

# **METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY**

## **ADMINISTRATIVE & PERSONNEL COMMITTEE AGENDA**

Members: David Greenwell, Chair  
Dr. Ann Caine  
Carolyn Cornelius  
Shirley Pritchett  
Marguerite Ross

Tuesday, May 20, 2003 at 3:30 p.m.  
Belle Isle Library  
5501 N. Villa  
Oklahoma City, OK 73112  
Telephone: (405) 843-9601

NOTE: Comments from the general public will be limited to 15 minutes with time prorated among speakers. Preference will be given to residents of Oklahoma County. Persons signing up to address the committee must list their residential address and personally sign a speaker form.

- I. Call to Order and Establishment of Quorum –David Greenwell, Chair
- II. Annual Review of Human Resources – Salaries and Benefits
- III. Reports and Recommendations from Administration:
  - A. Compensation
  - B. Benefit Plans
  - C. Designation of HIPAA Privacy Compliance Officer

Cc: Metropolitan Library Commission  
Administrative Team  
Darlene Browers, President, Staff Association  
Agency and Department Heads

**METROPOLITAN LIBRARY SYSTEM**  
**ANNUAL REVIEW OF HUMAN RESOURCES - SALARIES AND BENEFITS**  
**May 2003**

Statistics in this report were gathered from actual payrolls in December 2002 and encompass only full-time, salaried employees of the Metropolitan Library System.\*

**TABLE I**                      **Average Gross Salary**

	<u>Monthly</u>	<u>Annually</u>	<u>Hourly</u>
<b>December 2002</b>	\$2,669	\$32,032	\$15.40
<b>December 2001</b>	\$2,600	\$31,200	\$15.00
<b>\$ Increase</b>	\$ 69	\$ 832	\$ .40
<b>% of Increase</b>		2.67%	

\*Only the salary of the Executive Director has been excluded from this average.

The library system instituted performance awards effective July 1, 1993 as a part of the salary administration policy. The commission approved performance awards for FY 02-03 ranging from 0 to 3% based on the score achieved on the performance appraisal and a market adjustment effective December 24, 2002 of 2.5%. The average annual salary increased only by 2.67%. From the combination of the performance awards, which averaged 2.47% (July 1 through April 27), and market adjustments, one would expect a larger increase. This expectation, however, is offset by the turn-over in positions and the generally lesser starting salaries of new employees as opposed to the salaries of long term employees.

**TABLE II**                      **Average Benefits, Annual**

	<u>Dollar Value</u>	<u>As % of Salary**</u>
<b>December 2002</b>	<b>\$16,907.85</b>	<b>52.78%</b>
<b>December 2001</b>	<b>\$16,301.21</b>	<b>52.25%</b>
<b>Change</b>	<b>\$ 606.64</b>	<b>.53%</b>

\*\*Percentage calculated by dividing benefits by salary

**TABLE II-A      DIRECT-COST BENEFITS, Current Annual - Average Employee**

	2001	2002
<u>Direct-Cost Benefits</u>	<u>Annual Cost</u>	<u>Annual Cost</u>
Medical & Dental Ins. Premium	\$4,379.06	\$4,540.95
Life/ADD&D Ins. Premium	119.23	121.72
Long-Term Disability Ins.	299.52	307.51
Retirement Pension	4,680.00	4644.64
Social Security	1,934.40	1985.98
Medicare	452.40	464.46
Unemployment Insurance	18.73	.64
Worker's Compensation	182.95	307.75
Vision Insurance	126.57	126.59
Employee Assistance Program	24.00	30.00
Total Dollar Cost	\$12,216.86	\$12,530.24
% of Salary	39.16%	39.12%

**TABLE II-B      INDIRECT-COST BENEFITS, Current Annual - Average Employee**

	2001	2001	2002	2002
<u>Indirect-Cost Benefits</u>	<u>Hours Off with Pay</u>	<u>Annual Value</u>	<u>Hours Off with Pay</u>	<u>Annual Value</u>
Annual Vacation	124.54	\$1,883.10	129.29	\$1,991.07
Sick Leave	47.91	718.65	51.06	786.32
Dr./Den. Appts	9.62	144.30	9.90	152.46
Holidays	82.81	1,242.15	83.64	1,288.06
***Other	6.41		10.37	159.70
Total	272.29	\$4,084.35	284.26	\$4,377.61
% of Salary		13.09%		13.67%

\*\*\*Other includes bereavement, court, vote, military leave, professional etc.

**TABLE III-A**

The Tulsa City-County Library System in the past has conducted an annual salary survey in which this system participated. This year they are having a consultant conduct a compensation study. Results are not available at this time.

**TABLE III-B**

Within the state, the four major employers of public service librarians are the Oklahoma Department of Libraries, the Pioneer Library System, the Tulsa City-County Library System and this system. A comparison of salaries for closely comparable librarian positions follows.

<u>Agency</u>	<u>Minimum</u>	<u>Maximum</u>
Pioneer	\$31,754	\$45,273
MLS	\$30,555	\$43,139
Tulsa	\$29,760	\$43,116
ODL	\$26,564	\$44,273
Average	\$29,658	\$43,950

In 2000 the MLS minimum was 7.03% above average. In 2001, it was 3.44% above the average. In 2002, it is now 3.02% above average for the major libraries in the Oklahoma survey. Comparing the minimum of the range, MLS has dropped .42% during the last twelve months.

In 2001, MLS was 3.43% below Pioneer. In 2002, MLS is 3.92% below Pioneer. Besides not being the lead library in the state, MLS has dropped farther behind the current leader. Additionally, the gap that MLS is above the average of the big four in-state library employers has narrowed. In short, our position is losing ground.

**TABLE III-C**

The other major salary survey in which the library system is included is the Allen County (IN) Public Library Salary Survey. That library system provides an "all survey" average and a "midwest" average for the position of librarian.

