

Memo

To: Mayor McFarland & Finance Committee

From: Lisa Schwartz, Human Resources Generalist

Date: September 6, 2022

Re: Proposed Employee Handbook Updates

Please find the following agenda item for your consideration and approval.

The handbook was reviewed and updated in full in August 2021 to include the final pay policy and the vacation policy. Two situations have occurred regarding the exempt and non-exempt employees' vacation benefits. Prior to January 1, 2022, exempt employees were given vacation on the first day of employment before it was earned. When an exempt employee separated, vacation benefits for the next year were prorated for the time that worked in the year that they had separated. This is in contrast with the non-exempt employees who were given vacation benefits on the anniversary after one year of work and the proration of the next year's benefits on the date of separation.

Please note the following vacation related items for update: the definition of when the vacation benefit is considered earned by employees, addressing of the calculation of awarded vacation, and the calculation of the final payout of vacation.

Item 1:

On January 1, 2022, the annualized vacation change took effect awarding both exempt and non-exempt employees with a full 2022 vacation award. The proposed change below defines when vacation is considered earned for both categories. The vacation section currently states employees are entitled to annual vacation. Please note the clarification that employees will earn vacation throughout the work year but will have vacation available to use as of the first date of employment.

Current Policy:

Under Section V. Benefits letter B. Vacation

B . VACATION

Full-time and eligible part-time employees, except employees in the Fire Department who work on a platoon basis, shall be entitled to annual vacations in accordance with their continuous service with the City.

Proposed Change Policy:

Under Section V. Benefits letter B. Vacation

B . VACATION

Full-time and eligible part-time employees, except employees in the Fire Department who work on a platoon basis, shall earn vacation days in accordance with their continuous service with the City.

Item 2:

The second change involves the calculation of the final payout of vacation for employees. The final pay policy requires employees to work for one year before they can be paid vacation benefit when they separate. The vacation policy requires employees to work for three months before they can be paid for the vacation benefit. Employees that have worked longer than this period are not noted regarding a final payout of vacation.

Please confirm the addition of “prorated” and removal of the “minimum employment time requirement of one year” in Section III. Hiring and Promotion Policies letter F to reflect, “for any prorated unused awarded, accumulated, and/or accrued vacation time to be paid to any separating employees as well as to recoup a proration of vacation used that had not been earned by the time of separation.” In section Section V. Benefits letter B. Vacation, please confirm the removal of “Employees with less than three (3) months of continuous service shall not be compensated for unused vacation at the time of separation.”

Current Policy:

Section III. Hiring and Promotion Policies letter F. Termination states:

Final Pay

An employee who resigns or is discharged will be paid through the last physical day of work, plus any unused benefit time, less any other agreements the employee may have with the City, in compliance with state laws. This does not apply to promotions.

Any benefit time accumulated and/or accrued cannot be used to extend the termination date. Remaining benefit time, with the exception of sick leave, will be paid out on the employee’s final pay date if the employee was employed for **at least one year.** (*Emphasis added.*)

Under Section V. Benefits letter B. Vacation

B . VACATION

Full-time and eligible part-time employees, except employees in the Fire Department who work on a platoon basis, shall be entitled to annual vacations in accordance with their continuous service with the City.

Vacation schedules, including the number of employees able to be on vacation at the same time and when any employee shall be allowed to take a vacation shall be established and approved by the department head or his or her representative. Vacations must be taken in segments as authorized by the department head.

If vacation is not used within the year it is earned, it may be carried over into the following year. Full-time and eligible part-time employees may carry over up to five (5) days of vacation leave per calendar year. All vacation carried over must be used by March 31st of the following year. A request

for vacation carryover form must be provided to the department head by December 1st every year. Any remaining vacation time in excess of five (5) days will be forfeited, absent express written approval of the Mayor for good cause. In the case of department heads, approval is given by the Mayor.

