

METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

ADMINISTRATIVE & PERSONNEL COMMITTEE AGENDA

Members: Hugh Rice, Chair
Bose` Akadiri
Ralph Bullard
Cynthia Friedemann
Margaret Graham
Mukesh Patel
Judy Smith

Wednesday, May 26, 2010 at 3:30 p.m.
Downtown Library
300 Park Avenue
Oklahoma City, OK 73102
Telephone: (405) 231-8650

- I. Call to Order and Establishment of Quorum – Mr. Hugh Rice, Chair
- II. Discussion, Consideration, and Possible Action: Annual Review of Human Resources – Salaries and Benefits
With Reports and Recommendations from Administration:
 - ❖ Compensation & Benefit Plans
- III. Discussion, Consideration, and Possible Action: Report and Recommendation from Administration ~ Revisions to Metropolitan Library System Policy and Procedure Manual

The Metropolitan Library System of Oklahoma County encourages participation from all patrons and citizens of Oklahoma County. If participation at any public meeting is not possible due to a disability, whether physical, hearing or speech related, please notify the office of the Executive Director (606-3726) at least forty-eight (48) hours prior to the scheduled public meeting to allow the Library to make necessary accommodations.

REPORT AND RECOMMENDATION FROM ADMINISTRATION

MLS SALARIES & BENEFITS FY 2010-11

RECOMMENDATIONS FROM ADMINISTRATION:

The Administration recommends the following:

1. Compensation:

- A.** a merit increase schedule of from 0% to 3%, effective July 1, 2010.
- B.** a market adjustment of 4% for all employees, effective with the beginning of the pay period that includes January 1, 2011.

2. Benefits:

- A.** Acceptance of the plan change recommendations for the self-funded Employee Benefit Plan and Flexible Benefits Plan.
- B.** Acceptance of the Stop Loss coverage for the Employee Benefit Plan through HCC Life Insurance Company on a Paid contract basis with an increase in the individual Specific Deductible level to \$60,000
- C.** Acceptance of a 4.15% premium increase for the fully-insured Organ Transplant policy through Chartis.
- D.** Acceptance of a \$0.25 PEPM (per employee per month) increase in the Utilization Review fee.
- E.** Acceptance of a \$0.15 PEPM increase in the PPO access fee for First Health PPO Network.
- F.** Acceptance of a \$5.00 PEPM fee for Disease Management services through WellNet Interactive
- G.** Acceptance of the employee Benefit Plan premium costs reflecting a 15% increase* to the Library System and participants after applying a portion of the available fund balance. (No change in the current cost sharing formula.)

ADMINISTRATIVE & PERSONNEL COMMITTEE ACTION:

The Committee action would be to recommend that the Finance Committee incorporate the funds for the above recommendations into the FY 2010-11 budget and that the Commission, by approval of the estimate of needs, approve the plan changes in accordance with the funding level.

METROPOLITAN LIBRARY SYSTEM

ANNUAL REVIEW OF HUMAN RESOURCES - SALARIES AND BENEFITS

May 2010

The Library System provides a salary and benefits package intended to attract and retain the excellent quality of employees that our customers have come to expect and deserve. The salaries are reviewed annually using information from various sources. This year we reviewed information from the US Department of Labor's Bureau of Labor Statistics and information gathered by MLS Human Resources Office staff. Benefits are also reviewed annually by the Human Resources Office staff and compared with benefits information received through national publications and from other sources.

SALARIES

Each year, the library calculates the average salary and benefits' cost for full-time equivalent employees based on the salaries and benefits being received in that month.

Based on the December 2009 report, the average full-time employee made \$43,493, up 3.6% from the December 2008 average of \$41,912 annually. For comparison, the December 2008 report represented a 4.0 % increase above December 2007. This average excludes the Executive Director and the Coordinator of the Friends (whose salaries are set by the Library Commission and the Friends' Board respectively). The 3.6 percent increase gives the appearance of being low because of the market adjustment and merit increase programs. The average percentage increase for performance was 2.41 in 2009 down from 2.42 in 2008. It is important to remember, however, that the average salary is affected by such things as the resignation or retirement of long-term employees being replaced by new employees starting at the beginning of the pay range (at a lower salary) and newly authorized positions with a beginning salary below the average. It is also important to note that 24% (69 individuals) of the employees covered by the report are at the maximum of their salary grade range. Individuals at the maximum do not receive an hourly rate increase. Instead, they receive a one-time bonus equal to three-fourths of the applicable performance award increase percentage of annual base pay.

