



HUMAN RESOURCES AND LABOR RELATIONS DEPARTMENT

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To: County Staff

From: Andrew S. McKinnon, Director
Human Resources and Labor Relations

Date: December 21, 2020

Re: Lump Sum Payments, Increases, Sick Days

As this year has progressed, Executive Mark Hackel, the Executive's Office, the Finance Department and Human Resources and Labor Relations have been monitoring our budget and the impact of COVID-19. As the year went on, we were able to provide "Gratuity Pay" as a thank you to those staff who were physically present in our offices. In addition, we were able to provide three additional PTO conversions in recognition that staff weren't utilizing their usual time and were possibly forfeiting PTO. We were able to do this because of Federal Cares Act dollars and it was important to us that we not only took care of our community, but also those who were caring for our community – our staff.

Fortunately or unfortunately, the Cares funding has been exhausted. This was intentional as it is supposed to sunset as of December 30, 2020. We were able to put those funds to use in Macomb County and do not have to return any to the Federal Government, although it does mean an end to "Gratuity Pay" as of December 30, 2020.

In recognition of the end of gratuity pay, and a thank you to our team for pushing through such an incredibly difficult year, Executive Hackel, along with our finance department, has authorized lump sum payments for all staff that will be paid out on the 1st of January, 2021. The amounts are \$1,000.00 for full time employees and \$500.00 for part time employees. If you receive a paycheck on the 1st of January you will receive this lump sum, whether you are brand new or worked here for forty years. The only exceptions are elected officials as their compensation is set by Board Ordinance and not the Executive's office.

In addition, there will be a 1% increase applied to the PTA schedule starting on October 2, 2021.

Both of the above were offered to all of our union partners, however, we did request something in return. The number of accrued sick leave days has been reduced from thirteen days to twelve days per year. The reduction in accrual was also proposed to begin on October 2, 2021.

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The reason we picked October 2, 2021, was twofold. First, it allows us to write it into our funding requests from the state for 2021/2022. The state's fiscal year begins on October 1. Second, we are hopeful that as of October 2, 2021, everyone who wants to have a vaccination for COVID-19 will have been able to. We didn't want to reduce sick leave accrual in the middle of a pandemic.

Our offer of the lump sums plus the 1% on the PTA schedule in exchange for reducing sick day accruals from 13 days per year to 12 days per year was overwhelmingly ratified by all of our union partners and as mentioned above it will apply to all staff, union and non-union, except elected officials.

One of the questions that arose was about DROP sick leave. It will remain at 6 days per year. Also, if you earn less than 13 days per year in sick leave you will not be impacted. We have also heard from those who continue to be red circled. The 1% on the PTA schedule will allow that to catch up to you more quickly and you still receive the lump sum.

I have taken the liberty of including in this memo a sample calculation for the monetary value of a sick day. As you will see, it is far less than 1% of anyone's pay. However, calculating sick days isn't an exact science so please know those numbers and calculations are illustrative and our best estimates.

If you have any specific questions about this please connect with your union leadership or your HRLR Consultant.

I hope this is good news and maybe helps put a slightly more positive bow on this less than stellar year.

Take care of yourselves and happy holidays.

Our examples are based on the following facts/assumptions:

- One day of any time equals 0.003846% of pay
 - The formula is 1 day = 1/260 as we have negotiated making 260 working days our base
- Participants in the Defined Benefit Plan (DB/Pension) may be paid out 50% of sick leave days remaining
- Sick leave payout is limited to 50% of the first 125 days (1000 hours) for DB members
- Because the payout is limited to 50% we are reducing the 0.003846 by half
 - $0.003846/2=0.001923$
- The County carries a liability on its books for the 50% value, this encumbers fund balance
- Participants in the Defined Contribution Plan (DC) cannot cash out their sick time upon termination
- DB members comprise about 60% of county staff
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- Therefore, we reduced the 0.1923% by 40%
 - $0.001923*0.6= 0.0011538$ or .0011

Example Using Median Annual Salary for a County Employee

- Medium annual salary = \$55,600
- Value of 1% = **\$556.00**
 - $\$55,600 * .01= \556.00
- Value of one time lump sum of \$1,000.00 = **1.79%**
 - $\$55,600/\$1,000= 0.01798561$
- Value of 1 day of pay = **\$213.85**
 - $\$55,600/260= \213.85
- Value of 1 sick day paid out upon separation if a DB member = **\$106.92***
 - $\$213.85/2= \106.92
 - *This only accounts for the first 1000 hours, so the number is slightly more than actual for anyone who has more than 1000 hours/125 days
- Value of 1 sick day if a DC member at the end of employment = **\$0.00**
- Value of 1 sick day applying the above assumptions= **\$61.16**
 - $\$55,600*0.0011 = \61.16