LAPSE OF TIME

EBAP/20/74

November 11, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Further Human Resources Policy Measures to Ensure Business Continuity in Response to the COVID-19 Pandemic**

Board Action:	Executive Directors' **consideration** on a lapse of time basis
Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved:	**Friday, November 20, 2020** **12:00 (noon)**
Proposed Decision:	Page 9
Questions:	Mr. York, HRD (ext. 36895) Ms. Nowell-Smarr, HRD (ext. 36717)

INTERNATIONAL MONETARY FUND

November 10, 2020

FURTHER HUMAN RESOURCES POLICY MEASURES TO ENSURE BUSINESS CONTINUITY IN RESPONSE TO THE COVID-19 PANDEMIC

Approved By
Ms. Kochhar

Prepared by the Human Resources Department.

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CONTEXT

1. **The past several months have been particularly challenging for staff on both a personal and professional level, with stepped up efforts to support the membership during the COVID-19 pandemic.** The increased work burden and extended work-from-home arrangement are undoubtedly affecting staff's health, family life, and overall wellbeing.

2. **In March 2020, the Executive Board approved several temporary changes to the annual leave policy *(EBAP/20/31, 3/27/2020)*, recognizing that many staff would postpone leave to ensure continued high-level support to the membership during the crisis.** These temporary changes, which alleviated staff's concern that they might otherwise lose annual leave at the start of FY2021, included the suspension of both the minimum usage requirement and the annual carryover maximum.[1] In this regard, the conversion of annual leave in excess of the 120-day maximum carryover to sick leave was also temporarily suspended. It was proposed to keep these changes in place until end-FY2021, with the option—upon management's reassessment of the status of the work program toward the end of this calendar year—to either extend the measures or begin phasing them out by end-FY2021.[2]

3. **Also, last March management approved an increase in the amount of sick leave staff could take to care for their family (R-leave, from 5 days to 15 days).** Beyond these 15 days, staff would be required to use annual leave to provide family care.[3]

4. **A further challenge for staff has arisen recently with the start of the school year and remote learning for most schools in the Washington, D.C. metropolitan area.** Having their children at home during the academic year compounds the difficulties that staff already face with balancing work and family demands, with adverse effects on staff's wellbeing and productivity. In addition, the Fund's onsite childcare center has been closed since March.

5. **In early August, the Fund's Crisis Management Team (CMT) conducted a Fund-wide survey to obtain feedback on work/life balance, remote work and schooling, and their preferences for potential support to alleviate pressures.** Staff with children emphasized the

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[1] A carryover maximum applies to staff and contractual employees, including locally hired employees and Long-Term Experts. Contractual employees are not subject to a minimum usage requirement.

[2] The temporary changes must also be considered in the context of the reforms to leave policies approved in December 2019 under the Comprehensive Compensation and Benefits Review (CCBR), which are to be implemented as of May 1, 2021. These reforms include the granting of 30 days of annual leave for all staff and contractual employees (and eliminating long-service leave), a minimum annual usage requirement of 20 days from 15 days currently, and a maximum carryover reduced to 60 days from 120 days, while freezing and retaining accrued leave amounts at the level of end-April 2021.

[3] In the event of a critical health condition or incapacitation of a family member, which requires the staff member to be the primary caregiver, staff may apply for Administrative Leave with Pay for Special Family Emergency, up to 60 days (cumulative over the Fund career). To be eligible for this leave, staff must have exhausted the 15 days of R-leave and all accrued annual leave.

conflicting responsibilities of work and family and long working hours, including during weekends.[4] Of note was the pressure parents face due to the lack of onsite childcare (at school or at a care facility), including the closure of the Fund's childcare center. In addition, securing and renewing G5 visas for domestic help is uncertain and poses another source of concern.

6. With the ongoing pandemic and work pressures, management proposes further temporary policy measures to facilitate work/life balance and to support staff with young children. These measures—elaborated below—include changes to annual and R-leave and clear guidance on flexible work schedules, as well as logistical and limited financial support for childcare and/or education. The one-time costs of the limited financial support would be fully met through the crisis-related reprioritization in the FY2021 budget, as outlined at the Board informal session on the budget on October 9, 2020.

