Presentation to the City Council
July 6, 2015

Paid Time Off (PTO) Study Session
As explained by the city:

The proposed Paid Time Off (PTO) system essentially replaces the traditional vacation and sick leave accrual plans with a paid time off plan. In the PTO plan, there is no distinction between vacation and sick time for accrual or usage. The time becomes planned or unplanned based on the usage. PTO systems have been used successfully in both the private and public sector. They are becoming more commonly utilized in the workplace because they offer more flexibility and portability, allow organizations to manage long-term liability, and the administration appears to be very straightforward.

The proposal which was made to council would resulted in the organization running "dual systems." Current employees would have had the option to select the system they participated in. (Hence the survey) New employees would have been hired under the proposed PTO system.
What is PTO?

- Paid Time Off (PTO) is a plan where employees earn all their days off in a single account and use them for the purposes they choose.

- There is no distinction between Sick and Vacation time for accrual or usage...
  **Time becomes “Planned” and “Unplanned”**
PTO

- Not a reduction in benefits
- A different way in which to provide those benefits to the employee
PTO and Short Term Disability

• Sick leave was originally designed to provide salary continuation when an employee could not work due to a non-work related injury or illness; it was never intended as a financial entitlement.

• Under PTO, the City will provide a Short Term Disability plan for all employees enjoying the PTO program, as an alternate means of salary continuation.
City of Casa Grande

Short Term Disability Overview

- Covers non-work related injury or illness
  - Limited Exclusions:
    - Cannot be work related, either for the City or for another employer
    - Cannot be self-inflicted
    - Anyone out ill at the time of conversion must return to work at least one day, then that illness or injury is covered
    - No pre-existing condition limitations

- Becomes effective the 15th calendar day
- Pays 66 2/3% of employee pay
- Employee can supplement the difference with PTO
Accrual Caps

Under Current Program:
• < 5 year employee = 144/202 (Vacation) & 1280/1792 (Sick)
• 5-<10 year employee = 216/303 (Vacation) & 1280/1792 (Sick)
• 10-<15 year employee = 288/403 (Vacation) & 1280/1792 (Sick)
• Over 15 year employee = 360/504 (Vacation) & 1280/1792 (Sick)

Under PTO
• 560 hours for 40-hour employees
• 784 hours for 24-hour shift employees
Why These Accrual Caps?

• The caps allow for 100% supplement of Short Term Disability benefits for the full 26 weeks

• 24-hour shift employees are scheduled 29% more hours (2912) than 40-hour employees (2080)

• Accruals are equitable based on that formula
  – 784 hours is 29% more than 560 hours
# Accrual Comparison

## 24-hour Employee Maximum Accruals

<table>
<thead>
<tr>
<th></th>
<th>Pre-2006</th>
<th>Post-2006</th>
<th>PTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation</td>
<td>540</td>
<td>504</td>
<td></td>
</tr>
<tr>
<td>Sick Leave</td>
<td>1,792</td>
<td>1,792</td>
<td></td>
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<tr>
<td>Family Sick Leave</td>
<td>0</td>
<td>0</td>
<td>784</td>
</tr>
<tr>
<td>PTO</td>
<td></td>
<td></td>
<td>966</td>
</tr>
<tr>
<td>Short-Term Disability (equivalent)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Available Hours</td>
<td>2,332</td>
<td>2,296</td>
<td>1,750</td>
</tr>
</tbody>
</table>

## All other Employee Maximum Accruals

<table>
<thead>
<tr>
<th></th>
<th>Current System</th>
<th>PTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation</td>
<td>360</td>
<td></td>
</tr>
<tr>
<td>Sick Leave</td>
<td>1,280</td>
<td></td>
</tr>
<tr>
<td>Family Sick Leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PTO</td>
<td></td>
<td>560</td>
</tr>
<tr>
<td>Short-Term Disability (equivalent)</td>
<td></td>
<td>690</td>
</tr>
<tr>
<td>Total Available Hours</td>
<td>1,640</td>
<td>1,250</td>
</tr>
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Why PTO?

• Flexibility for Employees
• Manage Long Term Liability
• Administrative Ease
What Has Been Done To Date?
Informational Briefings

Total Number of Briefings Provided: 29
Employees in Attendance: Over 320
Employee Survey Results:

305 Employees Voluntarily responded

- 59.34% (181) indicate they are likely to convert to PTO
- Additional 2.95% (9) had written comments indicating they are still considering conversion as a possibility for them
- 27.87% (85) indicate they are likely going to remain in the current leave program but want employee choice.
- 9.83% (30) indicate they believe the city should not provide choice but should stay only with the current program

TOTAL RESULTS:

90.16% of respondents (275 employees) support PTO implementation
Recruitment

• To date, leave programs have not been a discussion point when making job offers
  – Pay
  – Insurance coverage
  – Work Schedule
Recruitment

- No indication that PTO will reduce interest in applying for any position with Casa Grande
- PTO accrual rates increase annually
- Current vacation accruals increase at 5-year increments
- Survey Results indicate most new employees prefer PTO
Recruitment

City employees with less than 5 years of service:
• 90 respondents
• 74 indicate they likely will convert
• 16 indicate they will likely stay in the current leave program but support employee choice
• 0 indicate they believe employees should not be given a PTO option
Retention

• No indication that PTO will encourage people to leave Casa Grande
• PTO accrual rates increase annually
• Most cities with traditional sick and vacation programs have vacation accruals that increase at 5-year increments
• Survey Results indicate most 5-15 year employees prefer PTO
Retention

City employees with between 5 and 10 years of service:

• 94 respondents
• 58 indicate they likely will convert
• 25 indicate they will likely stay in the current leave program but support employee choice
• 11 indicate they believe employees should not be given a PTO option
Retention

City employees with between 10 and 15 years of service:

- 45 respondents
- 22 indicate they likely will convert
- 15 indicate they will likely stay in the current leave program but support employee choice
- 8 indicate they believe employees should not be given a PTO option
Employee Choice

Current Employees Could:

- Stay with Current System – **NO CHANGES**
  
  **OR**

- Convert to PTO

*Either Way*

- Approval Process for time-off remains unchanged
  - Sick/Vacation becomes planned/unplanned