Reference Librarian	2001		2002	
	Minimum	Maximum	Minimum	Maximum
All Survey	33,035	48,645	34,634	50,130
Midwest	32,253	47,461	33,193	50,174
MLS	29,806	42,078	30,555	43,139
MLS Below Midwest Average	7.59%	11.34%	7.95%	14.02%

One year ago, the MLS minimum was 7.54% below the minimum average in the Allen County survey. Comparing the minimum average, MLS range has fallen by .36% during this twelve month period.

**SEE ATTACHMENTS: A 1-12 FOR THE CHARACTERISTICS OF INDIVIDUAL BENEFIT PLANS NOW IN EFFECT IN THIS LIBRARY SYSTEM.**

**TABLE IV**                      **Paid Time off, Employees in Four Library Systems**  
**Annual Vacation Leave**

Metropolitan:	All grades, 12 days to start; increase to 25 days maximum in 5-year service segments; i.e., 15 days after 5 years; 20 after 10 years; 25 after 16 years.
Tulsa:	All grades, 10 days min. to start; increases to 15 days after 5 years of service and to 20 days after 10 years of service. Grants credit for prior professional service.
Pioneer:	Grades 1-4, 10 days after 1 year; 15 days after 3 years; 20 days after 5 years; Grade 5, 15 days after 1 year, 20 days after 3 years; Grades 6+, 20 days, starting with second year.
Oklahoma Dept. of Libraries:	For anyone hired on or after 7-1-96, 11.5 days per year; for those with hire dates prior to 7-1-96, years 1 through 5, 15 days, year 6 through 10, 18 days, year 11 through 20, 20 days and year 21 and thereafter, 25 days per year.

**Sick Leave**

Metropolitan	All grades, 15 days; maximum accumulation of 120 days.
Tulsa:	All grades, 12 days; maximum accumulation of 120 days. (Two days per year may be used for personal business.) Employees beginning the year with 120 day accumulations may, at the end of the year, trade two days of sick leave for a day of additional annual leave (to a maximum of 6 days) providing the number of days used and the number of days traded do not exceed 12.
Pioneer:	All grades, 12 days; maximum accumulation of 120 days.
Oklahoma Dept. of Libraries:	All grades. 15 days; maximum accumulation of 125 days.

**Holidays**

Metropolitan:	11 days (includes two "floating" holiday)
Tulsa:	11 days (includes one "floating" holiday)
Pioneer:	14 days (11 paid holidays plus 3 personal days granted one every four months and lost if not taken during that third of the year)
Oklahoma Dept. of Libraries:	10 Currently, varies according to state administration.

**TABLE V**

**Turnover Rate**

The turnover rate is calculated by dividing the number of terminations (for which replacements were hired) in a given time period (calendar year) by the average total workforce.

The figures below represent full-time library employees only, and reflect termination for a variety of reasons; e.g., better-paying job, relocation, health or personal, dismissal, retirement, etc.

**Turnover rate comparison for recent years**

2000	.1141	2001	.1287	2002	.0739
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**Turnover Rate - Comparison for the most recent three years**

<u>Year</u>	<u>Full-Time Employees</u>
2000	21 *
2001	26 **
2002	15 ***

\*by comparison 55 part-time employees terminated in 2000

\*\*by comparison 34 part-time employees terminated in 2001

\*\*\*by comparison 46 part-time employees terminated in 2002

Metropolitan Library System

March 18, 2003

**Individual Employee Salary - Benefits Report**

To: **Average Benefits**

From: **Human Resources**

We have tabulated your earnings and benefits based on your status of December 26, 2002. This information is displayed below.

Table I shows the value of the benefits paid directly on your behalf by the Metropolitan Library System. These are known as direct cost benefits because the Library System expends money from its budget to pay for them. These costs are based on benefits being received in December, 2002.

Table II shows the value of your paid annual vacation leave, sick leave, doctor & dental appointments, holidays and other paid time off. These are called indirect cost benefits because the Library System ordinarily does not expend funds to replace personnel on leave. The time period for this report was from January through December, 2002.

Please review carefully and note the value of your benefits. If you have any questions about this data, please call the Human Resources Office.

**TABLE I - DIRECT COST BENEFITS**

<u>Item</u>	<u>Annual Cost</u>	<u>*Monthly Cost</u>	<u>Hourly Cost</u>
Salary	32,032.00	2,669.33	15.40
Retirement	4,644.64	387.05	2.23
Social Security	1,985.98	165.50	.95
Medicare	464.46	38.70	.22
Medical/Dental Ins.	4,540.95	378.41	2.18
Life and AD&D Insurance	121.72	10.14	.06
Long-term Disability Ins.	307.51	25.63	.15
Workers' Comp. Ins.	307.75	25.65	.15
Unemployment Ins.	.64	.05	.00
Vision Ins.	126.59	10.55	.06
EAP	30.00	2.50	.01
<b>Total Benefit Value</b>	<b>12,530.24</b>	<b>1,044.18</b>	<b>6.01</b>

**Direct Cost Benefits as a % of Salary** 39.12%

\*monthly represents an average (1/12 of annual).