FURTHER COVID-19 TEMPORARY HR POLICY MEASURES

A. Annual Leave

7. Under the temporary adjustments to the annual leave policy, staff were able to carry forward additional leave from FY2020 to FY2021; however, the unlimited accumulation of unused leave is not desirable going forward. Since the beginning of FY2021, annual leave balances have crept upward; and more than 10 percent of staff exceeded the 120-day limit (Table 1).[5] On current trends, more than half of the staff will likely have leave balances at the end of this financial year that would exceed the new 60-day carryover limit established to take effect on May 1, 2021 under the CCBR (Table 2).

8. Consequently, it is proposed to phase out the temporary adjustments to annual leave policies. While staff would no doubt appreciate the (maximum) flexibility allowed under the temporary measures implemented in March 2020, continuing these measures are costly to the institution in financial terms and could adversely impact productivity and potentially harm staff wellbeing, as a result of burnout from the lack of rest and recuperation. The proposals are as follows:

- **Minimum usage requirement**: Allow the suspension of the minimum usage requirement to be maintained only through the end of the current financial year. Since we are halfway through the financial year, some staff may struggle to meet the minimum usage requirement in the time that remains. The minimum usage requirement would therefore be reinstated as of the

[4] The survey indicated that about 92 percent of respondents take care of one or more dependents, requiring a time commitment during normal working hours of between 20–40 percent of their time. Additionally, 13 percent of these respondents take care of children with special needs, requiring more than a 40 percent time commitment.

[5] Data disaggregated by gender and grade broadly follow the trend of the aggregate data.

beginning of FY2022 (i.e., May 1, 2021) and would include the new 20-day minimum usage requirement resulting from the CCBR reforms.

- **Leave carryover**: Under the March 2020 temporary measures, staff could carryover unlimited unused leave beyond the 120-day limit for FY2020 to FY2021, and any days above the limit was not converted into sick leave. This has led to the unsustainable rise in leave balances and it is proposed to limit such additional carryover from FY2021 to FY 2022 to 10 days, in order to provide staff incentive to take leave. Thus, if a staff member had a leave balance already above the 120-day maximum as of end-FY2020, they could only carry forward that balance and an additional 10 days into FY2022.[6] Any days in excess of the additional 10 day limit would be converted into sick leave. The new carryover limit which was approved under the CCBR would be enforced at the beginning of FY2022 (i.e., effective May 1, 2021), such that staff can only carry forward 60 days to the next financial year.

Table 1. Annual Leave Balances—Selected Periods

	End-FY2019 (A)			End-FY2020 (B)			End-June 2020 (C)			End-Sept. 2020 (D)			Diff. (C)-(B)	Diff. (D)-(B)
	Number of staff	Average leave balance (days)	Percent	Number of staff	Average leave balance (days)	Percent	Number of staff	Average leave balance (days)	Percent	Number of staff	Average leave balance (days)	Percent		
60 or less	1428	30.9	53.8	1412	32.0	52.4	1290	34.2	47.9	1344	32.6	49.5	2.2	0.6
61-119	929	91.8	35.0	913	90.6	33.9	885	88.0	32.9	891	88.4	32.8	-2.6	-2.2
120 or more	298	126.4	11.2	370	128.4	13.7	517	132.7	19.2	480	133.5	17.7	4.3	5.2
Total	2655		100.0	2695		100.0	2692		100.0	2715		100.0		

Source: HRD Peoplesoft

Table 2. Annual Leave Balance Projection

	End-Sept. 2020			Unconstrained leave (approved by the Executive Board, March
	Number of staff	Average leave balance (days)	Percent	Projected average leave balance, end-FY-2021 (days)[1]
60 or less	1344	32.6	49.5	47.6
61-119	891	88.4	32.8	103.4
120 or more	480	133.5	17.7	148.5
Total	2715		100.0	

[1]The projection assumes that each staff member receives 30 days of annual leave and uses15 days.

