

City of Lawrence

2004 Comprehensive Benefit Review Report



Prepared by the City of Lawrence Benefits Committee

September 14, 2004

Introduction

The Benefits Committee assembled in July of 2004 to begin work to accomplish two immediate tasks: First, to develop specific goals within the framework of an administrative policy that would guide the Committee in its work, and second, to perform a comprehensive review of current Time Off programs. To briefly summarize, the Committee has concluded that some changes to Time Off benefits are necessary and, in addition to adopting the Benefits Goal Statement¹, recommends increasing the number of vacation days granted, adjusting the vacation schedule, increasing the maximum vacation accumulation, and changing Personal Leave such that personal days are no longer taken from sick leave accruals.

Background

In 2002, the City contracted with FBD Consulting to conduct a study of the current pay plan. The study focused on direct compensation, or cash payments to employees for time worked, evaluating the existing pay plan structure at various levels and determining whether the pay grades were market competitive. An ongoing Compensation Study Committee was formed to assist with the study and furthermore charged with certain responsibilities based on the recommendations derived from the study. The Final Report submitted to the City Commission acknowledged that a similar study of the City's benefit programs would be necessary to gain a complete understanding of the value of the City's total compensation package.

The City committed to undertake a comprehensive benefit programs review as stated in the 2005 Memorandums of Understanding between the City and both the LPOA and Local IAFF No. 1596.

The Benefits Committee was created in 2004 as an ongoing committee charged with comprehensively reviewing current City benefit programs and developing recommendations as appropriate. Membership of the committee includes representatives from the LPOA, IAFF, and ERC, various departments and supervisory, non-supervisory, and management staff members.

The Benefits Committee's long-range responsibilities include development of a goal statement for the City's benefit programs. Current benefit programs should be brought into alignment with and future benefits should be shaped by the goal statement. The Benefits Committee will develop a timeline by which each major category of benefit will be reviewed and compared against the primary market². Benefit categories include Health and Welfare, Retirement, Time Off, Legally Mandated, and Other³. The Benefits Committee will monitor primary market trends over time and gather information such as the cost of benefit programs per employee and as a percent of payroll, funding allocations for categories of benefits, and specific benefits (including plan design) provided to

¹ Appendix A

² Lee's Summit, Lenexa, Olathe, Overland Park, Shawnee, Topeka, Unified Government of Wyandotte County/Kansas City, KS

³ Appendix B

employees. Additionally, the Benefits Committee must gather internal data to support future recommendations for change through mechanisms such as entrance and exit interviews, employee surveys, and employee demographics.

Project

Assignment

The Committee's first assignment was to develop a Benefits Goal Statement and complete a review of Time Off benefits to determine the City's comparability with the primary market cities. This assignment had a limited timeframe of two months to completion in order to implement any approved recommendations in 2005.

Market City Survey

It was determined early on by the Committee that due to time constraints and a heavy reliance on the responsiveness of the market cities, a comprehensive review of **all** benefit categories could not be accomplished in two months. The Benefits Committee was successful in independently obtaining accurate primary market data regarding Time Off programs, however, was less successful in obtaining accurate market data for benefit programs as a whole.

It was acknowledged that the aggressive timeframe prevented the Committee from performing certain tasks necessary to provide the most well-researched recommendations. The Committee agreed that any recommendations should therefore be conservative and divided into two phases particularly in the area of vacation. The first phase would consist of the initial implementation of approved recommendations. Changes made during this period would be incremental in order to lessen potential operational impacts. The Committee would use this period to gather additional information needed to further substantiate any recommendations made. Additional information gathered by the Committee as well as updated primary market data would be taken into consideration before implementing the final recommendations in the second phase.

Benefit Programs

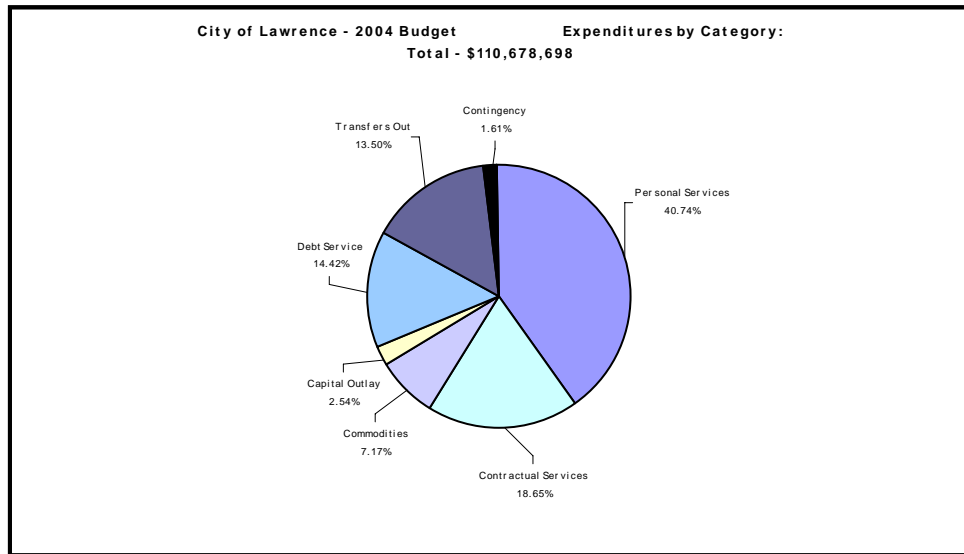
Recognizing that the City competes against leading organizations in the region for qualified workers, and that benefit programs have the potential to influence workers' employment decisions, the Benefits Committee recommends the City's benefit programs be positioned at the average of the primary market. When considering changes to a specific benefit, it is important to address how such changes may impact the entire benefit package. The Benefits Committee has begun to compile data from the primary market regarding funding allotted to their benefit packages and to benefits provided per employee. This data collection is an ongoing effort as explained in the following sections.

Purpose and Current Program

The City of Lawrence maintains a total compensation package that represents a significant investment by the City in the organization's employees. The City employees

are a valuable resource, and must be protected and supported by competitive pay and benefits. The total compensation package is a comprehensive reward and recognition program that includes cash payments, benefit programs, and services.

In 2004, the total operating budget of the City of Lawrence was \$110,678,698. Of this amount, approximately \$40,090,501 was allocated to personnel services which represent 40.74% of the budget expenditures.



The personnel costs of the City contain two distinct forms of compensation: direct and indirect. Direct compensation consists of cash payments made to employees in exchange for their contributions to the City or cash payments as a part of a benefit program provided to maintain an employees' paycheck while the person is not engaged in work. Indirect compensation is made in the form of non-cash benefits.

Direct Compensation can take various forms and may include:

Payment for time worked

- *Base salary*
- *Shift differential*
- *Performance increases*
- *Bonuses, promotions*
- *Overtime (including compensatory time)*

Paid Time Off (payment to maintain a full paycheck while an employee is not engaged in work):

- *Holidays*
- *Vacation*
- *Sick leave (including family sick leave and shared leave)*
- *Wellness days (including fitness days)*

- *Personal leave (including personal days from sick leave, other personal days and Kelly days)*
- *Emergency leave (i.e. bereavement)*
- *Workers' compensation leave*
- *Jury Duty*

