



Legislation Text

File #: 04163, Version: 1

Fiscal Note

Establishment of these new post-retirement health plans will have no significant net cost to the City beyond the commitment of available staff resources during the period of initial conversion. Under the terms of these new plans, the City will no longer incur FICA expense associated with retiree deposits into the accounts (currently in the range of \$25,000 - \$30,000 per year) but will also forego the 1% annual administrative fee retained in the past to administer individual employee accounts (\$30,000 per year based on current account balances).

Title

Amending Sections 3.36(6)e.2. and 3.52(1)(b)3.c. and d. of the Madison General Ordinances to make changes to the distribution of value of sick leave for non-represented employees.

Body

DRAFTER'S ANALYSIS: These ordinance changes should be considered in conjunction with Resolution ID #04164, related to the City's adoption of the new Prime Choice post-retirement health plans. These ordinance changes eliminate the City's current plan, which allows non-represented employees to choose, 12 months prior to retirement, whether to receive the value of accumulated sick leave in cash or have the funds held for payment of insurance premiums. The effect of these changes is more fully described in the attached Report.

The Common Council of the City of Madison do hereby ordain as follows:

1. Paragraph 2. entitled "Accumulation of Sick Leave and Distribution of Value Thereof" of Subdivision (e) entitled "Sick Leave Accumulation" of Subsection (6) entitled "Sick Leave and Worker's Compensation Supplement." of Section 3.36 entitled "Absence of Employees From Duty" of the Madison General Ordinances is amended to read as follows:

"2. Accumulation of Sick Leave and Distribution of Value Thereof.

- a. Sick leave may be accumulated to a total not in excess of one hundred fifty (150) working days except for purposes of Sec. 3.36(6)(d)3. below. Employees enumerated in Sec. 3.36(1)(a) above, ~~except members of Compensation Groups 17, 18 and 21 who retire or become disabled and who in either case are also eligible to receive either Social Security benefits, Wisconsin Retirement Fund annuity payments or other publicly established retirement fund annuities, shall receive the equivalent value of three-fourths (3/4) of their accumulated unused sick leave credits not to exceed 150 working days computed at the prevailing rate plus any longevity pay in effect at the time of the employee's retirement, or in the case of disability, as soon as the employee's disability has been established by either the Social Security Office or the Wisconsin Retirement Fund Board. Members of Compensation Groups 17, 18, and 21 shall receive this benefit under the same conditions except they shall receive the equivalent of one hundred per cent (100%) of their accumulated unused sick leave credits not to exceed one hundred fifty (150) days.~~
- b. Employees enumerated in Sec. 3.36(1)(a) above shall receive the cash equivalent of their unused sick leave credits, as defined in Sec. 3.36(6)(d)2.a. above at the time of disability, as soon as the employee's disability has been established by either the Social Security Office or the Wisconsin Retirement Fund Board.
- c. Employees ~~in Compensation Groups 17, 18 and 21~~ enumerated in Sec. 3.36(1)(a) above shall also have the option to ~~elect that~~ have the City place funds representing the value of unused sick leave credits as described above, ~~or a portion thereof, be placed in an escrow account and be utilized to pay the full premium for their continued participation in the hospital, surgical and medical group insurance plan in force for City employees until said funds are exhausted, provided that this election is made at least 12 months prior to the employee's date of retirement and that said value exceeds \$5,000. Any balance of escrowed funds shall be credited annually with interest at the average annual City interest rate less one percent (1%) for administrative costs. When said escrow funds are exhausted, the employee shall retain the right to continue the group health plan in force for City employees at his/her own expense. Should the retired or disabled person die prior to the exhaustion of the said escrow account, any remaining funds~~

shall be paid to the beneficiary designated by the retiree or to her/his estate. into the City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan and Trust, pursuant to the terms of the Plan, or the City of Madison Governmental 401(a) Special Pay Plan and Trust, pursuant to the terms of the Plan, as the same may be amended from time to time."

2. Subparagraph c. of Paragraph 3. entitled "Sick Leave" of Subdivision (b) entitled "Absence of Employees from Duty" of Subsection (1) of Section 3.52 entitled "Nonrepresented Transit Division Employees" of the Madison General Ordinances is amended to read as follows:

"c. Employees in Compensation Groups 43 and 44 who ~~retire or~~ become disabled and who ~~in either case~~ are also eligible to receive either Social Security benefits, Wisconsin Retirement Fund annuity payments or other publicly established retirement fund annuities, shall receive the cash equivalent of one hundred percent (100%) of the employee's accumulated unused sick leave credits, up to one hundred fifty (150) days computed at the employee's straight time rate of pay, including longevity in effect at the time of ~~retirement, or in the case of~~ disability, as soon as the employee's disability has been established by either the Social Security Office or the Wisconsin Retirement Fund Board."

2. Subparagraph d. of Paragraph 3. entitled "Sick Leave" of Subdivision (b) entitled "Absence of Employees from Duty" of Subsection (1) of Section 3.52 entitled "Nonrepresented Transit Division Employees" of the Madison General Ordinances is amended to read as follows:

"d. Employees in Compensation Groups 43 and 44 shall also have the option to ~~elect that have the funds~~ representing the value of unused sick leave credits as described above, ~~or a portion thereof, be placed in an escrow account and be utilized to pay the full premium for their continued participation in the hospital, surgical and medical group insurance plan in force for City employees until said funds are exhausted, provided that this election is made at least 12 months prior to the employee's date of retirement and that said value exceeds \$5,000. Any balance of escrowed funds shall be credited annually with interest at the average annual City interest rate less one percent (1%) for administrative costs. When said escrow funds are exhausted, the employee shall retain the right to continue the group health plan in force for City employees at his/her own expense. Should the retired or disabled person die prior to the exhaustion of the said escrow account, any remaining funds shall be paid to the beneficiary designated by the retiree or to his/her estate into the City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan and Trust, pursuant to the terms of the Plan, or the City of Madison Governmental 401(a) Special Pay Plan and Trust, pursuant to the terms of the Plan, as the same may be amended from time to time."~~

3. This ordinance shall be effective October 1, 2006.