Through the classification plan all full-time positions (again excluding the Executive Director and the Coordinator of the Friends) are assigned to one of fourteen salary grades, each of which has a minimum salary and a maximum salary (the salary range). Assignment to the grade is by a point factoring analysis of each job (through the job description). Positions are reviewed and evaluated on specific factors.

Point factor job evaluation ensures that each position is fairly valued on each factor in relationship to the value of every other position. The end result of job position evaluation is the development of a "job worth hierarchy" that reflects the contributions and importance of all evaluated positions. This job worth hierarchy is one measure that is used together with competitive market data to establish internally fair and externally equitable pay levels.

With the classification plan in place using this method, the internally fair portion of the overall compensation plan is established. Traditionally, the externally equitable portion has been based on a comparison of a closely similar position in like organizations. For this, the library system has

traditionally compared salaries for the position of librarian. Librarians generally have similar qualifications and duties in libraries of comparable size to our system.

Shown below are comparisons for Oklahoma Department of Libraries (ODL), Tulsa City-County Library System (TCCL), Pioneer Multi-County Library System (PMC) and Metropolitan Library System (MLS) and reflects information gathered during the last week of April 2010.

LIBRARIAN

<u>Library</u>	<u>Salary Range</u>	
	<u>Minimum</u>	<u>Maximum</u>
ODL (Lib. II)	30,920	51,534
TCCL	34,956	52,752
PMC	38,700	55,212
MLS	38,750	54,704

Because the minimum salary is the starting salary in the hiring process and, therefore, is the basis of the Library System's ability to attract new librarians, we believe that it is important to concentrate on that figure.

In a recent salary survey conducted by Public Sector Personnel Consultants, Inc. for the City of El Paso, Texas and in which our library system participated as a respondent, information was gathered from eight libraries (library systems) including the cities of Phoenix, Dallas, Fort Worth, Lubbock, Austin, Houston and El Paso. Instead of reporting the minimum and maximum on the salary range, the consultant reported the midpoint. On this basis, four cities fell above MLS and three below. MLS was approximately 12% below the highest and approximately 15% above the lowest.

Since the Administrative & Personnel Committee meeting of May 5, 1994, the Library System has stated, as a 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. We are at present, \$50 annually, or approximately 2.4¢ per hour above Pioneer.

SALARY TRENDS:

The Employment Cost Index – March 2010 was released by the US Department of Labor's Bureau of Labor Statistics in April 2010 and indicated for the year ended March 2010, total compensation costs for state and local government workers rose 2.0 percent compared to 3.1 percent a year ago. The 12-month gain in wages and salaries was 1.8 percent. Last year, the gain was 3.0 percent. For benefits, costs increased 2.7 percent compared to 3.4 percent for the previous year.

	<u>State and local government</u>	
	<u>March 2009</u>	<u>March 2010</u>
Compensation costs	3.1	2.0
Wages and salaries	3.0	1.8
Benefit costs	3.4	2.7

According to the Bureau of Economic Analysis, a branch of the U. S. Department of Commerce and published in March 2010, Oklahoma's personal income declined by .8 percent in 2009 compared with a 6.4 percent increase in 2008.

On Friday, April 16, 2010, *The Oklahoman* carried a story that the Oklahoma City-based retailer, Hobby Lobby, was raising its minimum wage to \$11 an hour for full-time employees after raising it to \$10 an hour only a year ago. Hobby Lobby, as you know, is a privately held retail chain with more than 435 arts and crafts stores, including Mardel, Hemispheres and Crafts, Etc. The raises affect more than 9,600 employees.

The library system has eleven employees assigned to full-time salary grades below the \$11 an hour level. To bring the lowest of these grades up to a minimum of \$11 an hour would require a 20.5% increase. To maintain the internal equity of the salary grade system, all other grades would need to be increased by this same 20.5%. Even at the 4% market adjustment level being proposed for the first of the calendar year, the library system would be approximately 16% behind the minimum level for full-time Hobby Lobby employees.

SALARIES FOR FY11

Based on all information available, the proposed premium increase in the medical/dental plan and the library's financial situation, the administration has included in the estimate of needs (preliminary budget) for FY 2011 a market adjustment of 4 percent for all employees (full and part time) effective with the start of the pay period that includes January 1, 2011, and a merit increase schedule ranging from 0 to 3 percent beginning July 1, 2010.

