

Board of Education Briefing

Proposed Benefit Policy Changes – Non-Union
February 22, 2012

Summary of Proposed Changes for Non-Union Employees

Policy Change	Rationale
1. Short-term Disability (STD) plan	<ul style="list-style-type: none">• Introduces Maternity Leave to CPS• Provides a bridge to Long-term Disability• Aligns with timeframe for FMLA
2. Sick Day policy changes Including elimination of Pension Enhancement Plan (PEP)	<ul style="list-style-type: none">• Lessens CPS' future liability• Removes benefit redundant with STD plan
3. Vacation Day policy changes	<ul style="list-style-type: none">• Lessens CPS' future liability

Expected Short-term Disability plan will cover up to 90 days absence for covered reasons

Expected salary coverage of Short-term Disability plan

- Days 1-30 (100% salary), days 31-60 (80% salary), days 61-90 (60% salary)

Plan removes inappropriate correlation between length of service and being paid for time off to attend to health and wellness

Benchmarks—Private Sector:

- Most companies have no gap between paid time off and STD (83%), or between STD and LTD (85%)
- Salary coverage while on STD varies, but most are above 60% of salary

Benchmarks—K-12 Districts:

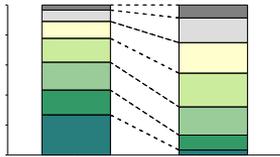
- Most districts do not provide short-term disability coverage
- Those that do provide 50-75% salary coverage for up to 1 year

Sources: Society for Human Resource Management (SHRM), *Culpepper Benefits Survey* & America's Health Insurance Plans (AHIP), *An Employer's Guide to Disability Income Insurance*.

New Sick Day policy will end carry-over of sick days earned in the future; will not affect days already earned & unused

What is CPS' current sick day liability among non-union staff?

- Nearly $\frac{3}{4}$ of non-union employees currently eligible for sick day payouts have more than 50 sick days banked



*Data as of
1/31/2012

Specifics of new Sick Day policy

All policy changes are effective July 1, 2012 for current incumbents

Policies are effective immediately for new hires

1. Days already earned and unused will continue to be carried-over

- No one will “lose” sick days already banked on previous slide; Sick days already earned and unused are still eligible for payouts into the future

2. Days earned in the future will no longer carry-over from year to year

- Days earned in the future will not be eligible for payout
- The need for sick day carry-over is redundant with new Short-term Disability plan

3. Personal Days granted in July 2012 will no longer convert to sick days

- Personal days granted in January 2012 will convert to sick days if unused by 12/31/12

4. Pension Enhancement Program (PEP) will be end on 6/30/2012

- Program currently allows sick day conversion to boost lifetime pension annuity by up to 5%

Specifics of new Vacation Day policy

Over the last 5 years, CPS has paid out approximately \$5M per year in unused vacation days to non-union employees

1. New Hires

→ Effective immediately – reduce max accrual from 66 days to 30 days

2. Central Office & Network-based non-union Incumbents

→ Effective July 1, 2013 – reduce max accrual from 66 days to 30 days

3. School-based non-union Incumbents

→ Effective July 1, 2013 – reduce max accrual from 66 days to 50 days

→ Effective July 1, 2014 – reduce max accrual from 50 days to 30 days

For employees with 10 years of service today, expected payout from vacation and sick days to be reduced by ~\$65K

Data pulled as of 1/31/2012

Non-union employee w/10 years of service today	Current policy		Future policy		Notes
	<i>Departs CPS today</i>	<i>Departs CPS @ 30 YOS</i>	<i>Departs CPS today</i>	<i>Departs CPS @ 30 YOS</i>	
Sick days banked	40	164	40	40	• Current numbers reflect real averages for years of service;
Vacation days banked	21	54	21	30	• Current numbers reflect real averages for years of service; Avg retirement is 30 years svc
Average daily rate	\$326	\$469	\$326	\$469	• Average rate at given years of service
Total banked value	\$19,703	\$102,300	\$19,703	\$32,852	• Days banked*Daily rate
Total payout	\$6,728	\$98,447	\$6,728	\$31,913	• Employees get 95% of sick day value; Vacation paid full