



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF BUDGET**

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October 25, 2022

Honorable Mary Sheffield, Council President
Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Fiscal Impact of Recognizing Juneteenth as an Excused Time City Holiday

Dear Council President Sheffield:

Please see attached Fiscal Impact Statement prepared by the Office of Budget for the above referenced item, pursuant to CFO Directive 2018-101-029: Fiscal Impact Statements. Upon review, please do not hesitate to contact me to discuss further.

Best regards,

Steven Watson
Deputy CFO / Budget Director

Att: CFO Fiscal Impact Statement No. 2022-110-112

cc: Honorable Detroit City Council
Jay B. Rising, Chief Financial Officer
John Naglick, Jr., Chief Deputy CFO/Finance Director
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
Gail Y. Fulton, City Council Liaison
David Whitaker, Director-Legislative Policy Division



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CFO FISCAL IMPACT STATEMENT NO. 2022-110-112

SUBJECT: Fiscal Impact of Recognizing Juneteenth as an Excused Time City Holiday
PREPARED BY: Office of the CFO – Office of Budget
DATE ISSUED: October 25, 2022

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the Chief Financial Officer (“CFO”) shall submit in writing to the Mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the Mayor or the governing body of the City (“City Council”) will have on the City’s annual budget and its four-year financial plan.
- 1.2. CFO Directive No. 2018-101-029 Fiscal Impact Statements states that the CFO shall issue Fiscal Impact Statements (“FIS”) for pending or enacted decision items with a significant fiscal impact on the City, as determined by the CFO, to provide financial information to the Mayor and the City Council as they consider action on proposed local policy or budgetary decision items.

2. PURPOSE

- 2.1. To provide financial information to the Mayor and the City Council as they consider action on the proposed ordinance recognizing Juneteenth as a paid excused City holiday (the “Juneteenth Ordinance”).

3. OBJECTIVE

- 3.1. This FIS serves as the report on the fiscal impact of the Juneteenth Ordinance in relation to the City’s annual budget for FY 2023 and four-year financial plan for FY 2023 – FY 2026 (the “City budget”).

4. SCOPE

- 4.1. This FIS is not intended to convey any statements nor opinions on the advisability of the Juneteenth Ordinance, except for those components of the proposed ordinance that have or may have a fiscal impact on the City budget.
- 4.2. This fiscal impact analysis is based on the Juneteenth Ordinance as described below in Section 5 of this FIS. Should the proposal change prior to final approval, an updated FIS may be issued.

5. STATEMENT

- 5.1. Conclusion: The Juneteenth Ordinance has a **negative fiscal impact** on the City budget. This negative impact can be mitigated via advanced planning of overtime use and minimum coverage needs within impacted departments.

- 5.2. Background: The proposed ordinance would add Juneteenth as an excused time City holiday beginning in FY 2023. Currently, the City has five “excused time holidays”: Good Friday, Veterans’ Day, the day after Thanksgiving Day, Christmas Eve, and New Year’s Eve. The City also has seven observed regular holidays: New Year’s Day, Martin Luther King, Jr. Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The difference is that uniform Police/Fire, DDOT bus operators, and other 24/7 coverage employees receive holiday premium for working on regular holidays but not for excused time holidays. Holiday premium is an additional hourly pay rate on top of straight time (1.5x for Fire and 2.0x for Police and DDOT). Excused time holidays are not eligible for holiday pay premium.
- 5.3. Fiscal Impact: The Juneteenth Ordinance would have a **negative fiscal impact** on the City budget. While adding any extra paid time off has various economic and productivity impacts, the direct fiscal impact measured here is based on the anticipated overtime backfill need that would be paid to eligible employees. Adding Juneteenth as an excused City holiday would yield an incremental overtime cost for uniform Police and Fire positions, as well as DDOT bus operators. By adding an additional excused City holiday, eligible employees who work on Juneteenth earn an additional alternate paid day off. Using this paid day off could trigger the use of overtime to maintain a minimum level of coverage or service on that respective day.

The total anticipated cost for the incremental overtime is estimated at \$620,000 annually, with \$585,000 impacting the General Fund and \$35,000 impacting the DDOT enterprise fund. Of the \$585,000 for the General Fund, \$429,000 would be for Police and \$156,000 would be for Fire.

This incremental impact can be mitigated within the respective departments via internal management of scheduling and overtime use. Eligible employees who work on Juneteenth will likely take the alternate paid day off at varying points in time, which may make it easier for impacted departments to manage their coverage needs.

**City of Detroit
Juneteenth - Incremental Overtime Impact**

<i>\$ in thousands</i>	Fiscal Year			
	2023	2024	2025	2026
General Fund	\$ 585	\$ 607	\$ 629	\$ 653
Transportation Fund	35	36	37	38
Total Incremental Cost, All Funds	\$ 620	\$ 643	\$ 666	\$ 691

Notes:

Incremental cost assumes difference between regular pay and overtime rates for budgeted Uniform Fire and Police, and DDOT Equipment Operator positions.

APPROVED



Steven Watson
Deputy CFO / Budget Director