BENEFITS

Medical/Dental and Prescription Drug Plan (Employee Benefit Plan)

Plan Performance:

Following is a brief summation of the current Plan performance:

- Paid medical claims for the current plan year are projected to increase 24% over the prior year.
- To date this year, there are five individuals with claims in excess of \$55,000 (Specific Stop Loss Deductible); prior year total claimants in excess of Stop Loss deductible - three.
- The number of MLS members seeking medical treatment in an office setting this year increased slightly over the prior year's experience.
- The percentage of member's seeking services in the Emergency Room has decreased 11% over the prior year; total Emergency Room usage for the Plan is below the national benchmark.
- The Plan deductibles and out-of-pocket maximums are slightly below the median range for groups of comparable size.
- There is one transplant evaluation in process; expenses, if realized, will be borne by the carve-out transplant policy.
- Utilization of the Adult Wellness Benefit has increased 14% over last year.
- The MLS Wellness/Mammography Services benefit usage exceeded the national average by 9% this year.
- The Provider networks and Lab Card program discounts amounted to a 44.29% savings on billed charges for the Plan.
- Paid dental claims are on track to be 17% higher than last year.

- Prescription Drug claims increased minimally at 2%. However, generic dispensing rates and drug therapy adherence are below national averages for groups with similar demographics and utilization continues to outpace industry benchmarks.

Recommendations for Changes to the Self-funded Employee Benefit Plan:

1. To keep pace with cost trends, the following medical plan changes are recommended (effective 01/01/11):
 - a. Increase PPO Deductibles from \$300 to \$400 Individual / \$900 to \$1,000 Family; Non-PPO from \$500 to \$600 Individual / \$1,000 to \$1,500 Family
 - b. Increase PPO Out-Of-Pocket Maximums from \$2,000 to \$3,000 Individual / \$6,000 to \$7,500 Family; Non-PPO from \$3,000 to \$4,000 Individual / \$9,000 to \$10,000 Family
 - c. Implement \$25 PPO Doctor's Office Visit Copayment (covers visit charge only)
2. To encourage members to become active participants in their therapeutic treatment selections and further utilize available generic equivalent drugs, the following plan changes are recommended for the Prescription Drug program (effective 07/01/10):

Current Prescription Drug Benefit:

Retail Pharmacy Member Copayments;

30%, \$10 generic minimum, \$25 brand minimum; \$125 maximum

Mail Order Pharmacy Member Copayments:

Generic - \$25

Brand - \$60

Recommended Changes to the Prescription Drug Benefit:

1. Implement a Formulary Plan, consisting of three copayment tiers:
 - a. Retail Pharmacy Member Copayments:
 - i. Generic – 20%; \$10 minimum, \$100 maximum
 - ii. Preferred – 30%; \$30 minimum, \$125 maximum
 - iii. Non-Preferred – 35%; \$45 minimum, \$150 maximum
 - b. Mail Order Pharmacy Member Copayments:
 - i. Generic - \$25
 - ii. Preferred - \$75
 - iii. Non-Preferred - \$100
2. Institute the mandatory use of Mail Order for maintenance medications.
3. Implement a Disease Management program through WellNet Interactive. WellNet offers: data analysis and predictive modeling based on medical and prescription drug data from the Employee Benefit Plan. The data outcomes categorize our Plan members by medical charge probability risk levels (e.g. high, medium and low risk groups). WellNet uses the data results to customize Care Management ("disease management") services for individual members identified as having the greatest probability of incurring high cost claims.

The Care Management services include Registered Nurse Care Managers engaging with each individual member identified in the high and medium risk categories. The Care Manager works with each patient to determine the acuity of their condition(s) and treatment compliance levels.

Anticipated Self-Funded Medical/Dental/Prescription Plan Premiums for FY 11:

Final rates will not be available until after the first of June. We anticipate providing these at the meeting of the Finance Committee in June. In the meantime, we believe that the rates shown below will be reasonably close to the final rates. The cost sharing splits between the employee and the library system remain unchanged.

** Quoted rates are contingent upon signed, updated disclosure of all ongoing claimants at the time of acceptance.*

<u>Library's Share of Monthly Premiums</u>			
(approximately 90% of single coverage & 70% of additional cost for dependents)			
	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>Change</u>
Single Coverage	\$574.60	\$ 662.46	\$ 87.86
Dependent Coverage	<u>356.73</u>	<u>410.24</u>	<u>53.51</u>
Total Cost for Both	\$931.33	\$1,072.70	\$141.37

<u>Employee's Share of Monthly Premiums</u>			
(approximately 10% of single coverage & 30% of additional cost for dependents)			
	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>Change</u>
Single Coverage	\$ 63.85	\$73.77	\$9.92
Dependent Coverage	<u>152.86</u>	<u>175.80</u>	<u>22.94</u>
Total Cost for Both	\$216.71	\$249.57	\$ 32.86

<u>Total Monthly Premiums</u>			
	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>Change</u>
Single Coverage	\$638.45	\$736.23	\$ 97.78
Dependent Coverage	<u>509.59</u>	<u>586.04</u>	<u>76.45</u>
Total Cost for Both	\$1,148.04	\$1,322.27	\$174.23

Flexible Benefits Plan:

No changes recommended for this Plan.

