

TOWN AND VILLAGE PERSONNEL POLICY COMMITTEE MEETING MINUTES  
JOHNSON MUNICIPAL BUILDING  
TUESDAY, DECEMBER 8, 2015

**Present:** Scott Meyer, Gordy Smith, Nat Kinney, Eric Osgood, Duncan Hastings, Sandy Miller, Rosemary Audibert, Jan Perkins, Troy Dolan

**Note: All votes taken are unanimous unless otherwise noted.**

**1. Call to Order**

Eric and Gordy called the meeting to order at 4:06.

**2. Changes, Additions to Proposed Agenda**

It was agreed to add approval of meeting minutes.

**3. Approval of Meeting Minutes**

Eric asked for one correction. In the sentence, "Eric said a lot of things in the personnel policy don't apply to electric department positions or appointed positions such as Jan's or Rosemary's," "electric department positions" should be replaced with "elected." **Nat moved to approve the minutes of November 10, 2015 with the suggested correction, Duncan seconded and the motion was passed.**

**4. Review Work Items Assigned from Previous Meetings**

Duncan's assignment was to compare our benefits with those of other communities. He handed out a spreadsheet. He put out an email query to other town managers and administrators with specific questions. He didn't get a great response rate. Maybe half a dozen people answered the questions and some just sent their personnel policies, so it wasn't all that useful. He also got information from VLCT's detailed benefits survey. He only looked at municipalities with populations from 2,000 to 10,000. There were 37 respondents from towns that size. He found that it was really hard to make accurate comparisons among policies and benefits for a number of reasons. His general assessment is that there are towns that are offering more overall benefits than Johnson and those offering fewer. He thinks we are pretty much in the middle. He doesn't think our benefits are outrageously out of line for a community of our size. But size isn't the key factor. There are towns with greater populations than ours but no utilities. The real factor in trying to compare is the fact that we have a village and the village has utilities and those require a greater level of skill for both the outside and inside employees. Our office staff has to deal with monthly billing, customer service, accounts, etc. For that reason looking at municipal electric utilities probably provides a more accurate comparison.

The ways some of these towns are dealing with leave are probably more complex and harder to manage than our CTO. For example some of them do some form of annual buy-back on sick leave. You can carry over some amount from one year to the next and they buy back any hours above that amount at 50 cents on the dollar annually. He thinks a system like that would add to our problem, since we have difficulty getting our employees to use their comp time, let alone CTO or sick time. He thinks for us administratively managing CTO is simple and easy. He thinks it would make a major disruption to employees if we go away from CTO in the personnel policy. He hopes we can take that issue off the table or figure out what we want to do about it. It seems to him a major concern is related to carry-over of time and compensation for time at the time of separation.

Johnson maxes out at 4 weeks of vacation, which is similar to many other towns. There is wide variety in when employees receive increases in vacation time. It is hard to compare.

Thirty-two of 37 respondents allowed carry-over of vacation time, with amounts ranging from 40 hours to unlimited. Forty hours was rare. Most allowed more generous amounts.

Sick leave seems pretty consistent across towns, with accrual of approximately 1 day a month on average. When we created our CTO policy that is how we came up with our accrual. It was based on 1 day a month of sick leave.

Thirty of 37 allowed sick leave carry-over, with amounts ranging from 30 hours to unlimited. While there wasn't a specific question asked in the survey about payment of accrued sick time, notes seemed to indicate a certain number of towns are dealing with the issue of paying for sick time. Some are buying it out on an annual basis for amounts ranging from 33 cents to 50 cents on the dollar. Some offer a credit and allow employees to take it as vacation time.

Holiday time seemed pretty consistent. The majority had 12 holidays. Some had 11. Johnson has 11 – 9 plus 2 floaters.

Twenty-eight of 37 provide life insurance. We don't. Twenty-six provide short-term disability. Eighteen provide long-term disability. Fifteen towns supplement workers comp payments. He doesn't know how much they supplement. Some of them use sick pay to do it. Twenty-four out of 37 offer vision insurance. Johnson offers it but the employee pays 100% of the cost. Rosemary said most of our employees take it. Thirty provide dental insurance, as we do.

Thirty provide uniforms. Most who don't provide a uniform allowance.

