

**METROPOLITAN LIBRARY COMMISSION  
OF OKLAHOMA COUNTY  
ADMINISTRATIVE & PERSONNEL COMMITTEE  
AGENDA**

Members: Hugh Rice, Chair  
Bose` Akadiri  
Ralph Bullard  
Cynthia Friedemann  
Helene Harpman  
Mukesh Patel

Monday, May 21, 2012 at 2:30 p.m.  
Belle Isle Library  
5501 N. Villa  
Oklahoma City, OK 73112  
Telephone: (405) 843-9601

- 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: Executive Session
  - To discuss the employment, hiring, appointment, promotion, etc., of the Executive Director pursuant to the Oklahoma Open Meeting Act, Title 25, Oklahoma Statutes § 307, (B)(1)
- IV. Discussion, Consideration, and Possible Action: Return to Open Meeting
- V. Discussion, Consideration, and Possible Action: Recommendation regarding Compensation & Benefits for Executive Director

## **REPORT AND RECOMMENDATION FROM ADMINISTRATION**

### MLS SALARIES & BENEFITS FY 2012-13

#### **RECOMMENDATIONS FROM ADMINISTRATION:**

The Administration recommends the following:

##### **1. Compensation:**

- A.** A continuation of the performance based merit increase schedule ranging from 0-3%
- B.** A market adjustment of 3% for all employees effective the first pay period in January, 2013.

##### **2. Benefits:**

- A.** Acceptance of the plan change recommendations (pages 3 and 4 of 7) for the self-funded Employee Benefit Plan.
- B.** Acceptance of the Stop Loss coverage for the Employee Benefit Plan through Unimerica Insurance Company on a 36/12 contract basis with an increase in the Specific Deductible level to \$70,000 per individual.
- C.** Acceptance of a 5.54% premium increase for the fully-insured Organ Transplant policy through Chartis.
- D.** Acceptance of a \$0.85 PEPM (per employee per month) increase in the Administrative Services fee.
- E.** Acceptance of a \$1.75 PEPM fee for COBRA and HIPAA Administration.
- F.** Acceptance of a \$0.15 PEPM increase in the PPO access fee for First Health PPO Network.
- G.** Acceptance of the employee Benefit Plan premium costs reflecting a 3.62% 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 2012-13 budget and that the Commission, by approval of the estimate of needs, approve the performance awards program and the plan changes in accordance with the funding level.

## **METROPOLITAN LIBRARY SYSTEM**

### **ANNUAL REVIEW OF HUMAN RESOURCES - SALARIES AND BENEFITS**

#### **May 2012**

The Library System attempts to provide a salary and benefits package intended to attract and retain the excellent quality of employees that our customers have come to expect and deserve.

### **SALARIES**

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. Salaries, economic outlook, and benefits are reviewed annually using information from various sources such as the US Department of Labor's Bureau of Labor Statistics, surrounding library systems, national and local library and human resource associations, and national publications and surveys.

The Library System has stated, as a goal, that it is desirable to be the leader in-state among the four major public library employers. The library system has traditionally compared salaries for the position of librarian since qualifications and duties in libraries of comparable size are similar. Shown below are the current comparisons:

<i>Source</i>	<i>Min</i>	<i>Max</i>
Tulsa City-County Library System	35,838	54,080
Pioneer Multi-County Library System	38,700	63,468
Allen County Public Library (2011)	39,942	60,931
OESC- OKC Librarians (2012 Report, 2011 data)	39,142	
Metropolitan Library System	41,330	61,984

### **EMPLOYER OUTLOOK:**

In March 2012, The US Department of Labor's Bureau of Labor Statistics released the Employer Costs for Employee Compensation report (ECEC), a product of the National Compensation Survey, which measures employer costs for wages, salaries, and employee benefits for private and state and local government workers. Total compensation costs for state and local government workers average \$40.90 per hour in December 2011. The Employment Cost Index, released in April 2012, showed compensation costs for state and local government workers increased 1.5% for the 12-month period ending March 2012 compared to 1.8% in 2011. Wages and salaries increased 1% for the 12-month period ending March 2012 compared to 1.2% in 2011 and benefit costs increased 2.3% for the 12-month period ending March 2012 compared to 3.3% in 2011.

