

BFA + BFA Joint Committee Meeting

April 10, 2025



Council Member Sallie Alcorn, BFA Chair
Council Member Mario Castillo, BFA Vice-Chair
Council Member Abbie Kamin, Labor Chair
Council Member Joaquin Martinez, Labor Vice-Chair

Agenda:

1. Welcoming remarks
2. Municipal Employee Voluntary Retirement Option
3. Termination Pay Working Group Findings
4. Public comments

BFA & Labor Committees

**Volunteer Municipal Employee
Retirement Payout Option**



Overview of VMERPO

What is this program?

- On March 13, 2025, Mayor Whitmire signed AP 3-23. This AP is a limited-time retirement incentive for employees who voluntarily retire by May 1, 2025 to receive a lump sum incentive payout based on 25% of annualized base pay and longevity pay
- Additionally, each employee who takes the offer will have 5 years of active employee benefit rates available to them - including their dependents

Who is eligible?

- Any municipal employee who is eligible for normal retirement from HMEPS
- Approximately 3k employees qualify for this offer

Why is this being offered?

- With the results of the Efficiency Study and the structural imbalance of the budget, the Mayor wanted to offer an incentive to those who are eligible - and have earned - their retirement from the City of Houston
- This entirely volunteer offer is one of many efforts the Administration has taken over the past year to close the FY26 budget gap



Timeline of the plan and impact

Timeline

- March 14, 2025 - Offer letter went to employees and conversations between Directors and employees began
- April 28, 2025 - Last day for employees to sign up
- May 1, 2025 - Retirement date for employees who elect to participate in the retirement incentive
- May 16, 2025 - final paycheck with 25% incentive direct deposited into employee bank account
- May 23, 2025 - Drag-up pay (MSP Plan all accrued leave + CSL Plan accrued leave over 1,040 hours) check available for pick up or mailed to employee

Current as of: April 8, 2025

	Number accepted	% of total	Annualized Total Pay
Enterprise Funds	214	23.9%	\$ 14,117,770
General Funds	346	23.8%	\$ 24,018,433
Governmental Funds	1	100.0%	\$ 72,239
Grant Funds - Governm	28	18.9%	\$ 2,038,494
Special Revenue Funds	132	24.7%	\$ 8,494,186
Grand Total	721	23.7%	\$ 48,741,122

Organizational impact

- Only applicable to civilian employees
 - Approximately 3k employees eligible
- 15% of eligible employees are supervisors
 - 47% of those eligible supervisors have 3 or fewer direct reports
- Will allow for a strategic – not reactive – approach to reorganizing departments for FY26

Financial impact

- Term pay + 25% (base pay plus longevity) incentive (assuming 100% take it) breakout
 - Enterprise fund total initial cost: \$38.9m
 - General fund total initial cost: \$48.0m
- Run rate savings
 - If 100% of eligible employees take the incentive, we expect a monthly run rate savings of \$7.1m for enterprise funds and \$8.7m for general fund which puts the ROI at month 5 for both funds



Financial impact scenarios

General Fund Impact

Acceptance Rate	Termination Pay Cost	Incentive	Total Upfront Cost	Annual Savings
25%	\$ 6,940,641	\$ 5,062,026	\$ 12,002,667	\$ 26,022,861
50%	\$ 13,881,283	\$ 10,124,051	\$ 24,005,334	\$ 52,045,723
75%	\$ 20,821,924	\$ 15,186,077	\$ 36,008,001	\$ 78,068,584
100%	\$ 27,762,565	\$ 20,248,102	\$ 48,010,668	\$ 104,091,445
Average per employee	\$ 25,331	\$ 18,475	\$ 43,805	\$ 94,974

Enterprise Funds Impact

Acceptance Rate	Termination Pay Cost	Incentive	Total Upfront Cost	Annual Savings
25%	\$ 5,563,640	\$ 4,149,060	\$ 9,712,700	\$ 21,329,489
50%	\$ 11,127,279	\$ 8,298,120	\$ 19,425,400	\$ 42,658,978
75%	\$ 16,690,919	\$ 12,447,181	\$ 29,138,100	\$ 63,988,467
100%	\$ 22,254,559	\$ 16,596,241	\$ 38,850,800	\$ 85,317,955
Average per employee	\$ 24,810	\$ 18,502	\$ 43,312	\$ 95,115