**TABLE II - INDIRECT COST BENEFITS**

<u>Item</u>	<u>Potential Hours</u>	<u>Annual Value</u>	<u>Actual Hours</u>	<u>Actual Value</u>
Annual Leave	131.65	2,027.41	129.29	1,991.07
Sick Leave	90.22	1,389.39	51.06	786.32
Dr/Dental Appt	.00	.00	9.90	152.46
Holidays	84.63	1,303.30	83.64	1,288.06
Miscellaneous	.00	.00	10.37	159.70
<b>Totals</b>	<b>306.50</b>	<b>4,720.10</b>	<b>284.26</b>	<b>4,377.61</b>
<b>Indirect Benefits as a % of Salary Potential</b>	<b>Potential:</b>	<b>14.74%</b>	<b>Actual:</b>	<b>13.67%</b>

**Summary**

The Potential value of your benefits ..... 17,250.34  
 (sum of Table I total and potential Table II total)  
 The Potential benefit as a percent of salary ..... 53.85 %  
 (sum of Table I total and potential Table II total)  
 The Actual value of your benefits ..... 16,907.85  
 (sum of Table I total and Actual Table II total)  
 The Actual benefit as a percent of salary ..... 52.78 %  
 (sum of Table I total and Actual Table II total)



## **CHARACTERISTICS OF BENEFIT PLANS**

### **I. GROUP MEDICAL/DENTAL INSURANCE**

#### **BACKGROUND**

The library system became independently self-insured for medical and dental insurance on July 1, 1995. From November 1, 1990 to that date, the library system was blended in with Oklahoma County's self-insured plan. Prior to that time, the insurance had been with private carriers. The cost of coverage through private carriers proved far too expensive for both the library system and the individual employees.

The savings through self-insurance is long-term. Individual years may result in individual stop losses being met and the aggregate stop loss being reached. Stop loss coverage is part of the self-insured concept and is there to protect against unusually bad years. As of the end of March 2003, we have two individuals who have gone over our \$45,000 stop loss limit. Both individuals are on C.O.B.R.A. As of the end of March of 2003, the claims account had a balance of \$693,022.46 in excess of claims paid including reimbursements for individual stop losses.

#### **CURRENTLY**

Each eligible employee currently has a choice of two options:

- A. Metropolitan Library System Self-Insured Plan
- B. No coverage (provided the employee can show proof of coverage elsewhere).

#### **Characteristics** of the coverage:

Eligibility: All full-time employees with three months of service.

Continuation coverage: Per federal requirements under COBRA.

Coverage: comprehensive medical coverage, including limited coverage of mental problems; standard dental coverage with orthodontia coverage only for covered persons through age 19, or through age 24 if a full-time student.

Premium payments: Library contributes to the cost of premiums for both individual and family coverage as described in the Analysis of Group Medical Insurance Costs on the following page. Cost sharing is established annually by Commission action.

Arrangement term: Current rates are valid through June 30, 2003

Total Budgeted Cost, this fiscal year: \$ 1,009,475.

**CHARACTERISTIC OF BENEFIT PLANS,** continued

**METROPOLITAN LIBRARY SYSTEM SELF-INSURED MEDICAL/DENTAL  
 INSURANCE PREMIUM COST SHARING**

Library's Share of Monthly Premiums

(approximately 90% of single coverage & 70% of additional cost for

	<u>FY 01-02</u>	<u>FY 02-03</u>
Single Coverage	\$300.90	\$331.65
Additional Cost for Dependents	<u>285.98</u>	<u>256.87</u>
Total Cost for Both	\$586.88	\$588.52

Employee's Share of Monthly Premiums

(approximately 10% of single coverage & 30% of additional cost for dependents)

	<u>FY 01-02</u>	<u>FY 02-03</u>
Single Coverage	\$ 33.43	\$36.85
Additional Cost for Dependents	<u>122.56</u>	<u>110.09</u>
Total Cost for Both	\$155.99	\$146.94

Total Monthly Premiums

	<u>FY 01-02</u>	<u>FY 02-03</u>
Single Coverage	\$334.33	\$368.50
Additional Cost for Dependents	<u>408.54</u>	<u>366.96</u>
Total Cost for Both	\$742.87	\$735.46

**CHARACTERISTICS OF BENEFIT PLANS**, continued

**II. GROUP LIFE AND AD&D INSURANCE PLANS**

Carrier: The Prudential Insurance Companies of America

Coverage: One and one-half times annual salary to a maximum of \$100,000. The amount is adjusted every July 1; additional one and one-half times for accidental death. (The accidental death and dismemberment provision is not applicable for retirees.)

Eligibility: All full-time employees with three months of service. (Group plan is not portable. Group coverage ceases when employment ends.)

Premium cost: Per covered employee, \$ .207 per \$1000 of coverage per month, all paid by the library system. There is an administrative fee of \$1.00 per month for the period July 1, 2002 through June 30, 2003 per month for each active employee and retiree with life insurance only (no health insurance coverage through the library system.) There are 21 employees and 11 retirees who do not participate in the medical/dental insurance plan and for whom the library pays that fee. (These 11 retirees were grandfathered in from a previous policy.)

Total Budgeted Cost, this fiscal year: \$26,534.

**III. SUPPLEMENTAL LIFE INSURANCE**

Supplemental whole life insurance at group rates is available to employees and dependents on an employee-pay-all basis. This coverage is portable upon resignation or retirement.

**IV. SHORT-TERM DISABILITY INCOME INSURANCE**

Short-term disability insurance at group rates to employees on an employee-pay-all basis dependent upon the amount of monthly income the employee selects, not to exceed 65% of basic monthly earning.

**V. LONG-TERM DISABILITY INCOME INSURANCE**

Carrier: UNUM

Benefit: 60 percent of salary per month (reduced if income from other sources is received.)

Eligibility: All full-time employees with three months service.

Waiting Period: 90 calendar days.

Premium Cost: \$ .96 per \$100 of first \$120,000 of individual salary, all paid by the library.

Total Budgeted Cost, this fiscal year: \$67,492.

**CHARACTERISTICS OF BENEFIT PLANS,** continued

**VI. VISION INSURANCE**

Carrier: Vision Service Plan, Inc. Oklahoma

Coverage: Basically, the plan provides one pair of "no-frills" glasses to an eligible employee every twelve months. Whether going to an approved provider or a provider of the employee's choice, the employee will pay a co-payment of \$10.00 for an exam and \$25.00 for materials, including frames and lenses.

Eligibility: All full-time employees with three months service.

Waiting Period: 90 calendar days

Premium Cost: \$10.66 per month per eligible employee.