The Consumer Price Index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. In March 2012, The US Department of Labor's Bureau of Labor Statistics reported all items increased 2.9% over the previous 12-month period. The overall annual percent change in 2011 (reported January 2012) for all items was 3.6%. Based on this information, the Federal Register reported a 3.6% cost of living increase in Social Security benefits effective December 2011.

According to an article in the Daily Oklahoman on May 3<sup>rd</sup>, 2012, Oklahoma County's preliminary budget figures for the coming fiscal year indicate general fund revenue may be increasing for the first time in years. Commissioners approved pay raises for more than 200 county employees and annual raises worth \$380,000. Raises were effective immediately and the salary adjustments were performance based.

According to other various publications and surveys polled, salary increases are slowly trending upwards to pre-recession levels as the economy slowly improves. US Employers are predicted to increase base salaries on average of 3% and continue performance based increases averaging between 0.4 to 4.5%:

Source	Average Base Pay Increase	Performance Based Increases
Salary Budget Survey by Towers Watson Data Svs	2.80%	n/a
Mercer Group 2011/12 US Compensation Planning Survey Report	3.00%	Low: 0.4%, Middle: 2.8%, High: 4.4%
38th Annual WorldatWork Salary Budget Survey	2.90%	Low: 0.7%, Middle: 2.7%, High: 4.0%
Hay Group	3.00%	n/a
Duke University/CFO Magazine Global Business Outlook Survey	3.00%	n/a
Aon Hewitt's annual US Salary Increase Survey-by City (Dallas)	3.40%	n/a
Aon Hewitt's annual US Salary Increase Survey-by Industry (non-profit)	3.20%	n/a
Culpepper Global Salary Budget Survey 2011/12 - US	3.11%	Low: 0.0%, Middle: 3.0%, High: 5.0%

### **RECOMMENDATION for FY12-13:**

Based on all information available, the proposed changes in the health/dental plan, and the library's financial situation, administration recommends a market adjustment of 3% for all employees effective the first pay period in January 2013 and the continuation of the current performance based merit increase schedule ranging from 0-3%, beginning July 1, 2012.

## **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 (including Stop Loss Reimbursements) increased 3% over the prior year.
- Paid dental claims are on track to be 14% higher than last year.
- Prescription Drug claims increased 9%.
- To date this year, there are four individuals with claims in excess of \$60,000 (Specific Stop Loss Deductible). The Stop Loss carrier has reimbursed \$374,142.
- The Total Plan Expenses were allocated as follows:
  - Stop Loss Coverage – 18.06%
  - Administration – 3.70%
  - Claims – 76.91%
  - Ancillary Coverage (Group Term Life/AD&D) – 1.33%
- The average age of our membership is 40.07.
- The Plan currently covers 399 members.
- The Provider networks and Lab Card program discounts amounted to an average discount of 51.25% savings on billed charges for the Plan.

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

1. Change coverage Waiting Period for full-time employees hired July 1, 2012, and later to the first of the month following 60 days of employment (*See Singer Analysis #5*).
2. Change payment levels for Mental Health and Substance Use Disorder charges to the same as medical expenses.
3. Change Pharmacy Benefit Manager to MaxCare, remove Mandatory Mail Order program and implement the following Prescription Drug member copayments (*see Singer Analysis #8*):

- a. Retail Pharmacy (30 day supply)
  1. Generic - \$10
  2. Formulary – 30% or \$125 copayment, whichever is less
  3. Non-Formulary – 35% or \$150 copayment, whichever is less
- b. Mail Order Pharmacy (90 day supply)
  1. Generic – \$30
  2. Formulary - \$105
  3. Non-Formulary – \$150
- c. Specialty Pharmacy (Prior Authorization Required)
  1. Generic – 20% coinsurance or \$100 copayment, whichever is greater
  2. Brand – 20% coinsurance or \$150 copayment, whichever is greater

**Anticipated Self-Funded Medical/Dental/Prescription Plan Premiums for FY 13:**

Library's Share of Monthly Premiums			
(approximately 90% of single coverage & 70% of additional cost for dependents)			
	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>Change</b>
Single Coverage	\$ 716.15	\$742.07	\$ 25.92
Dependent Coverage	\$ 440.10	\$456.03	\$ 15.93
Total Cost for Both	\$ 1,156.25	\$1,198.10	\$ 41.85