[6] For example, if a staff member had an-end-FY2020 leave balance of 130 days they could only carry forward an additional 10 days or 140 days this financial year (i.e., into FY2022); however, if they had a leave balance at end-FY2020 of 60 days, they could carryover any amount of unused leave into FY2022 since they are below the existing 120-day limit. Any unused leave above the limit as of April 30, 2021 would be credited to the staff member's sick leave balance.

9. The proposed excess carryover limit of 10 days would still lead to a significant increase in leave balances (Table 3, scenario 3), but it would also be more palatable to staff than an abrupt reinstatement of the 120-day carryover limit. This approach would also allow a great deal of flexibility and continue to accommodate the work burden faced by the institution, while at the same time recognizing that it is difficult to roll back all of the temporary measures at once.

10. Despite a projected increase in leave balances, it is not proposed to require staff to draw them down to the 120-day limit. Instead, it is proposed to amend the transition arrangements from the CCBR so that staff will retain their accrued annual leave amounts as of May 1, 2021 for future use. These accrued amounts, if already above 120 days at end-FY2020, would be limited to an additional 10 annual leave days in excess of their April 30, 2020 balance, as described above. Current staff as of May 1, 2021 will retain such accrued annual leave up to this cap, and will be allowed to draw down their leave in their own time and use it at their discretion, with the approval of managers. However, in accordance with the CCBR transition arrangements, no additional annual leave above that already accrued in excess of 60 days prior to May 1, 2021 may be carried forward after that date. This would defer the challenge of some staff spending excessive time away from the office if we imposed a requirement to draw down leave balances in the near term, which could not be easily accommodated in the current work environment with workloads expected to remain high.[7]

B. Family-care leave (R-Leave)

11. It is proposed to further increase the amount of sick leave that can be allocated for family care for the duration of a health emergency, i.e., "R-leave" up to 25 days per year.[8] The amount of R-leave would revert to five days once the HSD or the WHO declares an end to the emergency.[9] This proposal would seek the authority for the Managing Director to increase the amount of family care leave up to 25 days per financial year, depending on the nature of the public health emergency. With respect to the current COVID-19 pandemic, it is proposed that with effect from the date of the Board's decision, staff may take up to 25 days R-leave for the rest of the financial year, and going forward until the end of the public health emergency. This proposal stems from staff's response to the Fund-wide survey conducted by the CMT (referred to above) this past August and makes use of an existing benefit. Twenty-one percent of the survey respondents indicated that they would welcome additional leave and flexibility to support childcare and home-schooling.

[7] HRD and OBP also considered a buy-out of unused leave above the 120-day limit; an option that was considered under the CCBR. This option, however, was rejected as financing under the zero-real budget would prove to be difficult.

[8] Note in 2009, the Executive Board authorized the Managing Director to increase such family care leave from five days to 10 days per year, for the duration of a health emergency declared by the Bank/Fund Health Services Department or the World Health Organization (DEC/A/13238, approving the proposal set forth in EBAP/09/146).

[9] Once R-leave reverts to five days per financial year, staff who have exhausted five days of R-leave would need to use their annual leave for family care.

Table 3. Annual Leave Balance Projections Under Various (Extreme) Scenarios[1]

	End-Sept. 2020 (A)			Scenario 1:[2] Unconstrained leave (approved by the Board, March 2020) (B)	Scenario 2:[3] No minimum usage and allow 5-day carry over (C)	Scenario 3:[4] No minimum usage and allow 10-day carry over (D)	Diff. (B)-(A)	Diff. (C)-(A)	Diff. (D)-(A)
	Number of staff	Average leave balance (days)	Percent	Projected average leave balance, end-FY-2021 (days)	Projected average leave balances, end- FY2021 (days)	Projected average leave balances, end-FY2021 (days)			
60 or less	1344	32.6	49.5	62.6	62.6	62.6	30.0	30.0	30.0
61-119	891	88.4	32.8	118.4	118.4	118.4	30.0	30.0	30.0
120 or more	480	133.5	17.7	163.5	138.5	143.5	30.0	5.0	10.0
Total	2715		100.0						

[1]These are considered "extreme" scenarios as they asssume no leave is taken to highlight the worst-case outcomes.
All scenarios assume staff accrue 30 days of annual leave. Staff with a year-end leave balance in excess of 120 days are not permitted to carryover unused leave under current policy, and any unused leave above the 120-day limit is converted to Sick Leave.