Total Budgeted Cost, this fiscal year: \$25,214

**VII. EMPLOYEE ASSISTANCE PROGRAM**

The library system initiated the Employee Assistance Program in January 2000 as a resource for employees to assist troubled employees and their families. The EAP provides assessment, counseling and referral with problems that lead to work distractions and stress caused by marital and family problems, financial problems, compulsive gambling, substance abuse, domestic violence, emotional distress, smoking cessation and similar conditions.

According to the U.S. Department of Labor, employers can save up to \$16 for every dollar invested in an employee assistance program. Based on this formula, the library system would have saved \$187,200 dollars in the year 2002. These savings would have resulted from reduced numbers of insurance claims, sick leave, accidents, workers' compensation claims and grievances.

Provider: A Chance to Change

**CHARACTERISTICS OF BENEFIT PLANS**, continued

**EMPLOYEE ASSISTANCE PROGRAM**, continued

Eligibility: All employee and their immediate family members.

Waiting Period: None, service available upon employment.

Premium Cost: \$2.50 per month per employee.

Total Budgeted Cost, this fiscal year: \$11,700.

**VIII. WORKERS' COMPENSATION**

All library employees are covered by workers' compensation, as required by law, to protect against medical costs and loss of income from on-the-job injuries.

Carrier: CompSource Oklahoma

Current Premium (rates): Range from a low of \$ .70 per \$100 of covered payroll for covered payroll for clerical and office worker category (most library staff) to a high of \$7.33 for delivery drivers.

Current FY, Budgeted annual cost: \$61,284.

**IX. UNEMPLOYMENT COMPENSATION**

All Library employees are covered by state unemployment compensation, as required by law, to help pay out of work employees during limited periods of unemployment. This is administered by the State of Oklahoma. The library uses the direct cost reimbursement method instead of the payroll tax method.

Amount Budgeted to Cover Possible Claims: \$10,000

Claims Paid January 1, 2002 Through December 31, 2002: \$124.71

**CHARACTERISTICS OF BENEFIT PLANS**, continued

**X. RETIREMENT PENSION PLAN**

**Background**

The Metropolitan Library Commission established the library employees' retirement pension fund in 1969.

Its purpose is to give long-term library employees a retirement income over and above the Social Security Retirement Pension. (The library system also participates in Social Security.)

Employee participation was voluntary at first; long-range planning was difficult, and the number choosing to join proved to be too low to maintain the retirement plan on a sound footing. Therefore, in 1973, the library commission made employee participation mandatory, a condition of employment, for all eligible, full-time staff members. The plan quickly stabilized, and remains in sound fiscal condition.

From July 1, 1969 through June 30, 1990, the provider of the retirement plan was State Mutual Life Assurance Company. Effective July 1, 1990, the plan was transferred to Fringe Benefits Design, Inc. as administrator/actuary with the BancOklahoma Trust Company for fund management.

**Type of Plan: "Defined Benefit"**

The plan provides a set benefit, at retirement, related to salary and length of service.

**Eligibility**

All full-time (40 hour per week) employees.

**How Funded**

Employees contribute 3 percent of their gross salary, via payroll deduction, beginning with the first paycheck.

The library system contributes an amount, which varies according to the actuarial needs of the fund, budget permitting.

In Plan Year 02-03, it is estimated that library employees will contribute about \$204,600. The library system has paid \$950,772 for the employer contribution.



**CHARACTERISTICS OF BENEFIT PLANS**, continued

**RETIREMENT PENSION PLAN**, continued

**Financial Statement**

As of June 30, 2002, the market value of the current plan assets was \$12,813,064

**Interest of Investments**

Money earned through investments is returned to the retirement pension fund and reinvested, adding to the strength of the plan and the amount of income ultimately received by retirees.

Each participant's contributions are credited with interest at the rate of 5% per year, compounded annually beginning on the first day (July 1) of the contract year following the first such contributions by the participant.

**Vesting: Years of Credited Service; Age Requirement; Pension Benefits**

1. An eligible full-time employee begins participating in the plan with the first paycheck; 3 % of salary is withheld and that amount is sent monthly with all other employee contributions to the plan trustee, BancOklahoma Trust Company.
2. After one year of participation in the plan, the employee's contributions begin earning interest at a rate of 5%.
3. If the employee terminates library employment before the end of his or her first year of participation in the plan, he or she receives a reimbursement of contributions made to that point, without interest.
4. If the employee terminates library employment after one year but before the fifth year, he or she receives a reimbursement of contributions made to that point, plus accumulated interest earned on his or her contributions.
5. After five years of credited service (participation) in the plan, the employee is 100% vested. (Note: This five-year vesting plan took effect July 1, 1988; before that, it took 15 years of Credited service before the participant was fully vested.)

**CHARACTERISTICS OF BENEFIT PLANS**, continued

**RETIREMENT PENSION PLAN**, continued

6. If the employee with vested interest then terminates library employment before becoming eligible for early (see #8 below) or normal retirement (see #7 below), he or she has the option of taking a lump sum reimbursement, as described in #5, above or of leaving his/her contributions in the plan until age 62, at which time the employee would begin to receive a monthly pension check. The amount of the check would be determined by a certified actuary based on our current retirement plan documents.
- 6.A. In summary, when one is "vested," one has the option of leaving one's contributions in the pension plan and at early or normal retirement age receiving monthly pension checks consisting of interest-earning funds invested from both employee and employer contributions or taking only the individual employee's contribution plus earned interest in a one-time reimbursement at termination. If a participant is not vested he/she does not have the first option.
- 6.B Each individual's "case" is different, so the decision on how to exercise vesting rights is one that the individual should make in consultation with the library system's Business Office and the plan's administrator.
7. Retirement benefits are based on a formula that gives a maximum benefit to those who retire no earlier than age 62 and with five or more years of credited service. Age 62 is known as the "normal" retirement age.
8. If a person who is vested chooses to take early retirement (age 50-61 with at least 20 years of credited service), he or she will receive a monthly annuity that is actuarially reduced to compensate for the assumption that the early retiree will collect more monthly pension checks than one who retires at 62 or later.
9. "Late retirement" is permissible under the plan (i.e., beyond age 62) and there is no mandatory retirement age; however, the formula used to calculate retirement benefits does not include credited service beyond 32 year. The amount of the monthly pension check is actuarially increased based on the assumption that the older one is at retirement, the fewer monthly annuity checks one will collect.