  

Employee's Share of Monthly Premiums			
(approximately 10% of single coverage & 30% of additional cost for dependents)			
	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>Change</b>
Single Coverage	\$ 79.57	\$82.45	\$ 2.88
Dependent Coverage	\$ 188.62	\$195.46	\$ 6.84
Total Cost for Both	\$ 268.19	\$277.91	\$ 9.72

  

Total Monthly Premiums			
	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>Change</b>
Single Coverage	\$ 795.72	\$824.52	\$ 28.80
Dependent Coverage	\$ 628.72	\$651.49	\$ 22.77
Total Cost for Both	\$ 1,424.44	\$1,476.01	\$ 51.57

**Life/Accidental Death & Dismemberment Insurance**

**Recommendations:**

1. Add voluntary Dependent Life rider to the existing Group Term Life policy; cost of elective coverage paid by the employee (*see Singer Analysis #9*).

**Wellness Program**

The Wellness Works! program's second annual *A Healthy Me II* challenge resulted in the following outcomes: 151 comprehensive biometric screenings completed (119 of those being repeat participants), 116 Health Risk Assessments completed, E-media digital coaching modules accessed by 79 members. Twenty-nine employees had at least one critical laboratory value identified as part of their biometric screening. Personalized Prevention estimates a potential medical cost avoidance of \$215,314 resulting from early identification and intervention with these individuals.

**Workers' Compensation**

Current Workers' Compensation Carrier	CompSource Oklahoma
Current Policy Period	10/01/2011 – 09/30/2012
Current Experience Modification Factor	<b>1.23</b> (prior year 1.21)

**No changes recommended for other benefits programs.**

## RECOMMENDATIONS BASED ON RESULTS OF SINGER STUDY - BENEFITS SURVEY

- 1) **Singer Analysis:** The Library's total average cost of benefits as a percentage of salary is at the top of the surveyed group market.

MLS Recommendation: The Library continues to offer a comprehensive, competitive benefits package for employees. The average cost of benefits is continually monitored and adjusted by changes to the products and services offered.

- 2) **Singer Analysis:** MLS offers one health plan option, while other employers offer multiple plan choices for employees.

MLS Recommendation: No recommended changes at this time. Introducing another plan design option could result in adverse selection against the existing benefit plan. Plan design alternatives are reviewed every year for feasibility.

- 3) **Singer Analysis:** The premium for employee-only health coverage is the most expensive of the employer's surveyed.

MLS Recommendation: The Library population's average age of 46.78, combined with a large female demographic and inclusive dental premiums account for some of the higher cost. Changes are recommended annually to keep pace with industry trends.

- 4) **Singer Analysis:** The out-of-pocket maximums for the health plan are high compared to the groups surveyed.

MLS Recommendation: No changes are recommended at this time. The maximums were increased in 2011 to offset rising claim and premium costs.

- 5) **Singer Analysis:** MLS is among the groups requiring the longest waiting period for health coverage.

MLS Recommendation: Change the waiting period from first of the month following 90 days to first of the month following 60 days.

- 6) **Singer Analysis:** Many other systems and employers are providing health coverage for part-time employees at certain levels of employment (i.e. 20 hours per week).

MLS Recommendation: No change recommended at this time. The Patient Protection and Affordable Care Act (PPACA) mandates an expansion of the full-time employee definition beginning in July 2013 to include individuals working 30 or more hours per week.

- 7) **Singer Analysis:** Other organizations are trending towards offering health coverage for same-sex domestic partners.

MLS Recommendation: No change recommended. The Employee Benefit Plan adheres to state law.

- 8) **Singer Analysis:** MLS has the most levels of prescription drug coverage in the surveyed group. This may decrease plan costs, but may also be confusing to employees.

MLS Recommendation: Simplify prescription drug coverage levels and copayments.

- 9) **Singer Analysis:** Almost all surveyed employers allow employees to purchase additional elective Life Insurance coverage.

**MLS Recommendation:** Add voluntary Dependent Life rider to the existing Group Term Life policy.

- 10) **Singer Analysis:** The Library could consider offering access to cancer policies or other specialized benefits, if desired, by employees.

**MLS Recommendation:** No changes recommended at this time. Administration is reviewing the voluntary product market for future offerings.