All provide health insurance. Based on the decision made at the joint meeting the other night, we provide roughly 97% of the value of the Gold plan and 85% of the value of the Platinum plan. Numbers for other towns are all over the place. It is difficult to make comparisons. Some that require an employee contribution are also providing health reimbursement accounts that employees can use for out of pocket expenses.

Scott said it would be helpful to show Johnson's benefits on the spreadsheets. He asked if Duncan could do that. Duncan said he doesn't know how useful that would actually be.

Eric said the spreadsheet shows 31 of the 37 towns offer Platinum plans. We allow our employees to get the Platinum plan but we just pay the cost of the Gold plan. Is that considered offering the Platinum plan? Duncan said that is something he doesn't understand in the survey. They only list the standard plans, not the high deductible plans. That is why he doesn't know how helpful the comparison to Johnson on the spreadsheet would be. Comparing sick leave or vacation time to our CTO doesn't work. He suggests that Scott look through the survey results first and see if he still thinks showing Johnson's benefits on the same spreadsheet would be useful. Going back to Eric's question, he doesn't know what it means to say a town offers a Platinum plan. Under the Affordable Care Act if you are offering insurance you are offering the plans that are offered. He doesn't know that you have the option of telling employees that one

plan is the plan they are going to take. He thinks everyone is offering everything. Rosemary said if some have more than 50 employees they have different requirements. Duncan said some do have more than 50 employees. Sandy said he thinks if it says they are offering the Platinum plan it may mean they are indexing their contribution against the cost of the Platinum plan. He thinks that is how some are answering the question. He thinks we have to take these results with a grain of salt. He knows municipalities don't always fill the survey out in a way that is transferrable to the types of information we want. Duncan said you can tell that some respondents didn't fill the form out right.

Eric asked if Johnson is in the ballpark of the other towns. Duncan said yes. He didn't see anyone contributing less than 80%. Most seemed to contribute between 90 and 100% but some that contribute 90% also offer health reimbursement accounts.

Eric asked if there were any towns that had anything similar to our CTO. Duncan said yes. Morrisville, for instance, has what they call Paid Time Off. Stowe has CTO. Those that use it lump sick, vacation and personal time together. Sandy said they may not include holiday time. Duncan said quite a few towns, even those that have standard holiday time, allow 2 holidays to be taken as floaters. There didn't seem to be a lot of consistency about which 2.

Gordy said we all know that it is a trend that most companies are going to combined vacation and sick leave. It is easier for Rosemary to keep track of the time off with CTO and it is the employees' business what they use the time for. He thinks CTO simplifies things. Village and town employees have about \$80K on the books for CTO and sick leave reserves. That's almost a year's budget for the village general fund to pay the employees we have now when they retire. Rosemary said he is assuming they will all retire at once. Eric said some of that is catastrophic. Rosemary said only 25% of the sick leave will be paid out. Eric said we would only need to pay \$8K for sick bank hours and some of the CTO would be budgeted because it is for the current year.

Gordy asked, if an employee is sick long enough, would we be paying to replace the person? Duncan said yes, in some cases. Gordy said if we had short-term disability and an employee went on it then the policy would pay them so it wouldn't come out of our budget, so we would have money to hire a replacement.

Jan asked if someone on short-term disability could be allowed to use their sick or CTO time to make up the different between their payments and their regular pay. Duncan and Sandy said no. Eric said if someone is on short-term disability they can't come in some days when they feel up to it and not others. You can't come to work at all while you are on short-term disability. Gordy said in a way that is a good thing. Some employees have come back when they were not ready and were reinjured.

Gordy said he thinks we should cap the exposure on the books and go with short-term and long-term disability. Jan said that is a risk for employees because a future board might decide not to offer disability. She handed out a statement about what employees want. Sandy suggested finishing discussion on this topic before moving on to other topics.

Eric said a lot of the comparison info is not apples to apples with Johnson but it gives us a feel as to whether we are in the ballpark with other towns. Maybe it would be more pertinent if we decide to split out CTO.