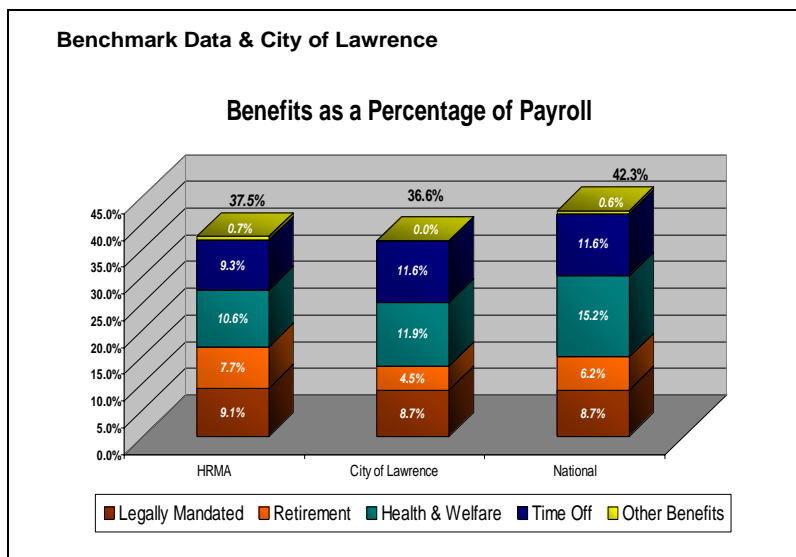
Indirect Compensation includes a number of benefits that are defined as non-monetary programs provided to employees in whole or in part by the City of Lawrence that add value to their total compensation package including:

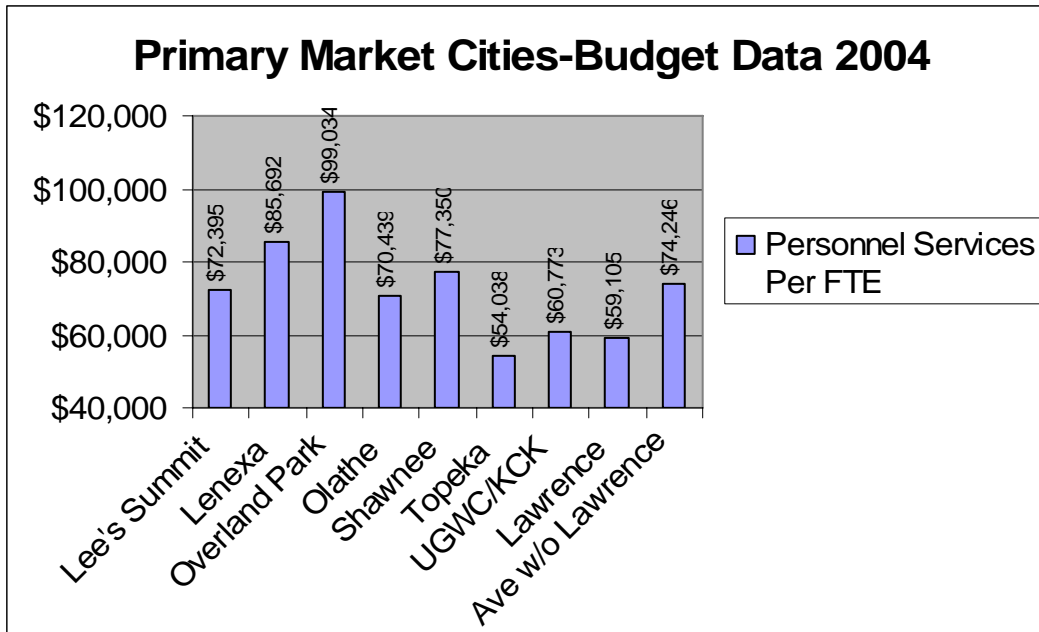
- *Legally Mandated (including Social Security, Medicare and unemployment)*
- *Health & Welfare (including health and dental plan, life insurance, supplemental life and cancer insurance)*
- *Retirement (including KPERS, KP&F and 457 deferred compensation)*
- *Other Benefits (including flexible spending plan, unpaid leaves of absense, computer lease purchase, wellness programs, service awards)*

Together these programs comprise the total compensation and benefits program.

Market Data

During the short timeframe the committee had to conduct and complete a comprehensive Benefit Programs study, the Benefits Committee compiled a limited amount of data from the primary market regarding the funding allocated to benefits programs overall, as well as, to benefits provided on a per capita (per employee) basis. Currently, the primary market does not accurately track the data needed to calculate these figures. From the data collected, however, we were able to make some broad conclusions regarding the City's Benefit Programs versus the primary market.





From 2003 MARC survey data.

Comparison

The Committee has concluded, based on their review of available information, that despite the fact the City devotes a similar or greater portion of its total operating budget to Personnel Services (40.74% compared to the average of 35% in the primary market), the City's Compensation and Benefit programs fall below market average when comparing the funding allocated to such programs per employee (\$59,105 for Lawrence compared to \$74,246 for primary market). The 2005 compensation program enhancements will position the City's salary structure at or near the market average, thus the remaining difference appears to be attributable to deficiencies in the employee benefit programs. The exact amount of the deficiency cannot be determined until additional questions can be answered about the market data. The Benefits Committee is confident that the recommendations made in the remainder of this report regarding the category of Time Off benefits represent only a portion of the deficiency in the benefit programs overall. Therefore, implementation of the recommendations in this report will not obstruct the future long term work of this committee.

Recommendations

The Benefits Committee will reconvene following the completion of this report to set goals and agenda items for 2005. The successful efforts of this committee will depend on the procurement of more accurate primary market data to determine whether additional long term adjustments should to be made to the City's benefit programs.

Time Off benefits⁴

Summary of Market Position and Recommendations

The Benefits Committee's analysis identified that the City was below market average in 4 of the major Time Off benefit categories, specifically Holidays, Personal Leave, Sick Leave, and Vacation. Most market cities do not provide Wellness Time Off (i.e. Perfect Attendance). Lawrence falls above market average in respect to that benefit. The Committee's proposed recommendations are:

- a) Continue to provide 2 personal days per year but eliminate the requirement that those days be converted from accrued sick leave
- b) Increase the number of vacation days granted per period
- c) Revise the vacation schedule to provide step increases in the number of vacation days granted every 5 years
- d) Increases the maximum vacation accumulation to 240 hours or 30 days

The following pages provide a detailed discussion regarding the recommendations listed above.

Purpose of Time Off

Employers provide workers with both paid and unpaid leave away from the workplace for a number of reasons:

- a) To improve workforce productivity (e.g. Vacation)
- b) To provide income maintenance when personal business requires the employee's absence from work (e.g. Personal Leave)
- c) To reward desired behavior (e.g. Wellness Time Off)
- d) To comply with mandated Time Off benefits (e.g. unpaid leave pursuant to FMLA)

The City's Employee Handbook divides such leave into two sections: Time Off benefits and Leaves of Absence (LOA). LOA include benefits, some mandated, such as Family and Medical Leave (FMLA), Emergency Leave, Jury Duty, and Military Leave. The Benefits Committee gathered data regarding these benefits and found that overall the City's LOA benefits were comparable to the primary market. The data collected did suggest, however, that although compliant with USERRA, the City's Military Leave policy fell below average regarding supplemental or regular pay provided during active military duty. The common practice amongst the market cities was to provide such pay, whereas, Lawrence does not. The committee agreed the discussion of the City's Military Leave policy should be tabled for a separate future discussion. There is also a need to

⁴ Regular employees, both full- and part-time (on a prorated basis), are eligible for Time Off benefits. Extraboard Firefighters and Temporary employees are not eligible. Equitable benefits may exist for different employee groups. Employee groups are identified either as regular employees working 40-hour workweeks or 2080 annual hours (Regular) or LDCFM personnel working 24-hour shifts or 2912 annual hours (LDCFM).

better clarify the purpose and parameters of the FMLA policy which has also been tabled for a separate future discussion.

The committee centered it's discussions around the Time Off benefits of Holiday, Personal Leave, Sick Leave, Vacation, and Wellness Time Off.

Holidays

Purpose and Current Program

The City closes non-essential city operations and grants paid time away from work to allow employees to observe nine specific holidays: New Year's Day, Martin Luther King Jr. Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

Market data⁵ and Comparison

Market data includes only those holidays during which market cities close non-essential operations. Floating Holidays are included in the following section titled Personal Leave. The average number of paid holidays granted by the primary market is 10.1 (it is changing to 9.9 in 2005). All primary market cities granted 10 - 11 paid holidays with the exception of Overland Park (8). In addition to the holidays granted by Lawrence, the majority of primary market cities (4 of 7) grant Veteran's Day. Christmas Eve is granted by 3 market cities. Good Friday and New Year's Eve are granted by UGWC/KCK and Shawnee, respectively.