Information for Employees

- Voluntary Municipal Employee Retirement Payout Option (VMERPO) Frequently Asked Questions
- Who to contact for more assistance:
 - Confirm retirement eligibility:
HMEPS form
 - Questions on retirement benefits:
HR Retirement Benefits
by email at _____ or
by phone at 832-393-6000 or
in person at 611 Walker, 4th Floor



REQUEST TO APPLY FOR NORMAL, EARLY, OR DEFERRED RETIREMENT

Note: There are two separate processes for retirement, one with HMEPS and one with the City of Houston. You must timely complete the City's separation from service process in order for HMEPS to complete the retirement process, and in order for you to avoid a delay in receiving benefits. Contact the City of Houston for details.

Name (First, Middle, Last)	Social Security Number	City ID
Address	City, State, ZIP	Department
Date of Birth (mm/dd/yyyy)	Sex Select	Daytime phone number

I request to apply for the following retirement pension: (Check only one box)

- Normal Retirement (check if you are eligible to begin receiving a pension immediately upon separation from service. *If not eligible, your application will be processed as a deferred retirement.*)
- Deferred Retirement (check if you are eligible to begin receiving a pension at a future date that is more than one month after your separation from service.)
- Early Retirement (Group D member who is at least 55 years old with 10 years of service, or you have 5 years of service and your age plus service is at least 75)

I am currently employed by the City of Houston:

- No Last day of employment: _____
- Yes Expected last day of employment: _____
(this date will be provided to the City of Houston)

Marital Status: Unmarried/Single Married

If you are a Group D member, or if you are a Group A or Group B member and are not married at termination of employment on or after 6/30/11, you must also submit an Optional Retirement Annuity Election.

Signature _____ Date _____

Upon completion of this Request, submit this Request directly to the Houston Municipal Employees Pension System. Do not return this Request to your department. HMEPS will initiate further processing.

Houston Municipal Employees Pension System
1201 Louisiana, Suite 900
Houston, Texas 77002
713-595-0100
fax: 713-650-1961

RET011



Jane E. Cheeks
Human Resources Director

Janet McCown
Human Resources
Senior Division Manager



**HUMAN
RESOURCES
DEPARTMENT**

2025 Municipal Paid Leave Comparison Study

April 10, 2025

Participants

Top 5 Cities in Texas

Austin

Dallas

El Paso

Fort Worth

San Antonio

2 Surrounding Counties

Fort Bend

Harris

11 Other Large Cities

Atlanta

Charlotte

Chicago

Corpus Christi

Detroit

Denver

Minneapolis

Nashville

Philadelphia

Portland

San Diego

Published Data – All Sectors

WorldAtWork - 2024

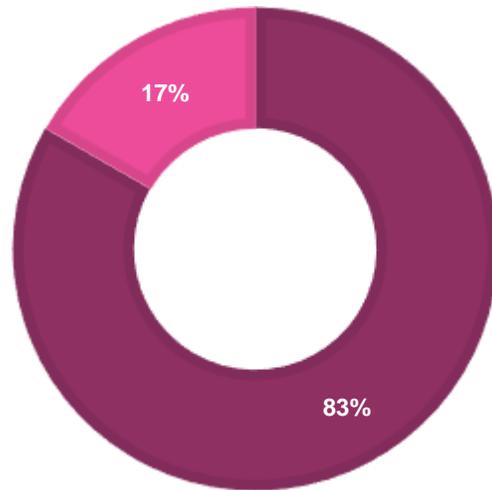
Bureau of Labor Statistics - 2024

Public Sector Data is as of
February 2025

Type of Leave Programs

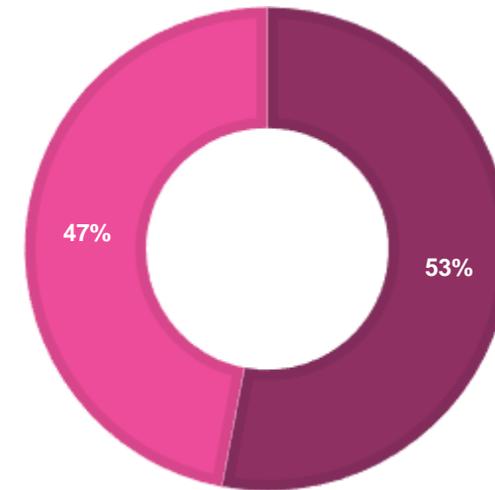
PUBLIC SECTOR

■ Traditional ■ Combined PTO



ALL SECTORS (published)

■ Traditional ■ Combined PTO



Personal Days

Personal days are separate from vacation and sick leave. They are “use or lose” paid leave days.