**CHARACTERISTICS OF BENEFIT PLANS**, continued

**RETIREMENT PENSION PLAN**, continued

**FORMULA FOR CALCULATION NORMAL RETIREMENT BENEFITS:**

Years of Credited Service (S) x 2.5% of the average of the employee's high 60 consecutive completed calendar months of employment.

(E) = Monthly Retirement Benefit for each year of credited service.

**Example:**

Employee, age 62, with 32 years of credited service, and whose average monthly earnings were \$2,000.

$$\begin{array}{rcl} S = 32 & & 32 \\ E = \$2,000 \times 2.5\% & & \underline{\times 50} \\ \text{monthly benefit} = & & \$1,600.00 \end{array}$$

NOTE: As stated above (6.B), each pension plan "case" presents different options; for example, a married employee may choose from several different plans to provide for a surviving spouse the above is exemplary of a single individual with life time benefit.

**XI. SOCIAL SECURITY**

The library system continues to participate in Social Security retirement for its employees. The current rate is 6.2% for social security tax up to the maximum of \$84,900 in 2002 and to \$87,000 in 2003 of the employee's salary and 1.45% of Medicare tax of the employee's entire salary. The library system, as the employer, matches whatever is paid by the employee. Social Security is a benefit extended to part-time as well as full-time employees. The library has budgeted \$671,307 for this benefit in this fiscal year (FY 02-03).

**CHARACTERISTICS OF BENEFIT PLANS**, continued

**XII. ANNUAL VACATION LEAVE (AVL)**

Library policies allocate AVL on the basis of length of service, i.e.:

1 - 5 years of service.....	12 AVL days
6 - 10 years of service.....	15 AVL days
11- 15 years of service.....	20 AVL days
16 + years of service.....	25 AVL days

AVL bonus days awarded in connection with Sick Leave as follows: An employee receives two bonus AVL days in the calendar year following a calendar year in which he/she used no more than three days of Sick Leave; and one bonus AVL day for using more than three but no more than six days of Sick Leave.

An employee may carry forward no more than 25 percent of AVL from one calendar year to the next. At termination, an employee is reimbursed for unused AVL.

**XIII. SICK LEAVE (SL)**

Each full-time, salaried employee has available 10 hours (1.25 days) per month for Sick Leave (15 days per year). There is no reimbursement for unused SL at termination of employment. SL may be used to care for dependents in the immediate family.

The employee begins accumulating SL during his or her first month on the job, and can accumulate up to 120 days.

**XIV. DOCTOR/DENTAL APPOINTMENTS**

Each full-time, salaried employee may be granted up to three hours per occurrence for doctor/dental appointments.

Unless unusual circumstances arise (obvious abuse of the privilege, for example), an employee is not charged for time taken for such appointments.

If more than three hours are taken for an appointment, all time off is charged to Sick Leave.

**CHARACTERISTICS OF BENEFIT PLANS**, continued

**XV. HOLIDAYS**

The system's 2002 Holiday Calendar included nine days when the libraries were closed, as follows:

New Year's Day  
Martin Luther King, Jr. Day  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day (2 days)  
Christmas (2 days)

2 "Floating" holidays (employee choice)

Variations may occur depending on the day of the week upon which an observed holiday falls in a given year. If a holiday falls on an employee's regularly scheduled day off, an "in lieu" day is given.

**XVI. OTHER**

Other leave benefits include court/jury duty, military leave, professional leave, leave to vote and bereavement leave.

\* \* \* \* \*

**METROPOLITAN LIBRARY SYSTEM  
 HISTORY OF HOLIDAYS**

1982	11 holidays	Included Washington's Birthday and Veteran's Day
1983	11	Included Washington's Birthday and 3 days at Christmas (drop Veteran)
1984	11	Included Washington's Birthday and 3 days at Christmas
1985	11	Included President's Day and 1 floating holiday (dropped 1 day at Christmas)
1986	11	Included 2 floating holidays (dropped President's Day)
1987	11	Included 2 floating holidays
1988	11	Included 2 floating holidays
1989	11	Included 2 floating holidays
1990	11	Included 2 floating holidays
1991	11	Included 2 floating holidays
1992	11	Included 2 floating holidays
1993	11	Included 2 floating holidays
1994	11	Included 1 floating holiday
1995	11	Included 1 floating holiday
1996	11	Included 1 floating holiday
1997	11	Included 1 floating holiday
1998	11	Includes 1 floating holiday
1999	11	Includes 2 floating holidays (delete New Year's Eve)
2000	11	Includes 2 floating holidays
2001	11	Includes 2 floating holidays
2002	11	Includes 2 floating holidays and New Year's Day Martin Luther King, Jr. Day Memorial Day Independence Day Labor Day Thanksgiving Day Friday after Thanksgiving Day Christmas Eve Christmas Day

## **REPORT AND RECOMMENDATION FROM ADMINISTRATION**

### COMPENSATION May 2003

#### **RECOMMENDATION FROM ADMINISTRATION:**

The performance awards ranging from 0% to 3% for both full-time and part-time employees (including pages) be approved for FY 03-04. Funds have been included in the Estimate of Needs to allow for this. (See attachment for the proposed Merit Increase Guide for FY 03-04.) Although a range of from 0% to 3% might give the impression that everyone will be getting 3% plus the proposed market adjustment of 2% for a total of 5%, past experience tells us otherwise. A range of 0% to 3% is more likely to result in an average increase of just under 2.5%. For budgeting purposes, however, the full 3% is shown. The estimated cost for FY 2003-04 is approximately \$109,079.