The City of Lawrence falls below market average by 1 paid holiday.

Recommendations

The Committee recommends tabling discussion of the enhancement of this benefit for a future date because there are significant operational and compensation issues related to the addition of a paid holiday. Additionally, it is not known whether employees would prefer to receive another paid holiday in lieu of having another benefit enhanced.

⁵ Appendix C

Personal Leave

Purpose and Current Program

The City provides employees additional paid leave to cover absences for personal reasons or to supplement vacation, sick, and holiday leave.

Currently, the City allows two personal days per year to be converted from accrued sick leave. Converted hours reduce the sick leave balance. Hours not converted to personal leave remain as accrued sick leave and do not carry forward from year to year.

Additionally, sworn Police personnel are provided a third personal day that is granted (i.e. not converted from sick leave accruals). LDCFM personnel are not eligible for Personal Leave as defined above, but are granted 2-6 Kelly days based on length of service.

Kelly Days	
Years of Service	Days Granted
0-5	2
6-10	4
11-15	5
16 and greater	6

Comparison⁶

Analysis is limited to Personal Leave (including Floating Holidays). Data on Kelly days granted for Fire departments in the primary market was not collected. All primary market cities grant personal days as a distinct benefit with the exception of UGWC/KCK which converts personal days from sick leave accruals. The number of personal days provided by the primary market ranges from 1-3, averaging 1.7 days (changing to 2 in 2005). The primary market cities do not allow personal days to accumulate from year to year.

In 2004, the City falls above average in offering 2 personal days. Whereas the common practice of the majority of market cities is to grant personal days, Lawrence converts personal days from sick leave accruals.

Recommendations

The committee recommends that the City maintain the number of personal days and Kelly days provided to each employee group. The committee further recommends that the City no longer require that personal days be converted from sick leave accruals but rather be granted as stand alone paid time off to be used by employee for personal business. Personal days would continue to be forfeited if not used within the payroll year.

⁶ Appendix D

Sick leave

Purpose and Current Program

The City recognizes that employees will need unscheduled and scheduled paid days off from work from time to time in order to address their medical needs, or the medical needs of an immediate family member.

Accrued sick leave provides income maintenance for a variety of absences:

- Employees unable to work due to illness, pregnancy, or injury;
- Scheduled doctor's office visits;
- Three days per year may be used for illness or injury of immediate family members;
- Two personal days may be converted from sick leave accruals. (See recommendations from section above titled Personal Leave); and
- Employees meeting eligibility requirements for the long term disability benefit provided by KPERS⁷. These employees have an injury or illness for which they are unable to remain in the work force. To qualify for disability benefits, such employees must be totally disabled for 180 continuous days. Accrued sick leave in effect becomes a short term disability benefit, bridging the gap until long term disability benefits begin.

Currently the City provides a number of sick leave hours each year limited by a maximum accumulation. Accrued sick leave is not considered earned. However, after five years of service, the City pays 25% of accruals at termination for all employees except LDCFM personnel covered under the MOU between the City and IAFF who receive payment of 25% of accrued sick leave regardless of length of service.

Regular / 2080		LDCFM / 2912	
Hours Granted	Maximum Accumulation	Hours Granted	Maximum Accumulation
96	1040	144	1464

Market data⁸

There are four components of sick leave to consider: annual accruals; maximum accumulations; payment at termination; and family sick leave. Analysis is limited to Regular personnel.

Annual Sick Leave Accruals

With the exception of UGWC/KCK (120 hours), all primary market cities provide 96 hours of sick leave per year.

⁷ KP&F members do not have a waiting period for eligibility into the KP&F disability benefit

⁸ Appendix E

Maximum Sick Leave Accumulations

Maximum accumulations vary, ranging from 720 hours (Shawnee) to 1040 hours (Topeka) to 1440 (Lee's Summit) to unlimited (Lenexa, Olathe, Overland Park, UGWC/KCK).

Sick Leave Payout at Termination

Payment at termination of unused sick leave accruals also varies among cities. Lenexa does not pay out sick leave at termination. Olathe and Topeka only pay a portion upon retirement from KPERS or KP&F. Other cities pay a portion after completion of a specified period of service (Lee's Summit, Overland Park, Shawnee, UGWC/KCK).

Family Sick Leave

Five of the seven (71%) primary market cities allow unlimited use of sick leave to care for the medical needs of immediate family members (Lenexa, Olathe, Shawnee, Topeka, UGWC/KCK). Overland Park allows 10 days per year for family sick leave. Lee's Summit has a separate dependent sick leave benefit in which 3 days per year are granted for family sick leave.

Comparison and Recommendations

The annual number of hours of sick leave accrued corresponds with the majority of market cities. Although market data suggests further review of the City's maximum accruals and payment at termination may be justified, those components are considered adequate and do not warrant significant discussion at this time. Additionally, market data suggests improvement of the City's allowed use of accrued sick leave for family medical reasons is warranted. However, given that the family sick leave component was enhanced in 2003, the Committee recommends tabling further discussion of this topic until a future date.

Vacation

Purpose and Current Program

The City grants paid time away from work to encourage employees to schedule sufficient time off for relaxation to promote good physical and mental health and for other personal reasons. Vacation is used by many employees to take care of personal business that occurs during scheduled working hours.

Currently the City grants a number of vacation days each year depending on length of service. The number of days granted increases over time. Accruals are limited by a maximum accumulation of 224 hours⁹. Accrued vacation days are considered earned and are paid out at termination in accordance with City policy.

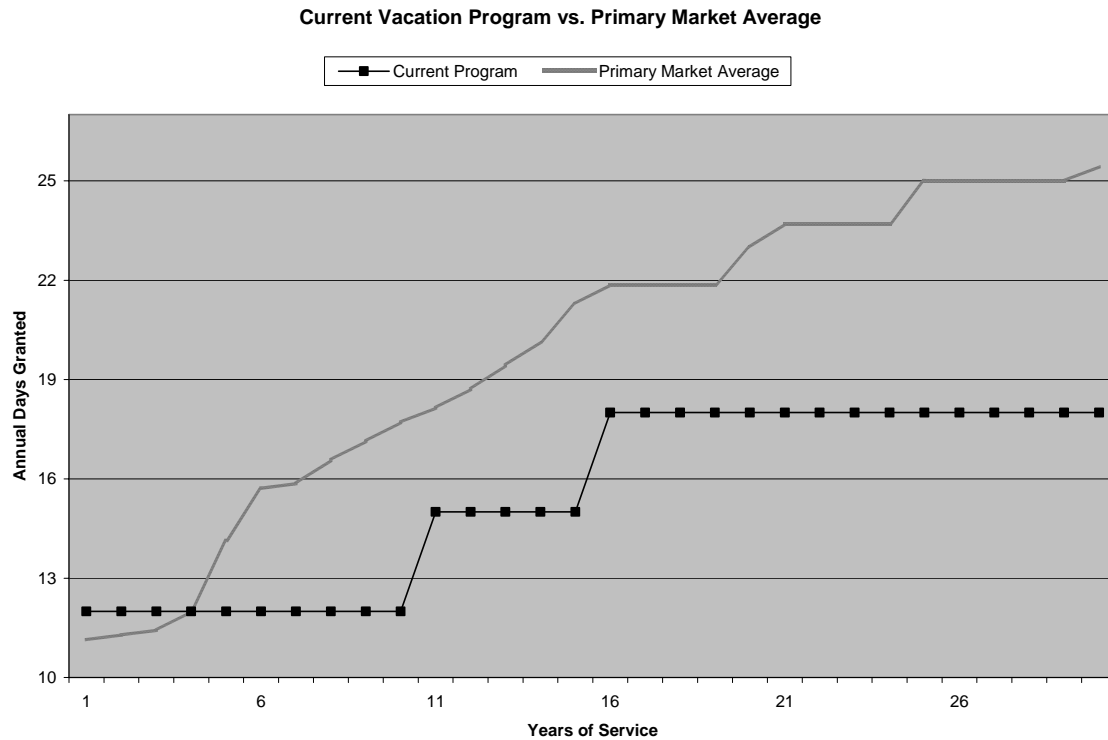
Regular / 2080			LDCFM / 2912		
Years of Service	Days Granted	Hours Granted	Years of Service	Days Granted	Hours Granted
1-10	12	96	1-10	6	144
11-15	15	120	11-15	8	192
16 and greater	18	144	16 and greater	10	240

Market Data and Comparisons

There are three components of vacation leave to consider: the vacation schedule; lifetime vacation accumulations; and maximum accruals. Unused vacation accruals are paid at 100% after completion of an initial orientation period. Some primary market cities had employee groups that negotiated different benefits from the standard benefits provided to most employees. For the purposes of this report, only data regarding the benefits provided to each organization's largest employee group was included in the following analysis.