Any employee who terminates employment for any reason will be entitled to pay for all unused, earned vacation from January 1 to the date of termination. **Employees with less than three (3) months of continuous service shall not be compensated for unused vacation at the time of separation.** Vacation shall not accrue during any period of unpaid leave except in the cases of military leave. (*Emphasis added.*)

Proposed Policy:

Section III. Hiring and Promotion Policies letter F. Termination states:

Final Pay

An employee who resigns or is discharged will be paid through the last physical day of work, plus any unused ~~comp time or prorated earned vacation benefit~~ time, less any other agreements the employee may have with the City, in compliance with state laws. This does not apply to promotions.

Benefit time ~~such as prorated unused vacation or accumulated comp time~~ cannot be used to extend the termination date. ~~Used and unearned vacation time will be recouped.~~ Remaining benefit time, with the exception of sick leave, will be paid out on the employee's final pay date.

Under Section V. Benefits letter B. Vacation

VACATION

Full-time and eligible part-time employees, except employees in the Fire Department who work on a platoon basis, shall be entitled to annual vacations in accordance with their continuous service with the City.

Vacation schedules, including the number of employees able to be on vacation at the same time and when any employee shall be allowed to take a vacation shall be established and approved by the department head or his or her representative. Vacations must be taken in segments as authorized by the department head.

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Any employee who terminates employment for any reason will be entitled to pay for all unused, earned vacation from January 1 to the date of termination. ~~Refer to Final Pay section. Employees with less than three (3) months of continuous service shall not be compensated for unused vacation at the time of separation.~~ Vacation shall not accrue during any period of unpaid leave except in the cases of military leave.

Item 3:

The final discrepancy is between the proration of vacation time for non-exempt and exempt general employees at the time of hire leading up to the January 1st annual award date. Non-exempt employees are awarded a prorated amount from the date of hire through December 31st and awarded a full amount on January 1st. Exempt employees are awarded a full amount of vacation on the date of hire and the full amount on January 1st.

Please review and approve the addition of the proration of initially awarded vacation already described in the non-exempt section to also be included in the exempt section under Section V. Benefits letter B. Vacation, "During the first year of employment, employees will accrue a prorated amount of the standard allowance based on the number of weeks worked from their date of hire through December 31."

Current Policy:

VACATION

General, Non-Exempt Employees

Non-exempt employees regularly working 40 hours per week shall be entitled to annual vacations based on continuous years of service as follows:

During the first year of employment, employees will accrue a prorated amount of the standard allowance based on the number of weeks worked from their date of hire through December 31. *(Emphasis added.)*

During 1-2 years of service 10 days

During the 3-4 years of service 12 days

During the 5-6 years of service 13 days

During the 7-9 years of service 15 days

During the 10-11 years of service 17 days

During the 12-13 years of service 18 days

During the 14-16 years of service 20 days

During the 17-18 years of service 22 days

During the 19-20 years of service 23 days

During the 21+ years of service 25 days

Salaried/Exempt Employees

Exempt employees hired from outside the City of Watertown shall receive credit for the number of years of public service with their previous employer(s) as verified by the Wisconsin Retirement System, or other public pension systems, or private employer. Exempt employees shall be entitled to annual vacations based on the combination of previous verified service and continuous service to the City of Watertown as follows:

During the first 8 years of service 15 days

Years 9-15 of service 20 days

After 16 years of service 25 days

Human Resources shall determine what employment counts as verifiable service under this policy. For employees with previous verified service outside the City of Watertown, the employee earns additional vacation as provided herein on January 1 in the next full calendar year.

Proposed Policy:

Under Section V. Benefits letter B. Vacation

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During the first year of employment, employees will accrue a prorated amount of the standard allowance based on the number of weeks worked from their date of hire through December 31.

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Human Resources shall determine what employment counts as verifiable service under this policy. For employees with previous verified service outside the City of Watertown, the employee earns additional vacation as provided herein on January 1 in the next full calendar year.

Please review and decide that vacation benefit is defined as earned by employees as they work, to address the proration of awarded vacation for exempt employees, and the final payout/recoupment of prorated vacation as it is earned in the year of separation.