Sandy asked if there is there consensus about staying with CTO or splitting it out. Troy said the employees 100% want to stay with CTO. Jan agreed. Gordy said he agrees with keeping CTO. He likes it. He thinks that is what most in the community have. Duncan and Eric agreed. Duncan said it is good from an administrative standpoint. Rosemary agreed. Sandy said he is hearing that everyone or almost everyone wants to stick with CTO.

Scott said some trustees expressed very strong opinions that leave should be used or lost, that sick leave should not be paid out on leaving and that the only way to track that would be to split off sick leave. Sandy said the leave banks can be uncapped or capped at any level we want. He doesn't think having CTO is incompatible with what Scott just said. Scott said he wants to make it clear that going ahead with the status quo will result in a difficult conversation with the trustees. Eric asked, if recommendations come from this committee, are the trustees so set in their opinions that they won't agree? Gordy said it depends on what he and Scott take back. Eric said if we can't come to an agreement nothing will change. We will stay with the status quo.

Gordy said he thinks the turning point for the trustees was some of the recent payouts. Duncan said he thinks there are ways to deal with that. Going forward we could have a different policy for those hired after a certain date. Sandy has some thoughts and ideas about mixing in short-term disability. He knows employees have concerns about changing boards. He thinks that is a legitimate concern. The 480 hours and 25% came from the village trustees. That policy was on books for 30 years or more.

Scott said he thinks employment has changed drastically since decades ago. He doesn't think the trustees are being alarmist. He thinks there are concerns about payouts and people not taking vacation time. Employment now is different from 20-30 years ago. If we are using tax dollars we have to have an open mind. His opinion of what the trustees want is that they don't want to strip any benefits from current staff but want to see changes made in the future. He thinks the majority feel they don't want to impact current staff but they want to see a change on "use it or lose it" and caps. Eric said if the committee recommends a change but all current employees are grandfathered we won't see any change for decades.

Jan asked, you don't think funding for retirements will help? Scott said funding may help. But some of the trustees look at what is happening at their employment. Policies like ours are becoming a rarity. They are representing people who have "use it or lose it" and caps and feel they have a responsibility to the community and to employees. They answer to the taxpayers.

Sandy said he is hearing that there is a perception that nobody in the private sector has these benefits, that few people have them, and that therefore continuation of these benefits is problematic. He suggested this would be a good time to segue into his analysis related to disability and payouts.

Sandy said he took Rosemary's payout figures for 2004 to 2015 and he looked at the cost of short-term and long-term disability over that period. The quotes he got for short-term are for payments of 66.7% of pay and our long-term coverage pays 60%. If we have both we will want them to be the same. If we go from a 180-day waiting period for long-term disability to a 90-day waiting period we do not need short-term disability for 26 weeks; we only need it for 13 weeks, which would cost considerably less. But state regulations have changed and new 13-week short-term disability policies may no longer be written. The cost of changing the waiting period for long-term disability from 180 to 90 days for all employees is only \$517 more per year.

He understood that the committee wanted him to look at what it would be like if we had lower payout amounts, so he picked 5 different scenarios to compare with the level of payouts that occurred in reality. He showed the comparison in a spreadsheet. If we added short-term disability that would cost an additional \$4,558 annually. None of the 5 options for reduced payouts, even fairly dramatic ones, save enough money to pay for short-term disability. On an annual basis the payout amounts spread out over 12 years are not huge. The annualized cost is \$7837. If we had put away that much every year there wouldn't have been a blip in anyone's budget.

One thing we had talked about is that if we were to reduce the long-term disability waiting period to 90 days or add short-term disability that would provide a shorter bridge to employees. If we provided that shorter bridge, what would employees consider reasonable in terms of reductions to accrued leave buckets? They are there either as insurance or as a cash benefit upon retirement. A shorter waiting period before getting disability reduces the need for leave to provide a bridge.

Even dramatic reductions in CTO and sick leave payouts wouldn't give us enough savings to pay for short-term disability. He doesn't think short-term disability is a great option, given the options employees already have. He suggests changing the long-term disability waiting period from 180 to 90 days. We also might want to budget for an accrued leave reserve fund and consider metering out payments over a number of years for those getting large payments when they leave.

Rosemary asked if this type of reserve fund has to be approved by voters. Sandy said he doesn't think so but we can research it. We don't have to call it a reserve fund. Gordy said if it is in the budget it will be subject to voter approval each year anyway.