⁹ 338 hours for LDCFM personnel working 24-hour shifts

Vacation Accrual Schedule¹⁰



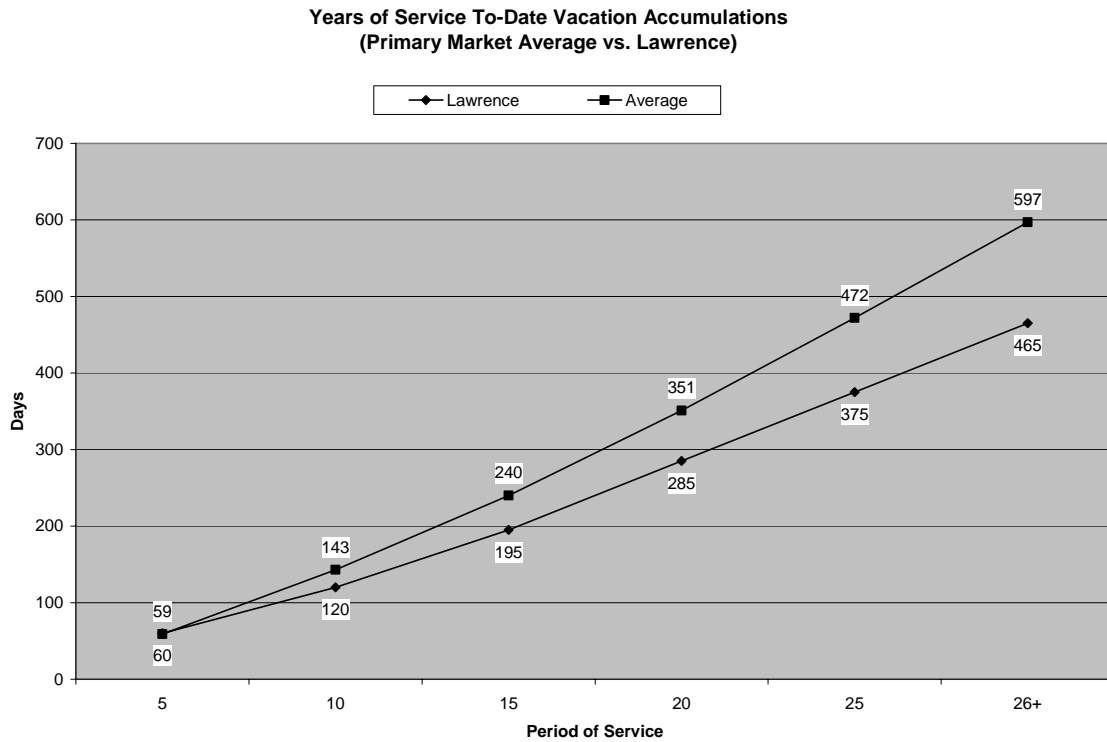
The graph above provides data regarding the average number of vacation days granted by the primary market and the actual days granted by Lawrence for 1-30 years of service.

At the first year of service, Lawrence provides its employees with a greater number of annual vacation days than the primary market (12 vs. 11). At four years of service, the primary market average equals the actual number of days granted by Lawrence (12). At five years of service and thereafter, the primary market average is greater than the City's actual accrual schedule. At five years of service, the disparity is 2 days. The most significant disparities from the market average are seen at twenty-five years of service and greater (7 days), followed by ten, fifteen, and twenty-one to twenty-four years of service (6 days).

The City of Lawrence quickly loses the advantage it has during the first four years of service. At seven years of service the average lifetime to date earnings of the primary market exceeds the lifetime to date earnings of the City's program. The City never again meets the market average in annual days earned for vacation thus beginning the discussion on the lifetime vacation earning potential for employees.

¹⁰ Appendix F

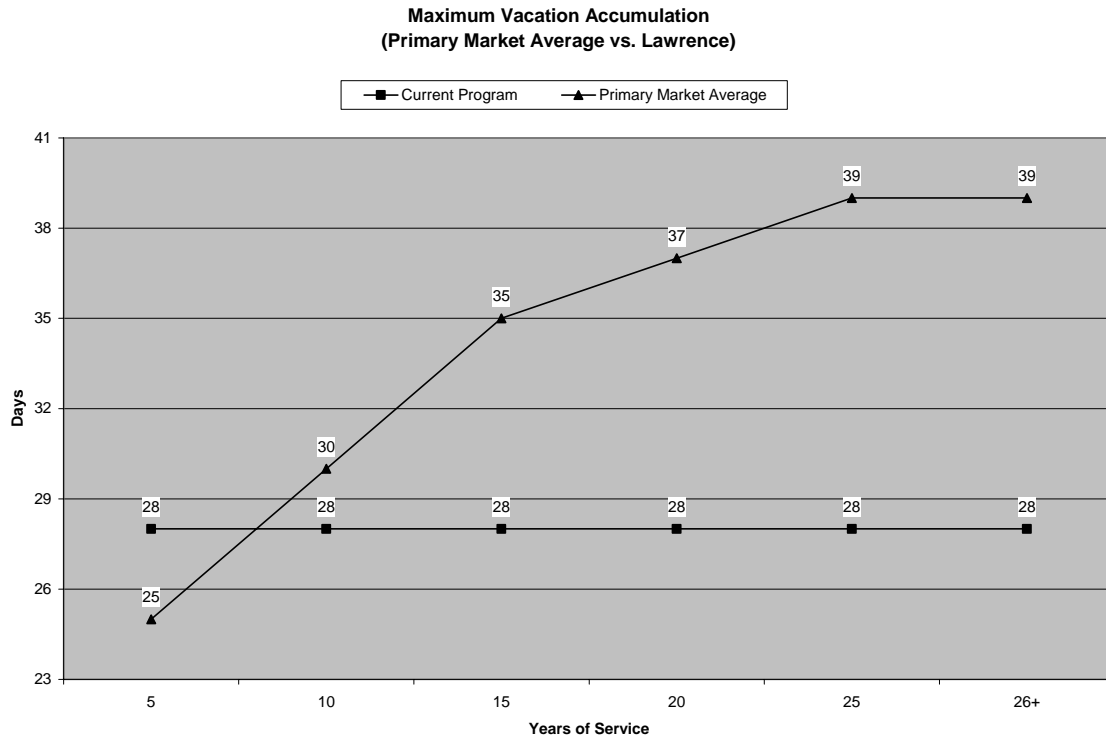
Lifetime Vacation Accumulations¹¹



During one to four years of service, Lawrence accumulations are equal to the primary market. Over time, both Lawrence and the primary market cities increase lifetime vacation accumulations. However, after five years of service, Lawrence accumulations dramatically decrease to 83.9% of the primary market accumulations and decrease an additional 6% over the next twenty-five years.