▶ CITY OF HOUSTON 3 DAYS

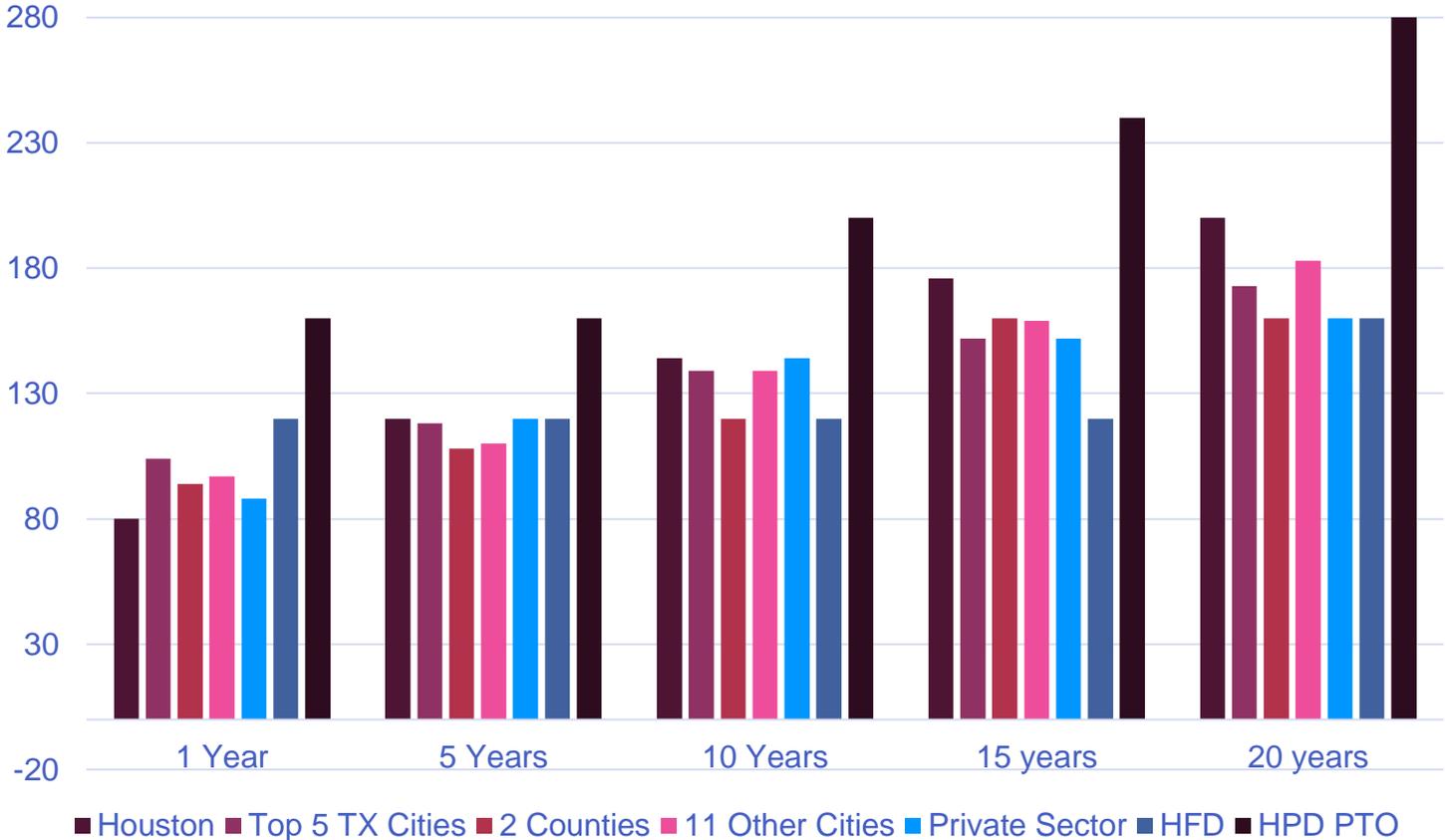
- ▶ **Civilians** **3 DAYS** **Receive regardless of sick leave usage**
 - ▶ Gave up 20 hours vacation
- ▶ **HPD** **16 DAYS** **Receive regardless of sick leave usage**
- ▶ **HFD** **2 DAYS** **Earned based on sick leave usage**

