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## SALT LAKE CITY COUNCIL STAFF REPORT

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DATE: May 2, 2003  
SUBJECT: **Military Leave Benefits**  
AFFECTED COUNCIL DISTRICTS: Citywide  
STAFF REPORT BY: Gary Mumford  
ADMINISTRATIVE DEPT. Department of Management Services  
AND CONTACT PERSON: Brenda Hancock

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The Administration is requesting that the Council consider an ordinance setting forth certain benefits for employees on military leave of absence.

- Provide two weeks of full pay per year.
- Prior to leaving for active duty, an employee may request that accrued vacation, holiday and personal leave be paid in cash.
- Upon the employee's return, the City's pension contributions will be paid to the employee's retirement plan for military time.
- Upon the employee's return, vacation, holiday, and sick leave will be restored for up to one year's accrual. At the discretion of the Mayor, the employee would have the option to receive the vacation and holiday leave in cash.
- Upon the employee's return, post employment health plan (501c9) contributions would be made by the City for military time.
- Employees have the option to continue their life insurance by agreeing to be responsible for premium costs.
- Employees have the option to continue the City's health insurance plans by agreeing to be responsible for premium costs.

### OPTIONS:

Some options that Council Members have mentioned and may wish to consider include:

- Effective date - Rather than becoming effective on the date of its first publication, the Council may wish to make the ordinance retroactive to January 1, 2003.
- Life insurance - Continue the employee's regular City life insurance (\$50,000 policy) at no cost to the employee. The monthly cost is \$8.45 per person. In the past, not all activated employees continued the City's life insurance policy even though the cost is rather inexpensive and there is not an exclusion relating to war. (Note: If an employee becomes disabled while on military leave, veteran's benefits will provide disability benefits. The City's long-term disability policy excludes war related disabilities.)
- Supplement military pay. The Human Resource Management Division estimated the annual cost for supplementing military pay for the 20 activated employees to be approximately \$222,000. Providing supplemental pay of \$800 per month would be much less difficult to administer and would cost the City \$192,000 annually for 20 activated employees.

- Health insurance - Allow the employee the option to continue the City's spouse or family health insurance benefits by converting accumulated sick leave or retirement/layoff account balances to cash for the purpose of paying health insurance premiums. In some situations, employees need to continue the City's health insurance. For example, it may be important to keep seeing the same doctor or mental health provider or to provide coverage for unmarried children between ages 23 and 26 (military health insurance of dependents is not available after age 23 while the City's insurance continues until age 26). Council staff's understanding is that there are at least three military insurance plans for family coverage with the least expensive requiring initial service at Hill Air Force Base for families that live within 50 miles of the facility.

## POTENTIAL MOTIONS:

- ["I move that the Council"] **Adopt the ordinance as proposed setting forth certain benefits for employees on military leave of absence.**
- ["I move that the Council"] **Adopt the ordinance setting forth certain benefits for employees on military leave of absence with a retroactive effective date of January 1, 2003.**
- ["I move that the Council"] **Adopt the ordinance setting forth certain benefits for employees on military leave of absence with the addition of continuing the employee's basic life insurance policy at no cost to the employee.**
- ["I move that the Council"] **Adopt the ordinance setting forth certain benefits for employees on military leave of absence with a modification to supplement military pay (or to provide an \$800 per month supplemental payment).**
- ["I move that the Council"] **Adopt the ordinance setting forth certain benefits for employees on military leave of absence with a modification to allow employees called to military active duty the option to continue the City's spouse or family health insurance benefits by converting accumulated sick leave or retirement/layoff account balances to cash for the purpose of paying health insurance premiums.**

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The following information was provided to the Council previously.  
It is provided again for your reference.

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The City's Human Resource Division surveyed 23 city and county governments and a couple of private employers. Although the survey showed that Salt Lake City's practice measured up to the general practice, follow-up discussions with these employers indicated that several were considering enhancing military benefits. Salt Lake City's military benefits were not always consistent between employee groups. After further analysis including calculating cost estimates, the Administration is proposing several modifications to military leave benefits. The City's Citizen Compensation Advisory Committee discussed the survey and endorsed the Administration's recommendations.

The Human Resource Division estimated the cost of providing additional military leave benefits. Since the City usually does not replace the military person, most costs are already in the budget. In Police and Fire Departments, the employees in military leave may result in considerable overtime paid for with the unused salary and benefits costs of those who are absent.

1. Supplemental pay - The City provides two weeks of full pay per year in addition to military pay with the exception of employees represented by AFSCME that receive the difference between City pay and military pay. The survey of 25 employers shows that one employer supplements the pay for up to 2 years; one employer for up to 90 days; two employers provide an \$800 monthly supplement; and eight employers allow employees to supplement military pay by cashing vacation leave. Thirteen employers provide no pay or only two weeks pay. It is very difficult to calculate the cost to the City to supplement military pay because military pay varies based on rank and types of differentials or allowances provided. In addition, military pay in a war zone is not taxable. There are about 20 City employees that have been activated with about 26 more who are subject to activation.

The Administration is proposing to bring AFSCME's two-week military pay benefit in line with other employee groups by opening up the contracts. Estimated one-year cost of this change is approximately \$69,000. Each year reservist or National Guard members participate in a two week summer camp except for years in which the units are called to active duty. Since the salaries for these employees are fully budgeted, there is not an additional budget needed to implement this change.

2. Cash for accrued vacation/personal/holiday leave - The proposed ordinance will allow employees to receive cash for accrued vacation, holiday and personal leave prior to departing for active duty. Personal leave is to be paid at 50% of the employee's hourly rate. Accrued holiday leave applies to city employees that are required to work certain holidays. According to the proposed ordinance, in the event an employee dies while on military leave of absence, the City will pay the value of any previously accrued vacation and holiday leave to the employee's beneficiaries, plus the additional vacation and holiday leave accrued during the absence.
3. Pension Contribution - Federal law requires the City to make contributions to the employee's pension benefit plan for the period of time the employee was activated. The proposed ordinance is not a change from the City's current practice.
4. Accruals of vacation/holiday/sick leave while on active duty - The survey showed that 17 of the 25 employers do not continue to accrue vacation. Some Salt Lake City Police Department employees have received accrued vacation, holiday and sick leave while on military leave. This has not been the case for other Salt Lake City employees. Because a precedent has been set in the Police Department and for other "equity-based reasons," the Administration is proposing that upon the employee's return, vacation, holiday, and sick leave be accrued for up to one year. The proposed ordinance states that at the discretion of the Mayor, the employee would have the option to receive the vacation and holiday leave in cash. The estimated one-year cost of accruing vacation, holiday, and sick/personal leave for the 20 presently activated employees is approximately \$135,000. If the Council supports this approach, you may want to add that for employees in the legislative branch the option to receive the vacation and holiday leave in cash would be at the discretion of the Council