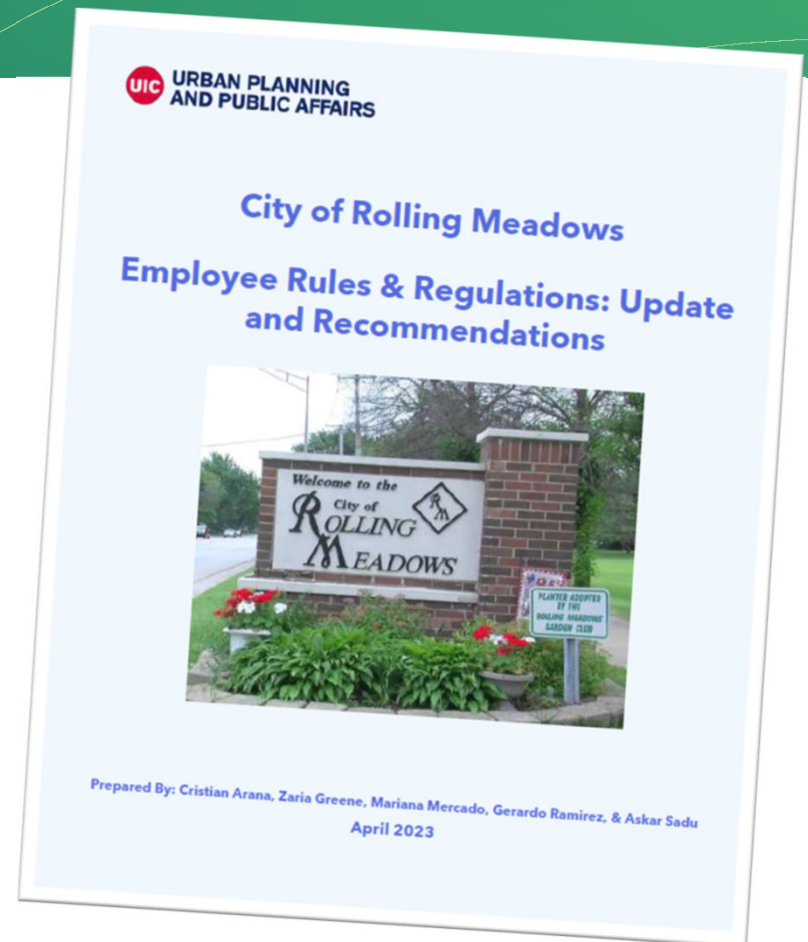
Organization-Wide Liability

	<u>Liability</u>	<u>Per Employee</u>
Total – Tier 1 Non-Represented (6)	\$431k	\$72k
Total – Tier 2 Non-Represented (20)	\$221k	\$11k
Total – All Employees (158 FT)*	\$3.4m	\$21k

** - FY2022 annual audit; methodology differs*

UIC Capstone Report

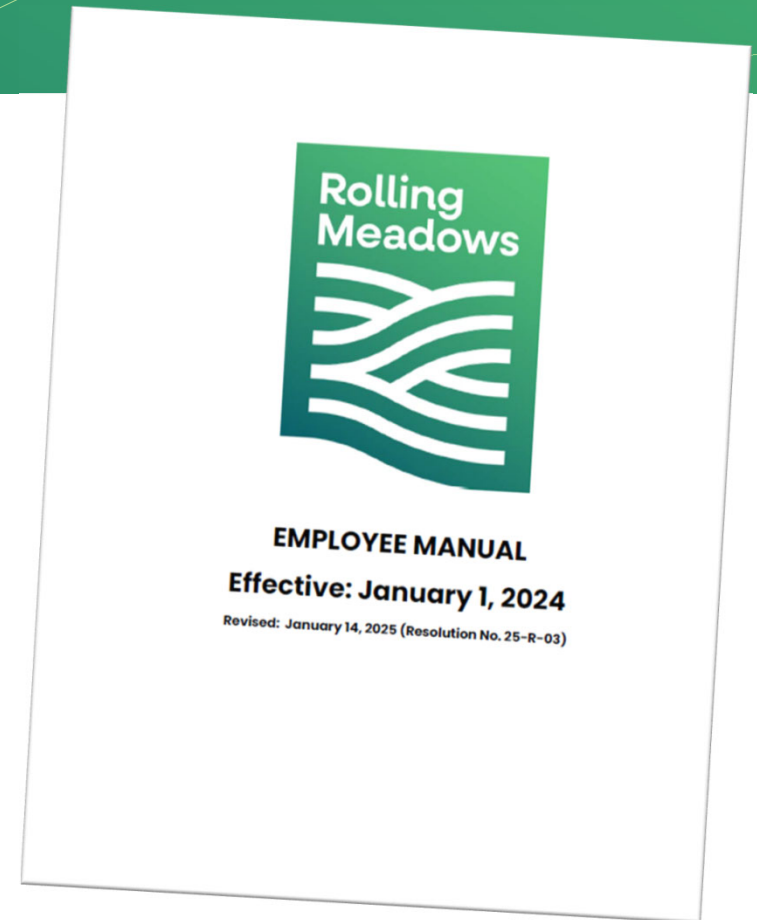
- **Who?** Five graduate students at UIC CUPPA.
- **What?** Look at comparables and study...
 - Hybrid / Remote Work
 - Use of PTO
 - Employee Recognition
- **Recommendations:**
 - **Switch to Unlimited PTO**
 - Create Hybrid/Remote Policy
 - Implement Merit Rewards
 - **Eliminate FLSA-Exempt OT (Compensatory Time)**