Sandy if we had short-term disability we would pay out for that every year. If we budget for payouts we would still have that money until we pay it out. He would rather have the money in our own accounts.

Sandy said his spreadsheet suggests a tiering concept that would keep things the same for current employees and provide different payout levels for future employees. There is also factual evidence that dramatically different payout levels won't affect the budget as much as we might expect.

Gordy said he would like Sandy to review this information with the trustees at next week's meeting. After that, he and Scott will have a better idea how they feel. Scott said he thinks 3 of the 5 trustees have "use it or lose it" at their jobs. One trustee brings up that idea frequently.

Gordy asked if there is a way we could implement "use it or lose it" but still ensure that if employees get sick they would have enough leave to get to the 180 days. Sandy said the first thing we want to do is give the employee enough time off if they have a significant illness. Now they have 180 days before long-term disability kicks in. The simplest and least expensive way to bridge the gap is to look at reducing that to 90 days. Then we can ask how much other time they need and in what buckets. Then we can decide how much they have to use in a year. They wouldn't need so much time if the waiting period were reduced to 90 days. Jan said time in the catastrophic bank is already "use it or lose it." Scott said he has expressed concern about someone having a non work-related injury that puts them out and leaves them with no income. Reducing the waiting period to 90 days costs a small amount and has his full blessing. Rosemary said 480 hours is 60 days.

Sandy asked if employees need as much time in each bucket as they have now if the waiting period for long-term disability is reduced to 90 days. Jan said yes. Once the employee gets to 480 hours it goes into the catastrophic bank. Eric said the most you would ever need would be enough to get you to 90 days. But the sick reserve is only 60 days, said Rosemary. Eric suggested we could get rid of the catastrophic leave bank. Or we could cap it at 90 days suggested Duncan. Duncan said there is also an employee sick bank employees can apply for. It was approved but has not yet been codified in written policy.

Sandy asked Troy and Jan how much time employees need in leave banks if they only need to get to 90 days. Troy said in order to fill the buckets so he can get to 90 days he will have to save most of his leave. Sandy said that is no different from the way it is now, with a bigger gap. Jan said she doesn't feel employees should have to give up their CTO time in a trade for better long-term disability. Sandy said CTO time is one bucket. How much do employees need in the other buckets? Jan said she thinks the CTO and sick leave caps should be the same as they are now. If the boards want to cap catastrophic leave that is fine with her. Troy said you need 720 hours to get to when disability kicks in. Sandy asked if he is hearing that the purpose of these banks is to get employees to long term disability. Troy said yes.

Sandy asked, if the important thing is to get to long-term disability, does accrued leave have to be cashed out at the end of a person's employment? Duncan said he thinks the accrued leave can be both a way to bridge the gap to disability and a way to get a payout at the end. We have some employees who take every day they are entitled to and have their own short-term disability policies. We have others who try to bank their hours and don't buy short-term disability policies. In a way you're penalizing those who save their hours and do more work for us by not paying them anything on retirement. The current policy allowing 25% payout on accrued sick leave is a way of compensating them for good behavior when employed. The ones who use all their hours get no payout. Eric said the way it is set up now it encourages employees to save a little time and that time goes into the sick bucket. He thinks the reason we had a payout was to be fair to employees because some of that time going in there may be vacation time they used as

security. If they are not taking vacation time he thinks they deserve to get paid back for that. Sick days are usually “lose it or use it” in his experience.

Eric said he agrees with Sandy about changing the long-term disability waiting period to 90 days. If we do that, why couldn't we either cap the catastrophic leave bank or do away with it and increase the limit on the sick bank so we only had 2 banks? What do employees need more than 90 days for? Duncan said if we did that we would want to reduce the percentage of sick leave that would be paid out on retirement or cap the amount that could be accrued.

Sandy said it doesn't seem to him that employees would need the catastrophic bank the way they have had it. Duncan said when it was set up we didn't have long-term disability. Sandy said as long as we provide the bridge it doesn't really matter what bank it is in.

Rosemary asked how long people can stay on long-term disability. Sandy said until they are 65. Once you are on long-term disability you are subject to their rules and regulations which are a little different from those that apply to workers comp.