▶ PUBLIC SECTOR

- ▶ **Texas Cities** **10 out of 18 participants offer**
3/5 offer with average of 3 days
- ▶ **Counties** **None**
- ▶ **Other Cities** **7/11 offer with average of 3 days**

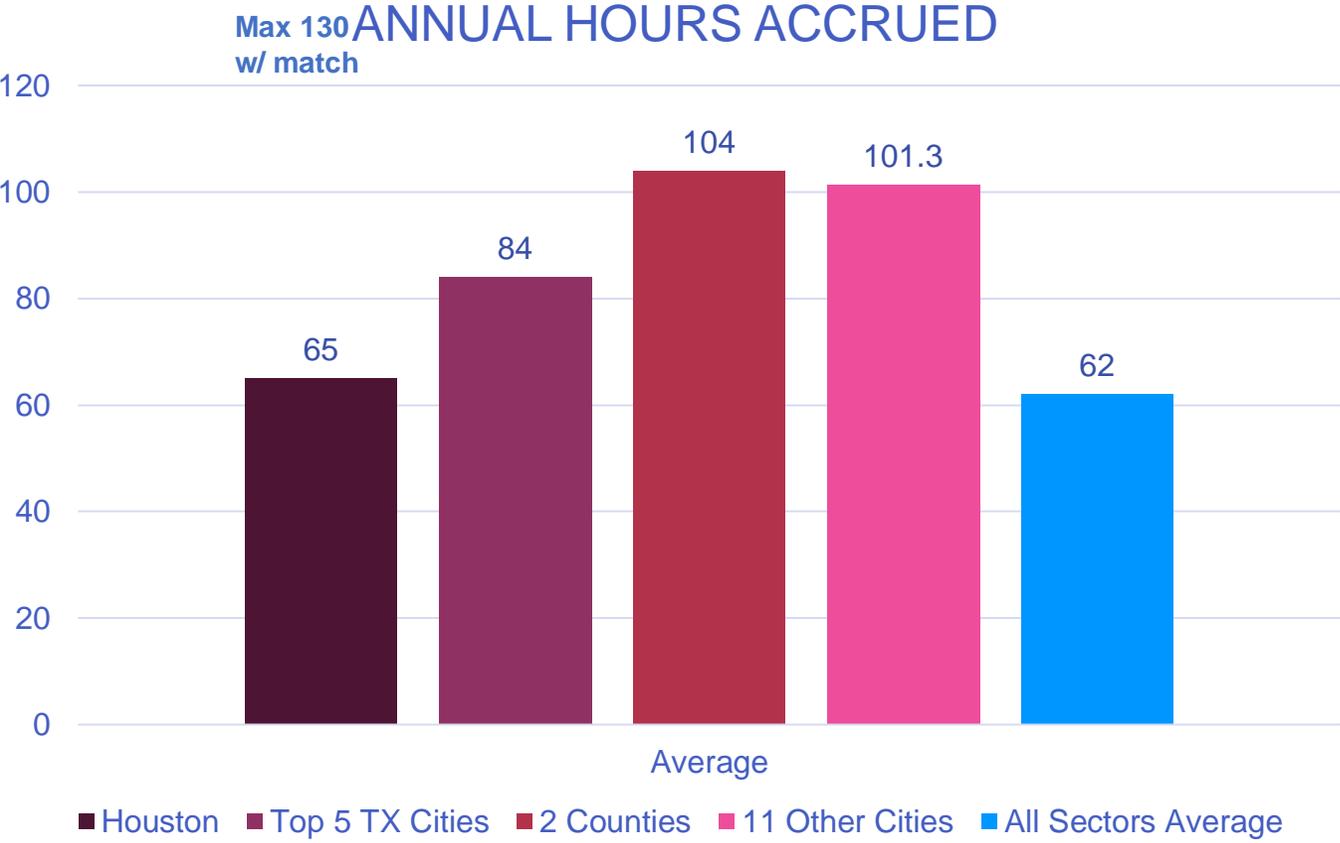
Vacation Days

ANNUAL HOURS ACCRUED



- ▶ Maximum accruals
 - ▶ Houston -340
 - ▶ Reduced from 360 in 2024
 - ▶ HFD at 720
 - ▶ HPD at 2500 for PTO (vacation + sick)
 - ▶ Austin – 400 (240 term pay)
 - ▶ Denver – 336
 - ▶ Harris Co. – 280
 - ▶ Fort Bend - 160
- ▶ % of Orgs who Payout at Termination
 - ▶ Public Sector – All
 - ▶ All Sectors – 84%