[2]Scenario 1: Unconstrained leave: suspension of minimum usage and no limit on carry over of unused leave for all staff.

[3]Scenario 2: No minimum usage and allow a 5-day carryover (if over the 120-day maximum limit).

[4]Scenario 3: No minimum usage and allow a 10-day carrover (if over the 120-day maximum limit).

12. While access to increased R-leave could impact total hours worked, recent recruitment activity will add to the resources available to support the increased workload. The proposed added flexibility could also contribute to a more productive workforce. The data reveal that about 16 percent of staff and contractual employees (about 570) used R-leave as of the start of FY2021 and the average usage was about 2.4 days per year. There are 1,401 employees with children between ages 0 and 14. If it is assumed that half of these staff will use the additional 20 days of proposed R-leave (i.e., the number of days in addition to the five days allowed under the existing policy), this would be equivalent to a loss of about 54 FTEs.

C. Flexible Work Schedules

13. Fund policies include flexible work schedules but there is often reluctance among staff to fully utilize them. To help overcome this reluctance, Fund management will issue explicit guidance to departments and supervisors that staff who wish to continue to work on a full-time basis (i.e., 40 hours a week) should be given the option to work flexibly in terms of hours per day or days per week. Specifically, all Fund managers should be required to work with their subordinates to agree on daily and weekly work schedules, and clear timelines and quality expectations for deliverables.

14. In this connection, the Working Group on Enhanced Telework has developed a template that could be used across the Fund to record the agreement between staff and their managers in a consistent manner.

- These agreements should establish boundaries between working and non-working hours, including through clear expectations on when staff would and would not be available for work-related meetings/phone calls. The agreements on timeliness and quality of deliverables (rather than hours worked) should be the explicit basis for performance assessments at the end of FY2021.

- Work practices should adapt to the current operational and family life exigencies. This would involve strong efforts across the Fund to prioritize work and consider timelines for interdepartmental and management review; and, more generally, adjusting deadlines for deliverables based on prioritized business needs rather than on past practices.

D. Childcare and Education Logistics Support

15. The CMT staff survey indicates clearly that staff with young children are experiencing a high level of stress and difficulty in balancing work and family obligations, especially with remote schooling. To help provide logistical support to these staff, management intends to:

- Reopen the onsite childcare center and potentially expand current onsite and backup care services as soon as is practicable, subject to safety guidelines and ordinances issued by the Office of the State Superintendent of Education (DC Licensing), DC Health Department, and CDC, and reaching a minimum enrollment level of 40 full-time children.[10]

- Engage the Fund's education consultant to create a database of tutors and access modalities facilitating introductions and access to resources in bilateral consultation with families seeking tutoring and/or other education support options. The database was posted on the Education Consultant's Intranet site in mid-October

- In addition, to reduce search costs and provide staff ready access to quality services, HRD has subscribed to a new platform providing additional family support that covers services ranging from backup childcare to tutoring. This platform includes information about, and access to a set of service providers that are curated and fully vetted by Bright Horizons (the Fund's childcare center service provider). The services provided through the platform are available to staff at discounted rates.

E. Exceptional COVID-19-Related Financial Assistance to Selected Staff

16. Under the CCBR, a major gap was filled in the Fund's benefit programs through a Childcare Allowance for all staff with children up to age five. This allowance, combined with the Education Allowance provides substantial financial assistance to staff for childcare and education.[11] However, there remain some gaps in the benefit programs, especially for non-expatriate staff who

[10] This number, together with the somewhat higher tuition rates, are necessary for onsite service to resume with Bright Horizons (childcare vendor) being able to cover the salary of the staff and teachers at the Fund's childcare center.