¹¹ Appendix G

Maximum Vacation Accumulations¹²



With the exception of Topeka, all primary market cities allow unused vacation accruals to carry forward from year to year. With the exception of Shawnee, all primary market cities place a limit on the amount of vacation that can be accrued (i.e. maximum accumulation)¹³. Shawnee does have a minimum use policy which by design limits maximum accumulations. Olathe, Overland Park, and UGWC/KCK limit maximum accumulation to 2x the current year accrual rate (i.e. an Olathe employee in his fifth year of service accrues 10 vacation days per year; his maximum accumulation is 20 vacation days). Maximum accumulation for Lee's Summit and Lenexa is 240 hours.

The primary market cities increase maximum vacation accumulations over time, whereas Lawrence holds accumulations steady. Primary market city accumulation increases are seen incrementally from five to twenty-five years of service. After twenty-five years of service, accumulations are held steady. At five years of service Lawrence falls above average by 3 days. However, Lawrence maximum vacation accumulations are deficient by an average of 8 days after ten years of service. The greatest deficiencies occur at twenty-five years of service and greater (11 days) followed by twenty years of service (9 days) and fifteen years of service (7 days).

Recommendations

The market data clearly demonstrates a significant deficiency in the City's current program regarding annual vacation days granted over time. The Benefits Committee has

¹² Appendix H

¹³ Shawnee data was purposefully omitted from the corresponding graph

stated in the Benefits Goal Statement that ideally, benefit programs should be positioned at the market data average. However, the deficiency in the current program was not created overnight. In fact, no review of the current program has occurred in at least twenty-five years. The Benefits Committee is cognizant of the operational concerns and staffing implications that accompany any increases in employee vacation allowances and proposes to make gradual incremental changes to the vacation program to accommodate those concerns. The Committee's aggressive schedule did not provide time to conduct an operational impact study to include minimum staffing and probable reduction in sick leave usage if more appropriate levels of vacation time are available to employees. In 2005, the Committee proposes to conduct such a study and amend the recommended implementation schedule if appropriate.

The Committee recommends the following:

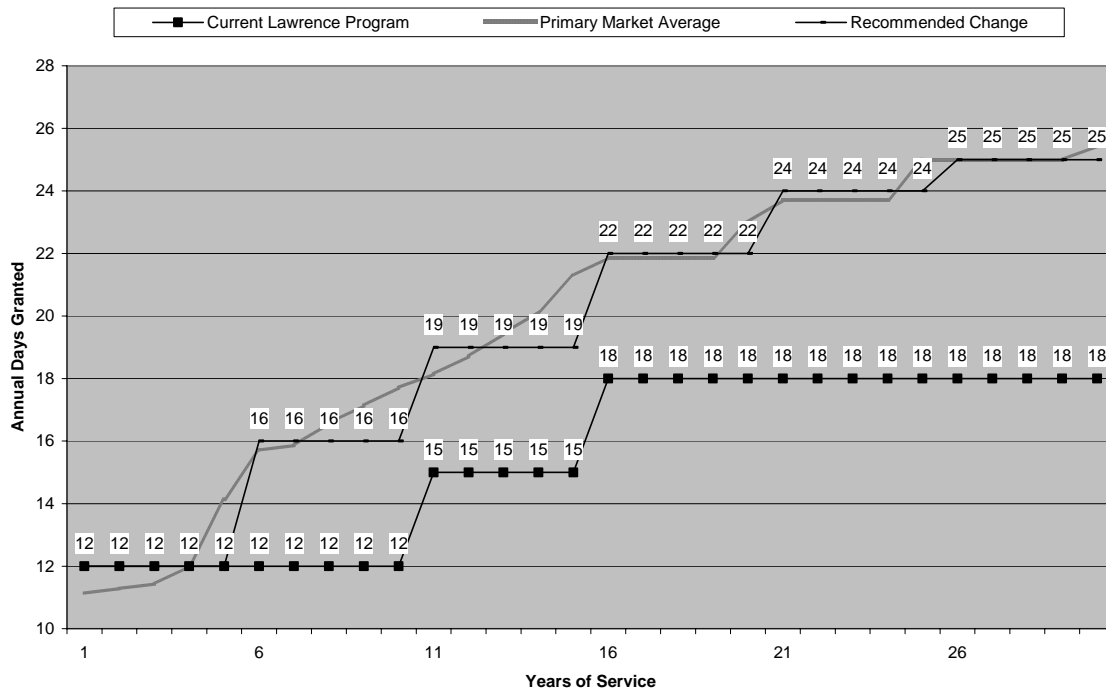
1. Increases to the number of annual vacation days granted should occur every five years beginning at the sixth year of service. The final increase should occur at the twenty-sixth years of service. From that point forward, the number of vacation days should remain the same. All of the primary market cities have adopted vacation schedules that increase the number of vacation days granted over time more often than at three points during long-term employment. There is considerable variation amongst vacation schedules so that no common practice could be identified. The data graphically showed that at the fourth through fifteenth years of service, the market average increases each year. At the sixteenth year of service, evident step increases become the norm. However, as only one primary market city actually makes such increases annually, the Benefits Committee recommends increases at 5-year intervals. The Benefits Committee recommends changing the vacation schedule in 2005.
2. Annual vacation days granted for each period of service should ultimately increase to reflect the average of the market data. In doing so, lifetime vacation accumulations would also very nearly approximate the market data average. The recommended vacation schedule for Regular personnel is outlined in the table below left. The days and hours granted have been equitably converted into shifts and hours granted for LDCFM/2912 personnel working twenty-four hour shifts (table below right)¹⁴.

¹⁴ Appendix for Conversion Table I

Regular / 2080		
Yrs of Service	Days Granted	Hours Granted
1-5	12	96
6-10	16	128
11-15	19	152
16-20	22	176
21-25	24	192
26 plus	25	200

LDCFM / 2912		
Yrs of Service	24-hr Shifts Granted	Hours Granted
1-5	6	144
6-10	8	192
11-15	9	216
16-20	10	240
21-25	11	264
26 plus	12	288

Recommended Vacation Changes (Regular)



- Implementation of recommendations 1 and 2 should occur in two phases over a four year period. The Benefits Committee is sensitive to the management team's concern that recommended changes to annual vacation days granted occur gradually over time. Operational impact studies have not been performed so the significance of the recommended changes is not clearly understood. Time may be necessary to develop management strategies to address the changes. However, the Committee is concerned that changes do not occur so gradually that the market data average could shift significantly during the period of implementation, resulting in changes that continue to position the City well below market average. The Committee agrees that a four year implementation schedule should allow sufficient opportunity to adjust the recommendations if additional information indicates that is appropriate. While some shifting of the market average may occur within a four year period, the Committee feels differences would probably be minimal and manageable. During the first phase of implementation (years one through

three), the Committee will gather additional information needed to further substantiate any future recommendations. It will be important to identify the preferences of City employees. At the present time, it is not known definitively that enhancements to the vacation schedule are the highest priority to a majority of employees. Given that increased funding to the entire benefits package is limited, employees may desire a compromise. For example, while employees may support some increase to the number of vacation days granted each year, they may forego reaching the market average to enhance another benefit such as retirement. During the first phase of the implementation period, after additional data collection and research, the Committee will have identified the areas of employee preference and be able to modify recommendations for the second phase (year four) if necessary. Following the submission of this report to the City Manager, the Committee plans to meet to set an agenda for the remainder of 2004 through 2005 to address the mechanisms by which we can obtain the additional information. Suggestions to date include piggy-backing off the upcoming 2005 employee survey and developing extensive entrance and exit interviews. Given the above, the recommended implementation schedule for Regular/2080 personnel follows¹⁵:

Implementation Schedule										
Years of Service	Regular/2080					LDCFM/2912				
	2004	2005	2006	2007	Phase 2 2008	2004	2005	2006	2007	Phase 2 2008
1	12	12	12	12	12	6	6	6	6	6
6	12	13	14	15	16	6	7	7	7	8
11	15	16	17	18	19	8	8	8	8	9
16	18	19	20	21	22	10	10	10	10	10
21	18	21	22	23	24	10	11	11	11	11
26	18	22	23	24	25	10	12	12	12	12

4. The data collected regarding maximum vacation accruals shows that the primary market uses one of two strategies: a 240-hour (30-day) maximum or twice the current year of service accrual rate. The Committee recommends increasing maximum vacation accruals to 240 hours for Regular/2080 (the maximum for LDCFM/2912 should increase to 346 hours). This change will alleviate some concern with the recommended increase to the number of vacation days granted. Most employees will receive an additional two vacation days by 2006. The recommended increase to maximum accumulation is two days. So, if employees aren't allowed to use their accrued vacation due to staffing concerns, they can at least bank them. After two years, the Committee will have had additional time to determine whether to implement the second strategy if it seems that would further alleviate management concerns and still fit within organizational objectives.
5. The primary market should be surveyed annually to determine if shifts to the market data average have occurred.

