

**Administrative/Budget Committee Report  
October 19, 2016**

**Dr. Kelly Lucas - Chair**

The Committee adopted the agenda and minutes of the August 2016 Administrative/Budget Committee meeting as written.

Staff presented the items for approval under Tab G, No. 4a and provided background data on annual leave policies of the Gulf States, Councils, and NMFS in Tab G, No. 4b.

There was quite a bit of discussion about how to handle future accrued leave and grandfathering current leave levels. It was noted that the Committee's guiding principle was to "do no harm". It was noted that moving from a leave policy of allowing unlimited accumulation of annual leave to a cap of 480 hours, while allowing staff to be grandfathered in at their current leave levels would be the fairest way to minimize future potential financial obligations. It was noted that the past policy of unlimited leave was historically allowed at a time when the Council benefits were much less. However, a recent Markley analysis of staff retirement benefits indicated that Council staff are now on par with the federal retirement system.

The following motions were passed by the Committee without opposition.

**The Committee recommends and I so move: Beginning December 31, 2017, accrued annual leave in excess of 480 hours at the end of each calendar year will be converted to sick leave.**

The leave cap of 480 hours begins on January 1, 2017 forward. Accrued annual leave as of December 31, 2016 will be grandfathered. Staff was asked to research possible avenues for converting accumulated annual leave to an annuity or depositing it into the Council's retirement plan.

**The Committee recommends and I so move: Upon separation of employment or upon retirement, leave can be paid out either as a lump sum or as a payment every two weeks, at the employee's discretion. Upon separation of employment due to cause leave will be paid as a lump sum payment only. When leave is paid out as a payment every two weeks, due to separation from employment, accrual of further leave will not be allowed during the pay-out period. Any person hired after December 31, 2016, upon separation of employment, will be paid any applicable unused leave in a lump sum payment.**

Bonus Program Review

Staff also reviewed the history of the bonus program since it was implemented in 2010 (Tab G, No. 5). Mr. Gregory stated that he had limited the performance bonuses this past two years and it was noted that the Council agreed to streamline the bonus program at its August meeting by removing the performance bonus while maintaining the merit bonus.

There was no other business to come before the Committee.

Madam Chair, this concludes my report.