



## Legislation Text

File #: 31572, Version: 1

### Fiscal Note

This proposed ordinance authorizes non-seasonal hourly employees to carryover up to 3 sick days per year. A sick leave balance in excess of three sick days at the end of a calendar year will result in a payment of 50% of the value of all days in excess of three days. The remaining amount in excess of three days will lapse.

Sick leave days were first granted to hourly employees in 2009. Under the current ordinance, up to three sick leave days are granted each year based on the number of hours worked. At the end of the year, employees are paid for 50% of sick leave balances and the remaining 50% lapses. In 2012, the total cost of the program was \$73,531. Of that amount, \$41,531 was used and \$32,057 was paid out. Based on the distribution of the year-end payout, these costs are incurred by the following agencies / funds and in the following proportions -- Library -- 44%; General Fund -- 32%; Monona Terrace -- 10%; Housing -- 8%; and Parking -- 6%. In 2012, the estimated cost to payout 50% of unused sick leave days for non-seasonal hourly employees was \$19,000.

The proposed ordinance will increase the maximum number of eligible sick leave days for non-seasonal hourly employees in any one year from 3 to 6 (the three days granted during the year and up to 3 days carried over from the previous year). In the first year of this change, this will reduce the sick leave payout by an estimated \$19,000 (all unused sick leave will be less than 3 days per non-seasonal hourly employee and will automatically carryover). However, it will increase the liability for compensated absences by an estimated \$38,000 (twice the current payout for 50% of 3 days), beginning in the first full year of implementation.

The carryover provision will also increase salary costs by adding three additional sick leave days that can be used in any one year compared with current law. Under the proposed ordinance, the up to 1.5 days that currently lapse at the end of each year (after payout of up to 1.5 days of unused sick leave) will be available to be used as sick leave in the subsequent year. The estimated additional salary cost of this additional sick leave is \$19,000.

Under generally-accepted accounting principles, compensated absences are fully accrued in the Statement of Net Position financial statements of City proprietary funds (e.g., Parking Utility) in the year they are earned. In the governmental funds (e.g., the General Fund), compensated absences are an assigned fund balance at the fund level and are not liabilities until paid out and additionally fully accrued at the entity-wide financial statement level.

The table below summarizes the fiscal effect compared with current law. These figures will increase based on any general wage adjustments granted over time.

	Year of Implementation		
	1	2	3
Compensated Absences	\$38,000	\$38,000	\$38,000
Year-End Payout	(19,000)	-	-
Additional Salary Costs	-	<u>19,000</u>	<u>19,000</u>
Total Estimated Costs	\$19,000	\$57,000	\$57,000

## Title

Amending Section 3.32(6)(e)2.b. of the Madison General Ordinances to give hourly employees sick leave carryover.

## Body

DRAFTER'S ANALYSIS: This ordinance would provide hourly employees the opportunity to carry over sick leave hours from one year to the next.

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

Subparagraph b. entitled "Hourly Employees" of 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 3.32 entitled "Absence of Employees From Duty" is amended to read as follows:

"b. Hourly Employees. At the time of layoff, a seasonal hourly employee shall be paid fifty percent (50%) of the value of any unused sick leave that they have accrued. Payment shall be made in the pay period immediately following the date of the affected employee's layoff. For hourly employees not seasonally laid off, the employee will have an automatic annual carryover of up to three (3) sick days per year. If more than three (3) sick days has accrued at the end of the calendar year, the employee shall be paid fifty percent (50%) of the value of any accrued unused sick leave in excess of three (3) days. If a seasonal hourly employee is terminated or resigns prior to the end of the term or season for which they were hired, the employee forfeits all accumulated sick leave. However, resigning from a position for the purpose of returning to school for the fall semester shall be considered a layoff."