¹⁵ Appendix J

Wellness Time Off

Purpose and Current Program

The City grants up to 16 hours of wellness time off per year to reward tenured Regular employees for perfect attendance. Wellness time off for LDCFM personnel is a perfect attendance reward.

To be eligible, employees must have accrued 850 hours of sick leave and not used sick leave (including family sick leave) for thirteen consecutive pay periods in order to be granted 8 hours of paid leave. LDCFM personnel working 24-hour shifts are granted 12 hours of paid leave to a maximum accumulation of 48 hours. LDCFM personnel working 40-hour workweeks are granted 8.6 hours of paid leave to a maximum accumulation of 36 hours. Unlike Regular personnel, LDCFM personnel do not have to maintain a minimum sick leave balance in order to be awarded wellness time off. Additionally, Police personnel are granted up to 16 hours of paid leave per year for meeting specific physical fitness standards.

Market data

Olathe and Topeka have Perfect Attendance benefits that reward employees for not using sick leave for specified periods. Olathe grants 8 hours of paid time off for perfect attendance for a one year period in which no sick leave is used. Topeka grants 8 hours of paid time off for perfect attendance for each four month period in which no sick leave is used. Additionally, Shawnee has a reward system in place for employees that do not use excessive sick leave. Employees with less than fifteen years of service receive annual payment for 50% of sick leave accrued above the maximum accumulation. Employees with fifteen years of service or greater may receive annual payment for 100% of sick leave accrued above the maximum.

Comparison

Only 3 of the 7 market cities offer some form of incentive for not using sick leave, Lawrence is above average in providing Wellness Time Off.

Recommendations

The Benefits Committee feels that a future discussion needs to be held regarding the purpose of Wellness Time Off to determine whether it should remain a reward for tenure and perfect attendance combined or perfect attendance alone. If the recommended changes to the current vacation program are approved and implemented, tenured employees will be rewarded for their long duration of service to the City through that benefit.

Appendix A

Benefits Goal Statement

City of Lawrence
Administrative Policy

SUBJECT Employee Benefit Policy		APPLIES TO Eligible City employees	
EFFECTIVE DATE	REVISED DATE		NEXT REVIEW DATE
APPROVED BY		TOTAL PAGES	POLICY NUMBER

1.0 Purpose

The City of Lawrence provides a benefit program, a component of the compensation package, for its employees. The City recognizes that qualified employees are one of the organization's greatest and largest resources, lending support to the organization's mission to provide excellent city services to the Lawrence community. Geographically, the City competes against leading organizations (public and private) in the state for qualified workers. The benefit program is considered an investment in the continued maintenance and productivity of the abovementioned resource, the organization's employees. Therefore, it is the policy of the City of Lawrence to provide a competitive employee benefit program designed to attract, motivate, and retain a qualified workforce to support the organization's goals. The benefit program should be fair, equitable, and promote goodwill.

Benefits are defined as monetary or non-monetary programs provided to employees in whole or in part by the City of Lawrence, in addition to wages paid for hours worked, that add value to their total compensation package. Benefits are categorized into groups, including legally mandated benefits, health and welfare, retirement, paid time off, and other miscellaneous benefits, which together comprise the total benefit program.

The benefit program is managed by the Personnel Division of the Administrative Services Department. With the assistance of the City's Benefit Committee, the Personnel Manager reviews the benefit programs on a regular basis. The Benefits Committee is selected by the Administrative Services Department and comprised of employees from throughout the organization that represent various employee groups such as the ERC, IAFF, LPOA, supervisors, and division managers. Recommendations for change to the City's benefit program will be

submitted by the Benefit Committee to the City Manager for review and further action, as appropriate. If recommended changes have a financial impact, the City Commission will review and act upon the changes as a part of the following year's annual budget process.

2.0 Benefit Program Goals and Objectives

1. The benefit program should be competitive within the City's primary market.

a) The primary market as defined by the 2003 Compensation Study is "a set of organizations that both share the City's labor market and have a high number of matches with City benchmark positions." Those organizations¹⁶ have been identified as:

- i. Lee's Summit
- ii. Lenexa;
- iii. Olathe;
- iv. Overland Park;
- v. Shawnee;
- vi. Topeka; and
- vii. Unified Government of Wyandotte County/Kansas City, KS.

b) The benefit program should rank at approximately the average level of the primary market for benefits as a percentage of payroll and per capita spending. As resources become available, the City will attempt to incrementally increase its position within the primary market.

c) For informational purposes, the benefit program may be compared to those of other local and regional employers outside of the primary market.

d) Elements of the benefit program should be reviewed every 2-4 years or more frequently, if necessary, to ensure they are comparable with other similar organizations. See the attached schedule A.

2. Modifications to the benefit program should consider industry best practices as well as current actual applications by the primary market.

3. The benefit program should fairly consider the needs of the workforce.

¹⁶ The organizations listed represent the combined primary markets of the Primary, Police, and Fire Pay Plans.

- a) The makeup of the benefit program should address the needs of the majority of the workforce.
 - b) Benefit programs should take into consideration the demographic makeup of the workforce (i.e. single wage vs. dual wage earning households, married vs. single households, average age of workforce, etc.).
 - c) Employees should be surveyed periodically to:
 - i. Identify their needs;
 - ii. Allow employees to prioritize the relative value of specific benefits; and
 - iii. Rate their satisfaction with and quality of current benefits.
4. The benefit program should attract and retain employees and reward continued employment.
- a) The benefits package should be competitive with the primary market in order to attract prospective qualified employees.
 - b) Elements of the benefit program, as deemed appropriate should provide enhancements triggered by length of service to recognize the value of tenured employees and encourage the long-term retention of employees.
 - c) The benefit program should encourage employees to remain employed past the date they are first eligible to retire.
5. All full time regular employees should have similar and in most cases equal benefit programs.
- a) Differences in benefit programs should be implemented only when job related needs are identified or when survey data shows a difference in benefit programs between work groups.
 - b) Program structures should remain equitable (well-balanced) across the groups.
 - c) Elements of the benefit program may be made available to part time regular and extraboard employees on a prorated basis when fiscally feasible.

- d) Elements of the benefit program are generally not available to full- and part-time employees in temporary positions.
6. The benefit program should be consistent with current City Commission, City Management, and Department Goals and Objectives.
- a) Return on Investment (ROI) should be calculated whenever possible in determining enhancements to benefit programs.
 - b) Elements of the program should be consistent with City policies i.e. overtime pay, attendance, return to work, etc.
 - c) The benefit program should not be used by City management as punitive measures to correct employee behavior or performance.
 - d) Likewise, availability to elements of the benefit program should not be used as the indicator of minimum acceptable performance by employees.
7. The benefit program should be funded consistent with the level of resources available.
- a) A survey of the primary market for benefits as a percentage of payroll and per capita benefit spending will be done on an annual basis.
 - b) The recommended funding for the benefits program will be designed as per 1(b).
 - c) Funding within the benefits program will be determined by:
 - i. Employee demographics, needs, and values; and
 - ii. Identified needs to meet organizational goals.
 - d) The allocation of benefit program resources will be based on the following criteria:
 - i. Benefits which are of most value to the greatest number of employees and in their relative priority as identified by employee surveys;
 - ii. Benefits that have been identified as below market competitiveness; and
 - iii. Program enhancements that will have a positive affect on the greatest number of employees.