Gordy suggested putting the ball in the employees' court and seeing what they come up with for a way to bridge the gap to long-term disability.

The committee agreed that we should switch to long-term disability with a 90-day waiting period and not get short-term disability. Sandy suggested following up with employees about how many buckets of accrued time they need if they need 720 hours of leave to get to 90 days.

Duncan suggested doing away with the catastrophic bank and putting that time in the sick bank with a cap on the payout.

Troy said he wants to confirm that we are going to stay with CTO. Scott said he and Gordy still need to go back to the trustees. Eric said he thinks the committee is in agreement about keeping CTO but the committee's recommendations have to go back to the two boards.

Scott suggested putting an update on the committee's discussions on the agenda for next week's trustee board meeting. Others agreed that trustee feedback would be useful.

5. ***Committee Members' Other Issues or Concerns/Schedule Future Meetings***

Jan shared what she had written up about what employees want. It is unanimous that all employees want to keep CTO time. They also would like some clarifications and additions to the policy. They would like the policy to say that sick leave reserve time can be used for illness or injury of family members, children, siblings, and grandchildren, and that those people do not have to reside in your home. Eric asked, the proposal is that employees could take time out of the sick leave bank for those purposes even if they had CTO time? Jan said yes. Scott asked, isn't this covered by the Family Leave Act? Duncan said the Family Leave Act doesn't require that we provide pay for leave allowed under the act. Jan said if she had a dentist appointment she could draw out of the sick reserve bank instead of the CTO reserve bank. Sandy asked, doesn't the policy say now that medical appointments can be claimed? Jan said it does. Troy said the current policy does say that. He wants verification that employees can follow the policy as it is written. Scott asked if parents are included in the list of relatives people can use sick

leave for. Sandy said they are. He noted that grandparents are not listed. Jan said we should definitely add grandparents.

Jan said employees propose giving people an additional week of vacation after 20 years. They also propose adding a holiday – Martin Luther King Day. Sandy asked what they are giving up in exchange for MLK day. Jan said nothing; they are trying to gain something. She said she noticed that a lot of towns give the day after Thanksgiving as a paid holiday. Our employees use Battle of Bennington Day, a floating holiday, to get that day off. Nat commented that the point of giving people Town Meeting Day off is so they can go to town meeting. Duncan said at one point, before he was here, it was agreed that Town Meeting Day would be a holiday as long as employees showed up at town meeting. Jan said not everyone lives in Johnson.

Columbus Day and Battle of Bennington Day are floating holidays. They are included in CTO. Sandy asked why we need the sentence in the policy identifying those as floating holidays if they are part of CTO. Duncan said he thinks we did it to make it clear we weren't taking any holidays away. We could take them out of CTO time and just call them holidays. He thinks everyone generally takes them as holidays.

It was agreed that Troy and Jan will take what the committee has discussed back to the other employees for feedback and the boards will be updated as well. Sandy said one thing to discuss with employees is whether the idea of tiering – having different provisions for future employees than for current employees – is something worth considering. The selectboard will not meet until December 21, so the next meeting of this committee will be after the holidays.

Troy said the policy currently says employees can use sick reserve bank time for medical appointments. Is that something they are allowed to do? There are a couple of employees who would like to do that but it sounds like they haven't been able to do it in the past. Duncan said the policy is vague. An employee had asked if he could use that time for appointments. He and Rosemary talked about it and their initial conclusion was that it seemed the intent was that employees should use CTO hours first, then go to the sick leave bank, then the catastrophic leave bank. But at the time he didn't see the section Troy is referring to. If he had he might have arrived at a different conclusion. He did say the employee could go the board if not satisfied with his answer. Eric said he doesn't think this committee has the authority to authorize how leave can be used. He thinks the employee should take the question to the board. Duncan said this is one thing we should address in the policy. The policy sets forth a process. The employee should bring questions to the immediate supervisor, then go up the chain of command. Sandy said there is a grievance procedure, too.

Gordy and Sandy asked employees to let Sandy know when they schedule an employee meeting.

**6. Adjourn**

The meeting was adjourned at 6:05.

*Minutes submitted by Donna Griffiths*