

Unlimited Paid Time Off at the One Year Mark

April 9, 2025

## **Your Presenters**



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#### 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- Many outdated, antiquated concepts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

Amendments to Employee Benefits Personnel Rules and Regulations Dated 11/14/2006

- 1) Ordinance No. 08-40 Amending Chapter 2 "Administration" Of the Code of
- 1) Ordinance No. 10-06 City's tuition reimbursement plan section 23.2 was
- 2) Ordinance No. 10-37 Vacation Accrual & Usage for non-union ( page 26,27,28& 29) - ordinance 06-48 was amended (passed 11/2/2010)
- 3) Ordinance No. 11-03 Sick Leave Accrual & Usage for non-union sections 15.2,15.3 and 15.4 have been amended (effective 01/25/2011 passed 02/8/2011)
- 4) Ordinance No. 11-04 Retirement Notice Incentive section 24.1 was amended 5) Ordinance No. 11-05 - Vacation Eligibility - section 14.1 was amended
- 6) Ordinance No. 15-23 Vacation accrual carry over ordinance 10-37 amended 7) Ordinance No. 15-51 - Vacation Accrual effective 01/01/2016 for employee
- with less than 20 years 01/01/2016. (passed 11/10/2015) Ordinance No. 15-52 - Vacation Accrual Limit (passed 11/24/2015)
- 9) Ordinance No. 15-53 Sick Leave Bank (passed 11/10/2015)
- 10) Ordinance No. 15-54 Merit Pay (passed 11/10/2015)
- 11) Ordinance No. 15-55 Vacation and Sick accrual limits tier II replacing Ord 10-

## Measurements for Scale (1/2)

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

Annual Employee Cost			Payable At Separation		
Base Pay	\$58.75 hour	\$122,200	Base Pay	\$58.75 hour	
Vacation	175 Annual Hours	\$10,280	Vacation	134 Hours Banked	\$7,900
Sick	96 Annual Hours	\$5,640	Sick	796 Hours Banked	\$46,800
Compensatory	80 Annual Hours 1x for Management 1.5x for All Others	\$4,700	Compensatory	155 Hours Banked	\$9,100
Total	(~1 <b>7</b> % o	\$142,820 of base pay)	Total		\$63,800 (6 months pay)

### **Measurements for Scale**

#### **Organization-Wide Liability**

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

<sup>\* -</sup> 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)



#### **City of Rolling Meadows**

Employee Rules & Regulations: Update and Recommendations



Prepared By: Cristian Arana, Zaria Greene, Mariana Mercado, Gerardo Ramirez, & Askar Sadu April 2023

## **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



**EMPLOYEE MANUAL** 

Effective: January 1, 2024

Revised: January 14, 2025 (Resolution No. 25-R-03)

### **Unlimited PTO Policy**

- Intended to <u>encourage</u>, not <u>discourage</u>, 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 <u>twelve weeks paid</u> for otherwise unpaid leave types required by law:\_Serious illness (FMLA), Paternity (FMLA), Victim of crime (VESSA), Family in military (Various)

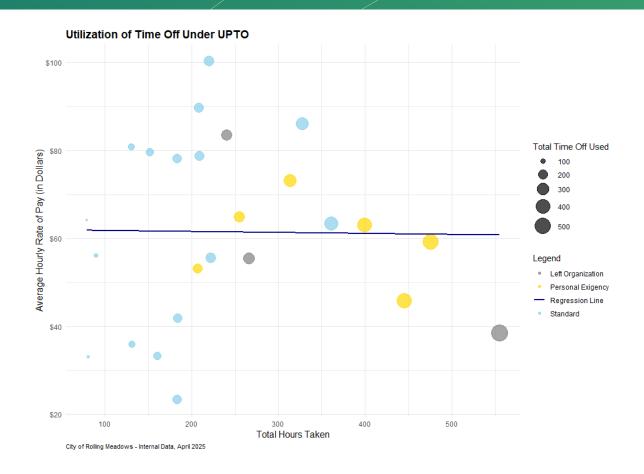
### **Unlimited PTO Policy - Transition**

- Current employees: time bought out as though they <u>retired at cash value</u>, 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.

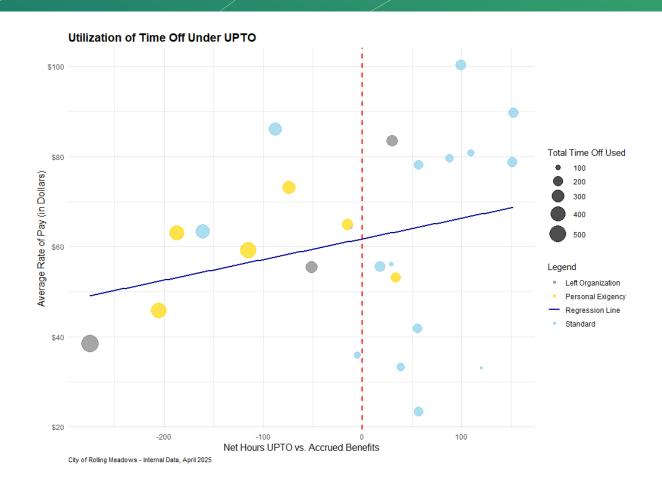
### **Results - Quantitative**

- 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

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"...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..."

## Thanks!



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