

Reply to Common Council File No. 011099

From DOA-Budget and Management Division

January 15, 2002

Ref: 01013 (53)

Common Council File No. 011099 is a substitute ordinance relating to the continuation of compensation during certain military leaves of absence. The ordinance provides that permanent full time city employees, as members of a national guard unit or reserve component of the United States who are called to active duty relating to the anti-terrorism campaign "Operation Enduring Freedom," shall receive their full city pay, less a deduction equal to their military pay, for a period not to exceed 12 months.

An accurate estimate of the fiscal impact of this file is difficult to ascertain, however, the Department of Employee Relations estimates that at current levels of participation, the cost averages out to approximately \$31,000 per month. Over a period of twelve months, the fiscal impact would be about \$375,000. In the event that a vacant position requires temporary replacement, the department would also pay the full salary for replacement, in addition to the supplement paid to the individual on active duty.

The continuation of compensation would end on the last day of the pay period active duty ends or after 12 months of the leave of absence, whichever occurs first. The amount of military pay received will not be deducted from the full city pay for purposes of computing pension benefits. For purposes of computing the supplement, military pay is defined as any payments recorded on the military earnings statements.

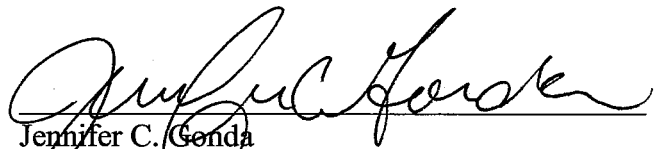
The City has already extended health and dental care benefits to those who serve on active duty for more than 30 days in connection with the anti-terrorism campaign, Operation Enduring Freedom. The city also assumes an indirect expense related to lost productivity whenever a National Guard or Reserve member is called to active duty. Additionally, providing a supplemental pay benefit at this time will open the door to its inclusion in all future collective bargaining negotiations.

This file was placed on hold at the December 19, 2001 Finance and Personnel meeting, pending additional information. At this time, it was mentioned that a Department of Defense grant may be able available to assist with costs incurred due to the loss of active duty personnel. Researching the Catalog of Federal Domestic Assistance and contacting DOD staff to find this grant have proven unsuccessful.

Commitment to military duty in the Reserves or National Guard brings financial gains to an individual throughout the year as they receive additional pay for monthly participation. Conversely,

it can bring financial loss during wartime, when an individual may be called to active duty. After further consideration and research, it has been determined that the cost of this file would have an indefinite negative impact at a time when the city's financial resources are severely limited.

**RECOMMENDATION: PLACE COMMON COUNCIL FILE NO.
011099 ON FILE.**



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FINANCE: 011099Asr.doc