Policy Update Goals

Start from scratch in order to:

- Create modern and attractive policies
- Equalize employees & reduce “tiering”
- Meet legal requirements
- Improve administration and ease of use



Unlimited PTO Policy

- Intended to **encourage**, not **discourage**, taking time away from work consistent with performance.
- Eliminates compensatory time accruals or payments for exempt employees. (Non-exempt are paid OT; no banking.)
- Eliminates lump sum payments at separation for all employees.
- Up to **twelve weeks paid** for otherwise unpaid leave types required by law: Serious illness (FMLA), Paternity (FMLA), Victim of crime (VESSA), Family in military (Various)

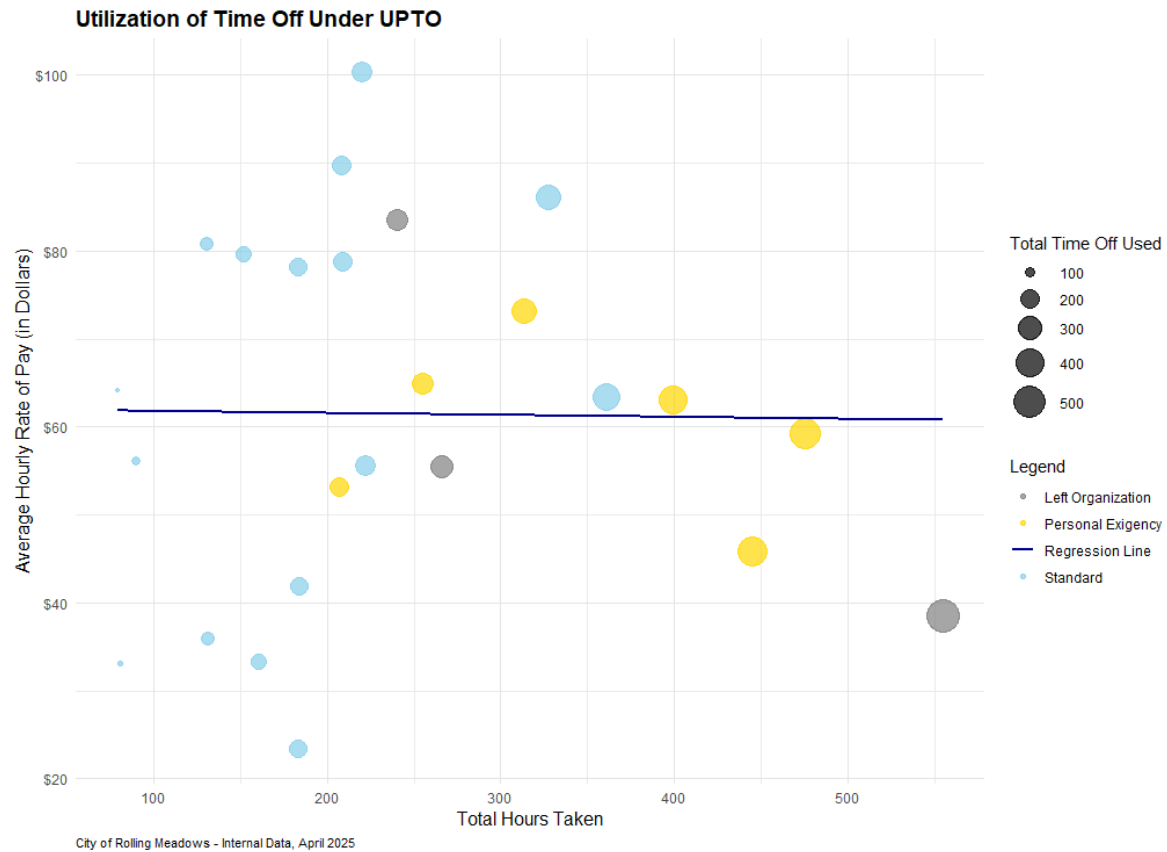
Unlimited PTO Policy - Transition

- Current employees: time bought out as though they retired at cash value, unless opting out.
- New & promoted employees: accrued time bought out at end of probation. No opt out.
- Some salary increase to reflect changes in pay & market.
- Employees offered choice to stay on accrual plan (opt-out).
- Choice to opt-out of UPTO is time-limited and irrevocable.
- No buyouts of time (except per old policy) and no adjustments.