A market adjustment of 2% be approved effective December 22, 2003 for all positions not currently above the maximum for their salary grade. The date of December 22 is proposed since it is the beginning of the biweekly pay period that includes January 1, 2004. The estimated cost for FY 2003-04 is approximately \$72,716.

#### **ADMINISTRATIVE & PERSONNEL COMMITTEE ACTION:**

If in agreement with these recommendations, the committee action would be to recommend that the Finance Committee incorporate in the FY 03-04 Annual Budget the recommended performance awards model of from 0% to 3% for the upcoming fiscal year, and the market adjustment of 2% effective December 22, 2003.

## **COMPENSATION REPORT**

### **MAY 2003**

#### **BACKGROUND**

The salary administration policy as adopted by the Library Commission in 1992 consists of two components: the classification plan and the compensation plan. The compensation plan is additionally divided into two components: performance awards and market adjustment.

The performance awards component is the method of advancing an individual from the starting salary within the pay range and is based upon actual performance. Full-time and some part-time employees (excluding pages) receive a formal performance review just prior to the completion of the initial six months of employment or promotion and annually thereafter. This review is based on defined performance standards that are reviewed with the employee by his/her supervisor at the start of the evaluation period. Some of the standards are common for all employees (the good employee standards) while most are designed specifically for the position of the employee. The performance of part-time pages is reviewed on a different schedule using either this same performance standards based method or a performance ranking method. Both methods have previously been approved by commission action and are incorporated in the Policy and Procedure Manual under Section VIII.

#### **PERFORMANCE AWARDS**

Under the performance award model approved as a part of the FY 02-03 budget, the highest salary increase possible is 3% and this is available only to those individuals who achieve a score of 3.5 or better on a scale of 1 to 4. Although the scale of possible increases ranges from 0% to 3%, the statistics for FY 02-03, (July 1, 2002 through April 27, 2003), indicate an average performance award increase of 2.47%.

#### **EMPLOYEES AT TOP OF SALARY RANGE RECEIVE BONUSES IN LIEU OF INCREASES**

Some individuals receive bonuses in lieu of salary increases because they reached or were at the top of their salary range. Those bonuses were equal to three-fourths of the percentage of increase for which the employee's evaluation score otherwise would have qualified him or her. Between July 1, 2002 and April 30, 2003, ten individuals received bonuses.

#### **MARKET ADJUSTMENTS**

The market adjustment is the component that is used to insure that the salary structure is adjusted equally across-the-board. Several considerations dictate whether a market adjustment will be administered: (1) changes in the overall wage scale nationally, (2) the results of salary surveys and (3) the budgetary constraints of the library system. Each year as a part of the budget process, the Administration,



with Commission approval, determines the applicability and the financial ability to apply a market adjustment to the salary structure. When applicable and when funds are available, a percentage increase is applied equally to all ranges and to all eligible employee salaries.

The Institute of Management and Administration in its survey of anticipated salary increases for 2003 reports that the respondents in the south central region anticipate 3.8% average for merit increases while the south eastern region respondents anticipate 3.7% merit increases.

The U.S. Department of Labor, Bureau of Labor Statistics reported that the Employment Cost Index (ECI) for the quarter ending March 31, 2003 for the state and local government sector increased 4.2% over the same date in the previous year. The two components of the index are wage and salary costs, which increased 3.1% and benefit costs, which rose 6.6% during this same period.

The use of market surveys has been a part of the Compensation Study for a number of years. The library administration has conducted limited studies of major public library employers within the state and has participated in and received the results of the salary surveys conducted by the Tulsa City-County Library (TCCL) System and Allen County (Ft. Wayne, Indiana) Public Library. The TCCL survey was not conducted this year as that library is working with a consultant on a more comprehensive study. The Allen County survey, as compared to past TCCL surveys, is much more widespread. It presents results in two formats, the survey average and a mid-west average.

## **SURVEY RESULTS**

### In-State Survey

Within the state, the four major employers of public service librarians are the Oklahoma Department of Libraries, the Pioneer Library System, the Tulsa City-County System and this system. A comparison of salaries for closely comparable librarian positions follows.

Agency	Minimum	Maximum
Pioneer	31,754	45,273
MLS	30,555	43,139
Tulsa	29,760	43,116
ODL	26,564	44,273
Average	29,658	43,950
<u>MLS Above Average</u>		<u>3.02%</u>

In 2000 the MLS minimum was 7.03% above average. In 2001, it was 3.44% above the average. In 2002, it is now 3.02% above average for the major libraries in the Oklahoma survey. Comparing the minimum of the range, MLS has dropped .42% during the last twelve months.

In 2001, MLS was 3.43% below Pioneer. In 2002, MLS is 3.92% below Pioneer. Besides not being the lead library in the state, MLS has dropped farther behind the current leader. Additionally, the gap that MLS is above the average of the big four in-state library employers has narrowed. In short, our position is loosing ground.

### Allen County Survey

The other major salary survey in which the library system is included is the Allen County (IN) Public Library Salary Survey. That library system provides an "all survey" average and a "midwest" average for the position of librarian.

	2001		2002	
	Minimum	Maximum	Minimum	Maximum
All Survey	33,035	48,645	34,634	50,130
Midwest	32,253	47,461	33,193	50,174
MLS	29,806	42,078	30,555	43,139
MLS Below Midwest Average	7.59%	11.34%	7.95%	14.02%

One year ago, the MLS minimum was 7.59% below the minimum average in the Allen County survey. Comparing the minimum average, MLS range has fallen by .36% during this twelve-month period.