[11] The Childcare Allowance became effective on October 1, 2020 and provides about $1,000 per month, per eligible dependent up to age five.

are not eligible for the Education Allowance and the limited allowance for tutoring (i.e., up to $1,000 per academic year), which is available to expatriate staff who do receive the Education Allowance. The COVID-19 pandemic has exposed these gaps and, especially, the lack of fungibility of these benefits and relatively low level of (tutoring) support for those who are eligible.

17. Thus, as an exceptional measure, management proposes a one-time COVID-19- related allowance of $1,000 to all staff (including long-term contractual employees) in grades A1–A14, for each child aged 5–14. This limited financial assistance is intended to provide additional support for education, including tutoring during this difficult period of remote learning. This age range was chosen because there is already a Childcare Allowance for children up to age five, and older children are expected to be more independent, thus not requiring the level of attention needed for the selected age group. With regard to the proposed grade groups, it was decided that staff at the managerial level command higher salaries and as a result should not receive any further income supplement. The one-time payment would be distributed to all eligible staff (i.e., expatriate and non-expatriate staff) in a lump-sum cash amount upon approval by the Executive Board, based on their eligibility and the age of their dependent child on October 1, 2020. The potential cost of this benefit would be $1.38 million covering a total of 1,378 children; and it would be financed by the reprioritization of the FY2021 budget to make space for crisis needs, as indicated in OBP's presentation made earlier to the Board.[12]

18. It is also proposed to provide a one-time COVID-19-related allowance of $3,000 to those staff (including long-term contractual employees) in grades A1–A14 for each special needs child (irrespective of age). This one-time lump sum cash payment would be in lieu of the $1,000 allowance proposed for other staff at these grades with children. Currently, only 11 dependents are registered as disabled based on their eligibility for continued medical coverage beyond age 26, but this does not include those who may be undertaking an Individualized Education Program (IEP). Based on the U.S. national average, about 14 percent of children enrolled in public schools in the United States have special needs as captured in their IEPs. Thus, of the 1,602 eligible children, an estimated 224 children could have special needs, with an estimated cost of this allowance of $672,000. To access this benefit, staff in grades A1–A14 with special-needs children who are not yet registered with HRD would need to apply. Also, the eligibility of any new applications could be determined based on school-system records that indicate a child's IEP. This allowance would also be financed by the reprioritization of the FY2021 budget to make space for crisis needs (see footnote 11).

[12] The *FY20 Budget Outturn and FY21-22 Budget Strategy* (October 9, 2020) presentation identified $69 million in crisis needs, of which $13 million was allocated for limited support to staff.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

(i) The minimum usage requirement for annual leave will continue to be suspended until the end of FY 2021;

(ii) The maximum amount of annual leave that may be carried forward between FY2021 and FY2022 will be any days carried forward from FY2020 to FY2021 beyond the 120-day limit, and an additional 10 days. Accrued annual leave amounts up to this limit as of May 1, 2021 will be retained by staff for future use. Any days above this maximum will be converted to sick leave. No additional annual leave above that already accrued in excess of 60 days prior to May 1, 2021 may be carried forward after that date;

(iii) Upon the declaration of a health emergency by the Bank/Fund Health Services Department or the World Health Organization, the Managing Director is authorized to increase for the duration of the emergency, at his/her discretion having regard to the nature of the emergency, the entitlement of annual accrued sick leave that may be used by staff for family care for family care from 5 days to a maximum of 25 days per year;

(iv) Each staff member between grade A1 to A14, with children aged between 5 and 14 as of October 1, 2020, shall receive a one-time lump-sum payment of $1,000 per child for increased education support over the course of the COVID-19 pandemic; and

(v) Each staff member between grade A1 to A14, with children determined by HRD to be disabled, or with special needs, who are enrolled in an Individualized Education Program, shall receive in lieu of the allowance provided in paragraph (iv) above, a one-time lump-sum payment of $3,000 per eligible child for increased education support over the course of the COVID-19 pandemic.