8. The specific benefits within the benefit program may either be fully funded by the City of Lawrence, partially funded, or not receive any funding (sponsored). Qualifications for full or partial funding or sponsorship are:

a) Full funding

- i. Impact at least 2/3 of all full time city employees;
- ii. Be a value to 2/3 of city employees;
- iii. Have value to the city;
- iv. Be considered a necessity to the value or quality of life or well being of the employee; and
- v. Provide for the family of a city employee in case of lost wages.

b) Partial funding

- i. Serve the majority of city employees;
- ii. Be a value to the majority of city employees;
- iii. Have some benefit to the city;
- iv. Be a benefit that is not generally affordable to employees to pay all of the cost; and
- v. Be considered a necessity to the value or quality of life or well being of the employee.

c) Sponsorship

- i. Benefit a group of city employees and/or their family;
- ii. Facilitates things not normally affordable to employees;
- iii. Support City or Community initiatives;
- iv. Provide a convenience to city employees;
- v. Offers group discounts;
- vi. Work toward meeting city objectives or current goals; and
- vii. Aid employees in current trends or technology.

9. Regular communications with all employees concerning the benefit program should be practiced.

a) The City should strive toward regular feedback from employees regarding the benefit program (at least on an annual basis).

b) The benefit program should be designed to be understood by all employees and should be communicated to all employees so that each employee has an opportunity to understand the benefit program of the City of Lawrence.

Appendix B

Categories of Benefit Programs

Health and Welfare
<ul style="list-style-type: none">▪ Health coverage (including Rx, vision, and dental)▪ Life insurance / AD&D▪ Supplemental life insurance▪ Cancer, heart disease, heart attack, stroke, and accidental injury insurance
Retirement
<ul style="list-style-type: none">▪ KPERS / KP&F (includes pension, life insurance, disability, and survivor's benefits)▪ 457 Deferred compensation plan
Time Off benefits
<ul style="list-style-type: none">▪ Holidays▪ Personal leave▪ Sick leave▪ Vacation▪ Wellness time off
Leaves of Absence
<ul style="list-style-type: none">▪ Emergency leave▪ Jury duty▪ Military duty
Legally Mandated
<ul style="list-style-type: none">▪ Social Security / Medicare▪ Unemployment insurance▪ FMLA▪ Workers' compensation insurance
Other
<ul style="list-style-type: none">▪ Flexible Spending Accounts▪ Computer lease purchase▪ Service awards▪ Wellness program (including corporate rate fitness club discounts)▪ Employee assistance program (new in 2005)▪ Unpaid leave of absence

Appendix C

Holidays

	Lawrence	Lee's Summit	Lenexa	Olathe	Overland Park	Shawnee	Topeka	UGWC/KCK	PM Average
New Year's Day	1	1	1	1	1	1	1	1	1.0
Martin Luther King Jr Day	1	1	1	1	1	1	1	1	1.0
Presidents Day	1	0	1	1	0	1	0	1	0.6
Good Friday	0	0	0	0	0	0	0	1	0.1
Memorial Day	1	1	1	1	1	1	1	1	1.0
Independence Day	1	1	1	1	1	1	1	1	1.0
Labor Day	1	1	1	1	1	1	1	1	1.0
Veteran's Day	0	0	1	1	0	1	1	1	0.7
Thanksgiving	1	1	1	1	1	1	1	1	1.0
Day After Thanksgiving	1	1	1	1	1	1	1	1	1.0
Christmas Eve Day	0	1	0	0.5	0	0	1	0	0.4
Christmas	1	1	1	1	1	1	1	1	1.0
New Year's Eve	0	0	0	0	0	1	0	0	0.1
Total	9	9	10	10.5	8	11	10	11	9.9

Appendix D

Personal Leave

	Lawrence	Lee's Summit	Lenexa	Olathe	Overland Park	Shawnee	Topeka	UGWC/KCK	PM Average
Annual Days Provided	2	2	2	1	3	1	1	3	1.9
Granted or Converted	converted	granted	granted	granted	granted	granted	granted	converted	granted
Carry Over from Year to Year	no	no	no	no	no	no	no	no	no

Appendix E

Sick Leave

	Lawrence	Lee's Summit	Lenexa	Olathe	Overland Park	Shawnee	Topeka	UGWC/KCK
Annual Hours Granted	96	96	96	96	96	96	96	120
Maximum Accumulation	1040	1440	unlimited	unlimited	unlimited	720	1040	unlimited
Payment at Separation	25% (260 hr max) at 6 yrs of service	Convert SL to VL at 8:1 (180 hr max) for voluntary separation at 6 yrs of service	0 hr paid	0 hr paid	10% at 10 years of service; 15% at 15 yrs; 20% at 20 yrs	50% (360 hr max) at 3 years of service; 100% (720 hr max) at 15 yrs	0 hr paid	40 days (320 hr) at 5 yrs of service; 60 days (480 hr) at 10 yrs
Payment at Retirement	see above	720 hr max	see above	240 hr max	see above	see above	35% (364 hr max)	see above
Annual Family Sick Leave	3	3 (Separate Dependent Sick Leave Benefit)	unlimited	unlimited	10	unlimited	unlimited	unlimited

Appendix F

Vacation Accrual Schedule

Years of Service	Lawrence	Lee's Summit	Lenexa	Olathe	Overland Park	Shawnee	Topeka	UGWC/KCK	PM Average
1	12	10	11	10	10	14	12	11	11
2	12	10	12	10	10	14	12	11	11
3	12	10	13	10	10	14	12	11	11
4	12	10	14	10	10	17	12	11	12
5	12	15	15	10	10	17	15	17	14
6	12	15	16	15	15	17	15	17	16
7	12	15	17	15	15	17	15	17	16
8	12	15	18	15	15	21	15	17	17
9	12	15	19	15	15	21	15	20	17
10	12	15	20	15	15	21	18	20	18
11	15	15	20	18	15	21	18	20	18
12	15	15	20	18	15	25	18	20	19
13	15	15	20	18	20	25	18	20	19
14	15	15	20	18	20	25	18	25	20
15	15	20	20	18	20	25	21	25	21
16	18	20	20	20	20	27	21	25	22
17	18	20	20	20	20	27	21	25	22
18	18	20	20	20	20	27	21	25	22
19	18	20	20	20	20	27	21	25	22
20	18	20	20	20	20	29	24	28	23
21	18	20	20	20	25	29	24	28	24
22	18	20	20	20	25	29	24	28	24
23	18	20	20	20	25	29	24	28	24
24	18	20	20	20	25	29	24	28	24
25	18	25	20	20	25	30	27	28	25
26	18	25	20	20	25	30	27	28	25
27	18	25	20	20	25	30	27	28	25
28	18	25	20	20	25	30	27	28	25
29	18	25	20	20	25	30	27	28	25
30	18	25	20	20	25	30	30	28	25

Appendix G

Lifetime Accumulations

Lifetime Accumulations		
Years of Service	Lawrence	Primary Market Average
5	60	59
10	120	143
15	195	240
20	285	351
25	375	472
30	465	597

Appendix H

Maximum Vacation Accumulations

Maximum Vacation Accumulation			
	Accumulate in excess of 1 year?	Regular/Police/2080	LDCFM/2912
Lawrence	Yes	224 hours	338
Lee's Summit	Yes	240 hours	456
Lenexa	Yes	240 hours	336
Olathe	Yes	2x current accrual rate	2x current accrual rate
Overland Park	Yes	2x current accrual rate	2x current accrual rate
Shawnee	Yes	Unlimited	Unlimited
Topeka	No	240 hours	
UGWC/KCK	Yes	2x current accrual rate	2x current accrual rate