### **COMPENSATION GOAL**

Since the Administrative and Personnel Committee of May 5, 1994, the library system has stated, as a long-term goal, that it was desirable to be the leader in-state among the four major public library employers and to be 4% to 5% above the regional average. For two years in a row, the first objective is not being met. The second objective has remained a long-term goal for several years. By the Allen County survey (which is considered to be a very reputable regional survey), it would be necessary to increase MLS starting salaries by 11.95% to meet the goal for a beginning salary.

The third part of the component of the market adjustment consideration is the budgetary constraints of the library system. It is this component that prevents the accomplishment of the stated goal.



**Metropolitan Library System  
 Section VIII  
 Policy and Procedure Manual  
 Human Resources**

**ITEM A - SALARY ADMINISTRATION  
 ATTACHMENT A-4**

FY 03-04

**MERIT INCREASE GUIDE**

QUARTILE	1	2	3	4
PERFORMANCE RATING	PERFORMANCE AWARDS % INCREASE			
3.50 TO 4.00	3	3	3	3
2.75 TO 3.49	2	2	2	2
2.00 TO 2.74	1	1	1	1
1.00 TO 1.99	0	0	0	0

**PERFORMANCE RATINGS**

Rating 3.50 to 4.00 - Performance Substantially Exceeds Standards

All standards were met and most were clearly exceeded. The individual performance in important job objectives goes beyond what is required.

Rating 2.75 to 3.49 - Performance Meets All Standards

The individual performance is fully satisfactory and all performance standards and objectives were met at pre-established levels of proficiency.

Rating 2.00 to 2.74 - Performance Acceptable/Some Improvement Needed

The basic and/or most important standards are being met satisfactorily; however, some areas need improvement. This is a way of telling the employee that there are some areas in his/her performance that are less than satisfactory and need to be addressed.

Rating 1.00 to 1.99 - Unacceptable Performance

The individual performance is unacceptable, with the basic and/or most important standards not being met satisfactorily. With this rating, the employee should be on performance probation as well as an improvement program for these areas of responsibility.

## **REPORT AND RECOMMENDATION FROM ADMINISTRATION**

### **BENEFIT PLANS MAY 2003**

#### **RECOMMENDATION FROM ADMINISTRATION:**

The Administration recommends the following:

the acceptance of the rate increase within the indicated contingency amounts (\$195,918 for medical/dental insurance), and

amending the medical/dental plan in the areas of dental insurance annual maximum, chiropractic and physical therapy treatment, and prescription co-payments and maximum, all as described above.

Depending on the final administrative decision, the committee may be requested to recommend:

an increase to \$55 per month for medical/dental insurance opting-out employees.

#### **ADMINISTRATIVE & PERSONNEL COMMITTEE ACTION:**

If in agreement with these recommendations, the Committee action would be to recommend that the Finance Committee incorporate the funds for the above recommendations in the FY 03-04 Budget.

## **REPORT ON BENEFIT PLANS**

MAY 2003

### **MEDICAL/DENTAL INSURANCE**

#### **BACKGROUND**

Beginning on July 1, 1995, the library system became independently self-insured, breaking away from the self-insured consortium that also included Oklahoma County and the City-County Health Department. Under the consortium arrangement, all plan provisions were determined solely by Oklahoma County.

#### **CURRENT PLAN YEAR TO DATE**

Through April 30, 2003, the plan showed a balance of \$719,150 available to pay claims. By comparison, at the end of the April last fiscal year; the plan showed a balance of \$634,418. Through the end of April of the current plan year, two plan participants (under COBRA) had reached the specific stop loss level of \$45,000.

#### **MARKET TRENDS**

Employee benefits reporting sources all indicate that employers should expect the cost of health insurance to increase in the year 2003. The estimates for increase vary, but all indicate an increase. Nationally recognized human resources/benefits consulting firms including Mercer Human Resource Consulting predict that costs for healthcare coverage will rise between 14 percent and 19 percent in 2003.

Prescription drug costs currently represent 29.07 percent of the claims to the library system's plan while national averages indicated they should represent approximately 20% of claims.

According to the 2003 Survey of Employee Benefits conducted by Business and Legal Reports, the average total cost to employers for health care plans rose to \$5,046 in 2002.

The library system's average cost for medical/dental insurance for 2002 was \$4,540.95 as reported in the annual review of salaries and benefits. Even if the annual cost of vision insurance (\$127.92) is added, the MLS average remains below national average.

## 2002-03 PREMIUM COSTS

The 2002-03 monthly premiums for medical/dental coverage through the system's self-insured program and the cost sharing ratios are shown in the following chart. The library system pays 90% of the cost of single coverage and 70% of the additional cost for dependents leaving the employee to pay 10% of the cost of single coverage and 30% of the additional cost for dependents. As of April 1, 2003, there are 113 employees with employee only coverage and 65 employees with family coverage under the system's plan.

<u>Library's Share of Monthly Premiums</u>	
(approximately 90% of single coverage & 70% of additional cost for dependents)	
	<u>FY 02-03</u>
Single Coverage	\$331.65
Additional Cost for Dependents	<u>256.87</u>
Total Cost for Both	\$588.52

<u>Employee's Share of Monthly Premiums</u>	
(approximately 10% of single coverage & 30% of additional cost for dependents)	
	<u>FY 02-03</u>
Single Coverage	\$ 36.85
Additional Cost for Dependents	<u>110.09</u>
Total Cost for Both	\$146.94

<u>Total Monthly Premiums</u>	
	<u>FY 02-03</u>
Single Coverage	\$368.50
Additional Cost for Dependents	<u>366.96</u>
Total Cost for Both	\$735.46

## **PLAN PROVISION CHANGE**

Three plan changes have been studied and are recommended for your approval.

The plan currently has a cap on dental claims of \$1000 maximum in any calendar year. It is proposed that this cap to increased to \$2000.