Sick Leave



MAXIMUM ACCRUAL

- Houston – Unlimited
- Austin – Unlimited
- El Paso - Unlimited
- Fort Bend – Unlimited
- Harris County – 720 hours
- San Diego - 1040

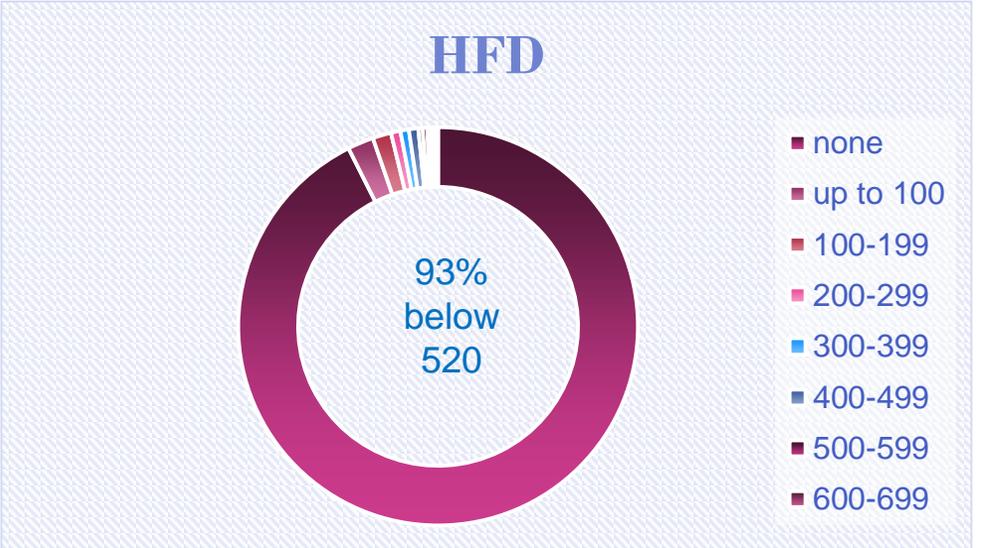
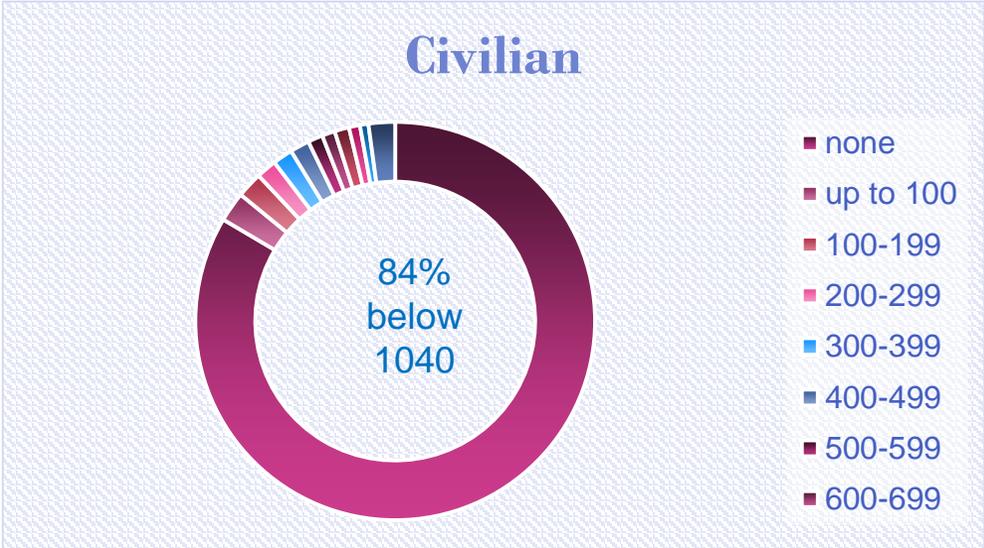
TERM PAYOUT

- Houston – hours >1040
- HFD – hours >520
- (<520 compensable in Phase Down)
- Fort Bend – retirees only receive ½ accruals up to \$5K
- All Sectors – 6% payout unused sick leave upon separation

Why is 1,040 hours important?