Life/Accidental Death & Dismemberment Insurance:

No changes recommended for this benefit.

Long Term Disability Insurance:

No changes recommended for this benefit.

Long Term Care Insurance:

No changes recommended for this benefit.

Vision Insurance:

No changes recommended for this benefit.

Employee Assistance Program (EAP):

No changes recommended for this benefit.

Workers' Compensation:

Current Workers' Compensation Carrier	CompSource Oklahoma
Current Policy Period	10/01/2009 – 09/30/2010
Current Experience Modification Factor	1.21 (prior year 0.95)

MLS continues to monitor the status of legislation to privatize CompSource Oklahoma; 04/16/10 update: **HB 2662** & **SB 2232** – Aldridge/Sullivan – CO - these bills dealt with mandating the sale of CompSource Oklahoma, with the proceeds going to the state, and have been pulled from consideration. The task force, created to consider how best to privatize CompSource Oklahoma, has been extended one more year until December 31, 2012.

REPORT AND RECOMMENDATION FROM ADMINISTRATION

Revisions to Metropolitan Library System Policy and Procedure Manual

MLS policies contained in the Policy and Procedure Manual, periodically require updating as a result of decisions or recommendations from the Library Commission, changes in federal and state laws and regulations, and the necessity to operate the library system in a more efficient, effective manner.

The administration recommends for your consideration, a change to SH110 – Salary Administration. This policy is in section SH – Stewardship of Human Resources.

This change is necessary because all part time employees are now evaluated with the new performance appraisal system that is used for all employee evaluations. Previously, they were evaluated using a different method with different procedures for performance awards. Changes are highlighted in red and copies of the original policy with changes noted will be available at the meeting.

ADMINISTRATIVE RECOMMENDATION FOR COMMISSION ACTION:

To approve the recommendations from Administration for adoption to the Metropolitan Library System Policy & Procedure Manual revisions to, SH 110, Salary Administration.

SH 100 Wages and Hours

SH 110 - Salary Administration

Adopted: 9/92, Revised: 2/03, 5/09, Draft 5/10

- a. If a selected candidate exceeds the minimum qualifications stated in the job description and will not accept appointment at the minimum rate for the position, the candidate may be appointed at a higher rate up to the midpoint of the salary range. These cases should be thoroughly analyzed and measured against objective qualification standards

Consideration should be given to review and compare the salaries of employees in similar positions. In addition, every effort should first be made to recruit a qualified employee who will accept appointment at the minimum rate for the position.

- b. Difficulty of recruitment may require payment of a higher rate. If difficulty of recruitment at the minimum rate in the salary range persists, consideration should be given to assigning a higher hiring rate or reevaluation of the position to determine if a higher pay grade is indicated.

2) Part-time Employment

- a. Individuals employed on a part-time basis in positions with equivalent full-time positions in the Classification Plan are assigned to appropriate grades by the Director of Human Resources. The same principles, which apply to the Compensation Plan for full-time employees, will determine salary procedures for these part-time employees. These part-time employees can qualify to earn a performance award (increase and/or bonus) on the same basis as full-time employees.
- b. Individuals employed on a part-time basis in positions where no equivalent full-time position exists will be assigned to a pay range on a compensation plan specifically adopted for part-time employees. ~~These part-time employees can qualify to earn performance increases in accordance with the procedure for granting performance awards for part-time pages.~~ These part-time employees can qualify to earn a performance award (increase and/or bonus) on the same basis as full-time employees.
- c. Both types of part-time employees are eligible for market adjustments in accordance with these policies.

3) Reinstated Employees

- a. A reinstated employee shall be paid at a salary rate within the approved salary range for the position in which the employee is reinstated. The salary level in the range will be related to, but not limited to such factors as performance, experience and length of previous service in the library system and shall be set by the Director of Human Resources with the approval of the Executive Director.

4) Employee Transfers

- a. An employee may be transferred to another department or location in a similar position, and such transfer shall not change the employee's pay grade or the