The plan currently has a cap of \$1800 in any calendar year for chiropractic services and physical therapy. It is proposed to increase this amount to \$2500 and pay claims on the same basis as most others medical claims (80% within network and 70% out of network).

The plan currently has a co-payment of 20% on prescriptions with a maximum amount of out-of-pocket expense of \$50. It is proposed that the co-payment be increased to 25% and the maximum be removed.

The plan currently sets the cost for a ninety-day supply of a prescription by mail order at \$15 for the generic and at \$40 for brand name. It is proposed the amount for generic be maintained at \$15, but the amount for brand name be set at \$30.

## **2001-02 PROPOSED PREMIUM COSTS**

*The proposed premiums are not yet available. Most stop-loss carriers are not willing to quote rates more than 30 to 45 days in advance. The cost of stop-loss insurance is a major consideration in determining the over-all rate. Without it, premiums cannot be calculated.*

*It is anticipated that premium information will be available by the time of the Administrative and Personnel Committee meeting and will be distributed at that time.*

A contingency for a rate increase of 20% has been included in the working documents in preparation of presenting the budget to the Finance Committee. This 20% contingency represents \$195,918.

In accordance with the Commission adopted definition of the medical funding account (the self-insured fund) and the maintenance level for the account, \$173,861.76 should be available for insurance premiums for FY 2003-04. This amount would be shared by the library system and the employees on the same ratio as contributions are made into the fund. The amount available to cover the library system's share would be approximately \$139,000. The impact on the budget of a possible 20% increase would be approximately \$57,000.

Should the premium information not be available by the time of the meeting, and should this contingency be found to be insufficient when rates are received, a corrected amount will be included in the budget before presentation to the Finance Committee and the Commission in June.

### **LIFE AND AD&D INSURANCE**

Life and accidental death and dismemberment insurance has been quoted with no rate increase.

### **VISION INSURANCE**

The addition of vision coverage (for employees only) was called for in the long-range plan and was added in the fall of 2000. Premiums were quoted as a guaranteed two-year rate.

The plan was amended in July 2001 to provide for adding vision coverage for family members with the employee paying 100% of this added cost. Doing this did not change the library system's cost of \$10.66 per month for employee coverage. The library has received notice that the current rate has been guaranteed for an additional two years.

### **LONG TERM DISABILITY INSURANCE**

Long term disability insurance (LTD) rate change notices arrive in mid-fiscal year. The last notice resulted in no increase for the remainder of the current fiscal year or the first half of the next. No rate contingency has been included in the budget for the last half of FY 03-04.

### **INSURANCE OPT-OUT BENEFIT**

Currently the library system contributes \$46 per month into either the "other medical expense" portion or the "dependent care expense" portion of the flexible spending account (IRC Section 125 account). When an employee opts out of medical/dental insurance coverage with the library system because he or she has coverage elsewhere, it saves the library system a minimum of \$331.65 per month. (Coverage elsewhere and proof thereof is a Commission adopted condition of opting out.) The \$46 dollar amount has not changed since 1989 or perhaps longer. Since the library has increased its contribution for medical coverage considerably since 1989, the administration has been discussing the possibility of increasing the opt-out amount to perhaps \$55 per month. A final administrative recommendation had not been made but should be available at the committee's meeting on May 20.



## **REPORT AND RECOMMENDATION FROM ADMINISTRATION**

### DESIGNATION OF PRIVACY COMPLIANCE OFFICER UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

#### **RECOMMENDATION FROM ADMINISTRATION:**

The Benefits Manager be designated as the HIPAA Privacy Compliance Officer and the Assistant Benefits Manager be designated as the deputy.

#### **ADMINISTRATIVE & PERSONNEL COMMITTEE ACTION:**

If in agreement with this recommendation, the Committee action would be to recommend that the Metropolitan Library Commission designate the positions as such.

## **DESIGNATION OF PRIVACY COMPLIANCE OFFICER UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT**

Most individuals wouldn't think twice about telling someone that a co-worker has the flu (or the crud that's going around) and is off sick. And most of us would word it very carefully but would still probably respond if another member of the staff asked about a co-worker's serious health condition if that someone made a sincere inquiry. But most of us are aware that the Health Insurance Portability and Accountability Act (HIPAA) of 1996 has regulations that provide for stringent protection of individual health information and gives patients strong rights and more say in the management of their health care information.

The strictest privacy of all medical documents has long been the rule in the Human Resources/Benefits Office. Such things as on-the-job injury reports, doctor's return to work statements, FaMLA eligibility documentation, flexible benefits claims, and even insurance enrollment forms are maintained in files separate from employee personnel files.

Most covered entities had until April 14, 2003 to be in compliance with the privacy standards. Because of the small size of the library systems health plans, our mandatory compliance date will be April 14, 2004.

In order to comply with the HIPAA regulations, the library system must:

- amend the health plan documents for the medical/dental self-insurance plan and the flexible benefits plan indicating that the library has put "firewalls" into place that restrict access to protected personal health information to only those employees that need it to carry out job responsibilities, and
- designate an individual who will act as privacy compliance officer, train other staff in privacy regulations and receive and respond to complaints and inquiries about the library's privacy practices.

Plan document modifications are being prepared and necessary steps are being taken to safeguard protected personnel health information within the benefits section of the Human Resources Office. Approval of the plan documents or those steps necessary to provide the safe guards do not require Committee or Commission approval.

It is felt, however, that designation of an individual (by job title) as privacy compliance officer and a deputy (as recommended by the regulations), designated also by job title, should carry the full authority of the Library Commission.

Individuals who have access to protected, personnel health information must be, if at all possible, individuals other than someone who has an active role in the employment, promotion, demotion or termination of employment process. This prevents the knowledge of health conditions from influencing employment decisions. For this reason, the Director of Human Resources should not serve in the capacity of the privacy compliance officer. The library system's Benefits Manager, however, is the logical individual to serve as privacy officer and the Assistant Benefits Manager is the logical deputy.