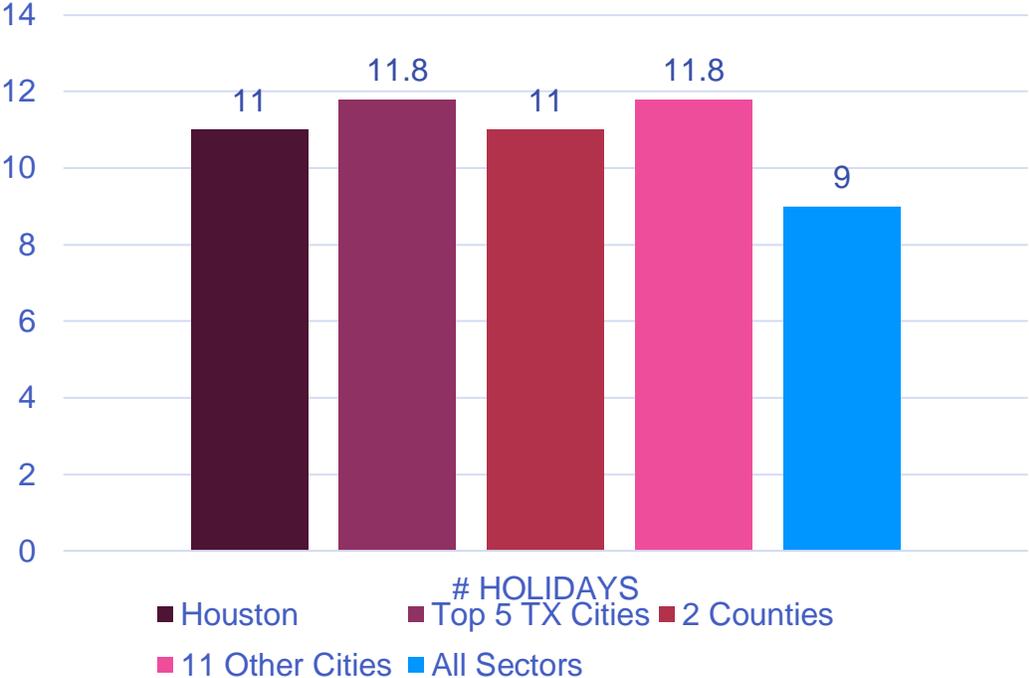
1,040 hours is how many hours to be used prior to eligibility for Long Term Disability
The City of Houston's sick leave program is in lieu of offering a Short-Term Disability plan.

- Hence, there is a match of unused sick leave each year until 1,040 is reached
 - It takes at least 10 years for an employee to reach 1,040, if never use sick leave
 - Hours above 1,040 can be paid out upon separation



Holidays

OBSERVED HOLIDAYS



MOST POPULAR

- ▶ New Years
- ▶ Christmas
- ▶ Thanksgiving
- ▶ Labor Day
- ▶ July 4th
- ▶ Memorial Day
- ▶ MLK Jr Day
- ▶ Christmas Eve
- ▶ Juneteenth
- ▶ President's Day

FLOATING HOLIDAYS

CITY OF HOUSTON

▶ **1 DAY**

- ▶ 27% Public Sector provide
- ▶ **Average 1 Day**
- ▶ 55% of All Sectors provide
- ▶ **Average 2 Days**

Parental Leaves

CITY OF HOUSTON

- ▶ PRENATAL up to 160 hours
- ▶ PARENTAL LEAVE up to 480 hours
- ▶ INFANT WELLNESS up to 40 hours

COMPARISONS

- ▶ **Texas Cities** **Average 300 hours**
 - ▶ Austin offers up to 480 hours
 - ▶ Most others offer up to 240 hours
- ▶ **Counties**
 - ▶ Ft Bend offers up to 240 hours
- ▶ **Other Cities** **Average 270 hours**
 - ▶ Most offer up to 240 hours

Thank You



Public comment