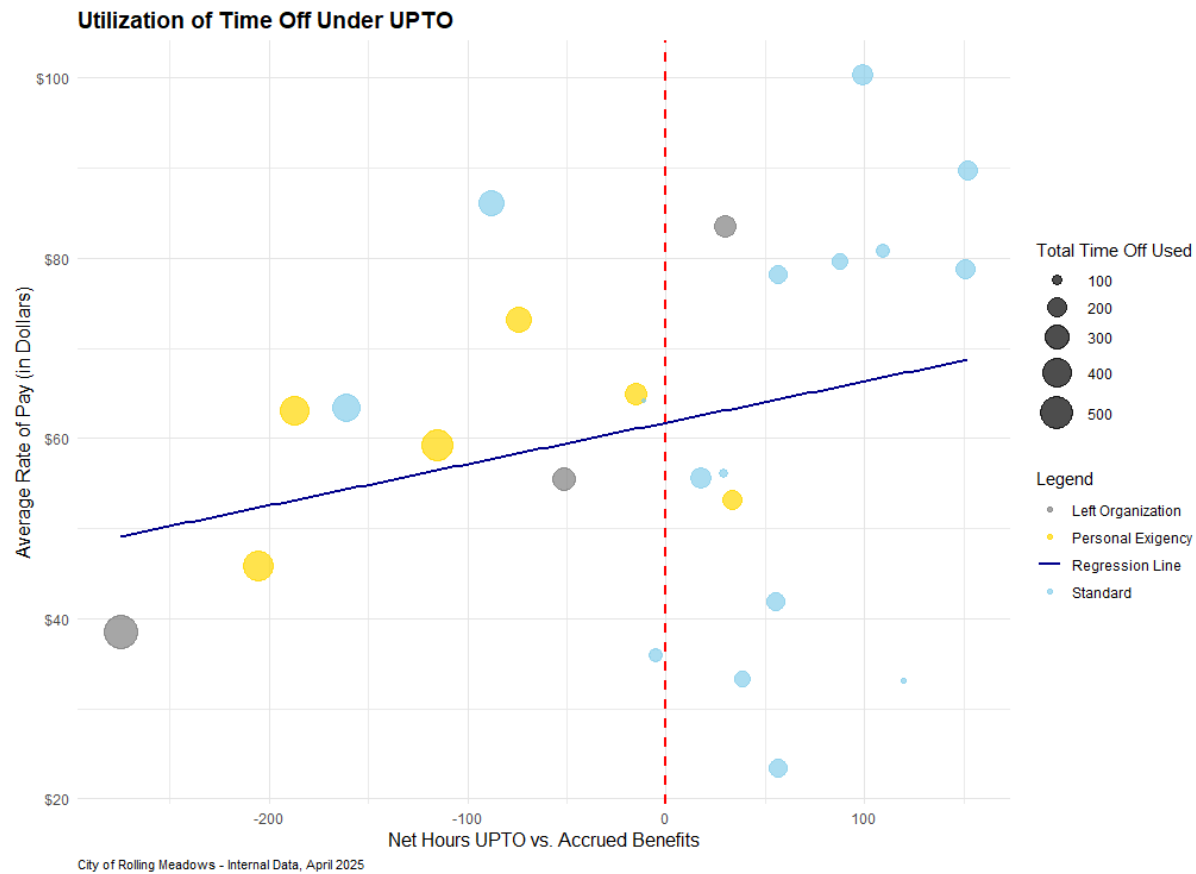
Results - Quantitative

- All but four employees accepted Unlimited Paid Time Off (85%)
- Paid out \$707k in banked benefits – discharging liability
- Median employee took 209 hours leave (5.25 weeks) in total, which was 29 hours fewer than they would have accrued
- Value of time taken in Year 1 equal to pre-UPTO (\$378k)
- Small cost savings (\$17k) overall in Year 1 due to eliminating compensatory time accruals for exempt employees

Results - Quantitative



Results - Quantitative



Results - Qualitative

- **Union vs. non-union considerations**
- **Quality of life**
- **Paid maternity and paternity leave built-in**
- **No loss in productivity in Year 1**
- **Positive impact on recruitment - differentiator**

Recruitment

“

"...It wasn't the deciding factor, but it told me a lot about the culture..."

“

"It wasn't really a factor, but I don't know if I would have accepted a reduction in vacation time (from my prior employer)... Unlimited sick time was huge as I only had five days before... Paid maternity leave was a big positive point... A culture of actually using the time off was a big thing for me."

“

"...I didn't weigh it as much coming here, but I've enjoyed it. I learned about the opportunity from the IAMMA award..."

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Thanks!



Rob Sabo

SaboR@CityRM.org



Glen Cole

ColeG@CityRM.org