Appendix I

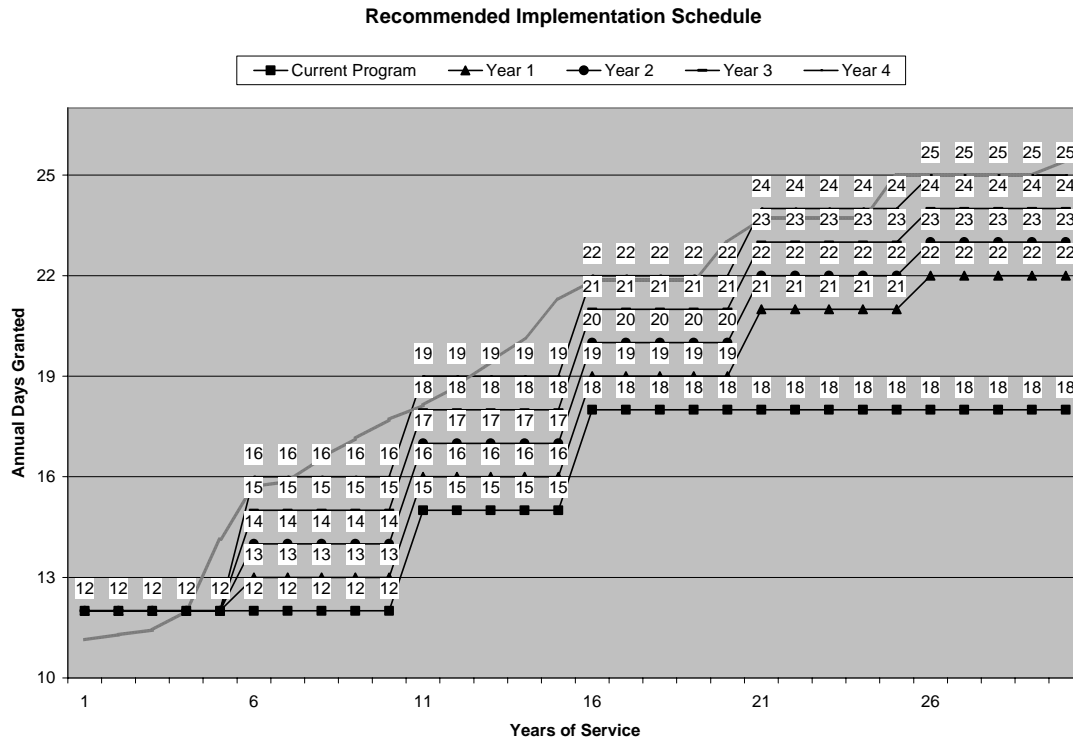
Vacation Conversion Schedule between Regular (2080 Annual Hours) and LDCFM (2912 Annual Hours)

Percent of Annual Hours (Vacation Hours/Annual Hours)

Years of Service	Regular (2080) Days	Regular (2080) Hours	Regular (2080) % of Annual Hours	Regular (2080) Lifetime Days	LDCFM (2912) Days	LDCFM (2912) Hours	LDCFM (2912) % of Annual Hours	LDCFM (2912) Lifetime Days	Difference in % of Annual Hours LDCFM (2912) to Regular (2080)
2004									
1-5	12	96	4.62%	60	6	144	4.95%	30	0.33%
6-10	12	96	4.62%	120	6	144	4.95%	60	0.33%
11-15	15	120	5.77%	195	8	192	6.59%	100	0.82%
16-20	18	144	6.92%	285	10	240	8.24%	150	1.32%
21-25	18	144	6.92%	375	10	240	8.24%	200	1.32%
26 plus	18	144	6.92%	465	10	240	8.24%	250	1.32%
2005									
1-5	12	96	4.62%	60	6	144	4.95%	30	0.33%
6-10	13	104	5.00%	125	7	168	5.77%	65	0.77%
11-15	16	128	6.15%	205	8	192	6.59%	105	0.44%
16-20	19	152	7.31%	300	10	240	8.24%	155	0.93%
21-25	21	168	8.08%	405	11	264	9.07%	210	0.99%
26 plus	22	176	8.46%	515	12	288	9.89%	270	1.43%
2006									
1-5	12	96	4.62%	60	6	144	4.95%	30	0.33%
6-10	14	112	5.38%	130	7	168	5.77%	65	0.38%
11-15	17	136	6.54%	215	8	192	6.59%	105	0.05%
16-20	20	160	7.69%	315	10	240	8.24%	155	0.55%
21-25	22	176	8.46%	425	11	264	9.07%	210	0.60%
26 plus	23	184	8.85%	540	12	288	9.89%	270	1.04%
2007									
1-5	12	96	4.62%	60	6	144	4.95%	30	0.33%
6-10	15	120	5.77%	135	7	168	5.77%	65	0.00%
11-15	18	144	6.92%	225	8	192	6.59%	105	-0.33%
16-20	21	168	8.08%	330	10	240	8.24%	155	0.16%
21-25	23	184	8.85%	445	11	264	9.07%	210	0.22%
26 plus	24	192	9.23%	565	12	288	9.89%	270	0.66%
2008									
1-5	12	96	4.62%	60	6	144	4.95%	30	0.33%
6-10	16	128	6.15%	140	8	192	6.59%	70	0.44%
11-15	19	152	7.31%	235	9	216	7.42%	115	0.11%
16-20	22	176	8.46%	345	10	240	8.24%	165	-0.22%
21-25	24	192	9.23%	465	11	264	9.07%	220	-0.16%
26 plus	25	200	9.62%	590	12	288	9.89%	280	0.27%

Appendix J

Recommended Implementation Schedule (Regular/2080)



Appendix K

Time Off Summary To-date

	2080 Regular Employees				2080 Police Employees				2912 LDCFM Employees				
Holidays	9 days (72 hrs)				9 days (72 hrs)				9 12-hr days (108 hrs)				
Kelly Days									YOS	1	6	11	16+
									Hr	24	48	60	72
									Shft	1	2	2.5	3
Personal Leave	2 days (16 hrs)				3 days (24 hrs)				n/a				
Physical Fitness Days	n/a				2 days (16 hrs)				n/a				
Vacation	YOS	1	11	16+	YOS	1	11	16+	YOS	1	11	16+	
	Days	12	15	18	Days	12	15	18	Shft	6	8	10	
	Hr	96	120	144	Hr	96	120	144	Hr	144	192	240	
Wellness Time Off	2 (16 hr)				2 (16 hr)				1 (24 hr)				
Max Annual Time Possible For 16 Yr employee	Days	31			Days	34			24-hr Shifts	18.5			
	Hours	248			Hours	272			Hours	444			
	% of 2080	11.9			% of 2080	13.1			% of 2912	15.2			

Appendix L

Time Off Summary Proposed

	2080 Hour Regular Employees							2080 Hour Police Employees							2912 Hour LDCFM Employees						
Holidays	9 days (72 hrs)							9 days (72 hrs)							9 12-hr days (108 hrs)						
Kelly Days	n/a							n/a							YOS	1	6	11	16+		
															Hr	24	48	60	72		
															Shft	1	2	2.5	3		
Personal Leave	2 days (16 hrs)							3 days (24 hrs)							n/a						
Physical Fitness Days	n/a							2 days (16 hrs)							n/a						
Vacation	YOS	1	6	11	16	21	26	YOS	1	6	11	16	21	26	YOS	1	6	11	16	21	26
	Days	12	16	19	22	24	25	Days	12	16	19	22	24	25	Days	6	8	9	10	11	12
	Hrs	96	128	152	176	192	200	Hrs	96	128	152	176	192	200	Hrs	144	192	216	240	264	288
Wellness Time Off	2 (16 hr)							2 (16 hr)							1 (24 hr)						
Total Time Off for 16 yr employee (in 2008)	Days				35			Days			38				24-hr Shifts				18.5		
	Hours				280			Hours			304				Hours				444		
	% of 2080				13.5			% of 2080			14.6				% of 2912				15.2		
Max Annual Time Possible 26 yr employee (in 2008)	Days				38			Days			41				24-hr Shifts				20.5		
	Hours				304			Hours			328				Hours				492		
	% of 2080				14.6			% of 2080			15.8				% of 2912				16.9		