



Finance Department

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Date: January 9, 2021

To: Mayor Satya Rhodes-Conway
Common Council Members

From: David Schmiedicke
Finance Director

Subject: Report on Voluntary Time Away Program

The adopted 2021 operating budget includes \$1.2 million of expenditure reductions through salary savings from general municipal employees. The adopted budget assumed this would be achieved through a mandatory furlough program of 2 to 4 days based on salary level of an individual employee. If the savings are not achieved, it will result in increased spending above the adopted budget level.

In the absence of savings in other parts of the budget, failure to meet the spending reduction will impact the city's remaining \$900,000 of capacity for the city to qualify under the state's Expenditure Restraint Program (ERP). Exceeding the ERP limit results in the loss of \$7 million in state aid. Other cost pressures, such as overtime and snow and ice removal could also affect ERP capacity. Applying fund balance to replace some or all of the \$1.2 million also reduces ERP capacity.

RES-20-00787 (Creating a Voluntary Time Away Program for City of Madison Employees for 2021 – Legistar 62988), adopted on November 17, 2020, created a voluntary time away program for city employees. The resolution required that the time period to request the voluntary time occur prior to December 15, 2020. It also delayed implementation of any mandatory furlough program until after March 31, 2021. A report to the Common Council on the fiscal impact of the salary savings from a voluntary time away program was required by January 19, 2021.

The voluntary time away request period was conducted as directed under the resolution. A total of 127 city employees received department head approval to participate in the program. This represents approximately 7% of all general municipal employees. A summary of the requests, including total days requested, maximum number of days requested by an employee, minimum number of days, and the average number of days per participating employee are shown below:

Total Days	746
Maximum	40
Minimum	1
Average	6

The estimated savings from these voluntary days are shown in the table below. The all funds savings is approximately 16% of the \$1.2 million goal, while the General and Library Fund savings is approximately 10% of that goal. Some of the Other Funds savings may be able to help with addressing the overall goal (e.g., Fleet Internal Service fund savings could offset reductions in Fleet Service charges to General Fund agencies). However, most of the Other Funds amounts are in funding sources without a direct connection to General Fund spending (e.g., Water Utility).

Fund Source	Savings	Savings in Excess of Mandatory Furlough Day Plan
General Fund	102,515	65,252
Library Fund	16,595	11,589
Other Funds	75,422	9,418
Total	194,532	86,260

The table also compares what would have been saved under a mandatory furlough program of 2 to 4 days with the voluntary days approved for participating employees. Of the \$194,532 of estimated savings from the voluntary time away program, \$86,260 is in excess of what would otherwise occur under the initially proposed mandatory furlough program. In other words, \$108,272 of the savings would have been generated by a 2 to 4 day mandatory furlough program for these employees

As you are probably aware, the city is also developing Workshare plans as a means toward achieving the \$1.2 million goal. These plans became an option when Congress adopted the Consolidated Appropriations Act of 2021, which incorporated a number of provisions aimed at addressing the economic and health care effects of the COVID-19 pandemic. Those provisions included a continuation of 100% federal support for Workshare plan costs and a \$300 per week Federal Pandemic Unemployment Compensation (FPUC) benefit. Both of these provisions expire on March 14, 2021. The State Legislature is currently considering a bill that would allow implementation of the Workshare plans as contemplated by the city.

Participation in the Workshare plans may have an impact on the voluntary time away days proposed by staff and approved by supervisors. Employees that end up participating in Workshare plans may decide that the voluntary time away may no longer be desirable. Supervisors may need to rescind the voluntary time away in order to meet workload demands. Further analysis will be needed as these issues are addressed over the next few weeks.