

Budget Task Force

Employee Compensation

March 9, 2012

Comp-benefits Fun Facts

- Fiscal Year 2011 Payroll Processing Costs 129,938
- Total Gross Earnings (Excludes Per Diems) 62,854,165
- Health Insurance Claims Paid 15,491,581
- IMRF Contributions - County 7,850,965
- Social Security Contributions - County 4,642,851

Financial Model

- Continued from February meeting....

Employee Compensation

- Wages make up **25.85%** of the FY12 Budget
 - *Total compensation* makes of **37.46%** of the FY12 Budget
-
- Wages make up **52.54%** of the FY12 General Fund
 - *Total compensation* makes of **76.88%** of the FY12 General Fund

Background Information

Frozen & Vacant Positions

- *What is a “Frozen” position?*
 - Created in 2009 in response to economic situation.
 - Position remains on the roster, but it is not funded.

- *What is a vacant position?*
 - Position is funded in the budget but not filled.
 - County Policy says after 3 months position may be eliminated.

Frozen & Vacant Positions

Number of positions “frozen” 34

Number of positions vacant 74

Question: *What are we going to do with “frozen” and vacant positions?*

Wages Increase over the Past Decade

12/1/02 – 12/1/11

| Employee Group | Average Annual Increase |
|--|-------------------------|
| FOP Unit #1 (Deputies) | 4.49% |
| FOP Unit #2 (Corrections) | 3.75% |
| FOP Unit #3 (Sheriff's Civilians) | 3.26% |
| Operating Engineers #150 (MCDOT) | 3.69% |
| Operating Engineers #150 (Facilities Mgmt) | 4.41% |
| Non-Union Employees | 3.05% |

What do Employees Earn?

| | |
|--|----------|
| Average annualized wage approx. | \$48,300 |
| # employees earning less than \$30,000 | 393 |
| # employees earning less than \$50,000 | 770 |
| # employees earning less than \$75,000 | 1,105 |

McHenry County Labor Report

Update December 2011

Description**2011 Jobs****2011 Average Earnings**

| | | |
|--|----------------|-----------------|
| Agriculture, Forestry, Fishing and Hunting | 1,715 | \$36,966 |
| Mining, Quarrying, and Oil and Gas Extraction | 43 | \$77,534 |
| Construction | 8,955 | \$58,164 |
| Manufacturing | 15,875 | \$65,471 |
| Wholesale Trade | 6,049 | \$65,149 |
| Retail Trade | 14,940 | \$26,770 |
| Transportation and Warehousing | 2,909 | \$52,207 |
| Information | 1,127 | \$53,798 |
| Finance and Insurance | 5,600 | \$40,464 |
| Professional, Scientific, and Technical Services | 5,973 | \$45,102 |
| Management of Companies and Enterprises | 652 | \$111,424 |
| Health Care and Social Assistance | 11,083 | \$51,951 |
| Accommodation and Food Services | 7,691 | \$16,530 |
| Government | 16,055 | \$55,686 |
| Total | 120,740 | \$44,399 |

Source: EMSI Complete Employment - 2011.4

** As taken from McHenry County Workforce Investment Board Website

Health Insurance & Other Benefits

- Benefits in addition to Wages
 - Health
 - Dental
 - Life
 - FICA
 - IMRF/SLEP
 - Employee Assistance Program
 - Wellness Program, 457 Deferred Comp, Other.....

Health Insurance Participation

PPO

| | |
|------------------------|------------|
| PPO MEMBER ONLY | 340 |
| PPO MEMBER + 1 | 133 |
| PPO MEMBER + 2 | 160 |
| TOTAL | 633 |

HMO

| | |
|------------------------|------------|
| HMO MEMBER ONLY | 137 |
| HMO MEMBER + 1 | 83 |
| HMO MEMBER + 2 | 160 |
| TOTAL | 380 |

Cost of Health Insurance

PPO

| | Annual | Employee | County |
|-----------|----------|----------|----------|
| Single | \$10,095 | \$1,009 | \$9,086 |
| | | | |
| Single +1 | \$19,399 | \$3,880 | \$15,519 |
| | | | |
| Family | \$25,029 | \$5,006 | \$20,023 |

HMO

| | Annual | Employee | County |
|-----------|----------|----------|----------|
| Single | \$6,649 | \$599 | \$6,051 |
| | | | |
| Single +1 | \$12,773 | \$1,533 | \$11,239 |
| | | | |
| Family | \$16,497 | \$2,144 | \$14,353 |

Health Insurance Contribution

PPO

| | County | Employee |
|-------------|--------|----------|
| Single | 90% | 10% |
| Employee +1 | 80% | 20% |
| Family | 80% | 20% |

HMO

| | County | Employee |
|-------------|--------|----------|
| Single | 91% | 9% |
| Employee +1 | 88% | 12% |
| Family | 87% | 13% |

Historical Premium Increase

| Plan Year | BC/BS Premium Increase | McHenry County Actual |
|-----------|----------------------------------|-----------------------|
| 7/1/2003 | 27.6% | 27.6% |
| 7/1/2004 | 13.4% | 13.4% |
| 7/1/2005 | 12.2% | 12.2% |
| 7/1/2006 | 7.0% <i>(Begin Self Funding)</i> | 2.7% |
| 7/1/2007 | 9.7% | 4.0% |
| 7/1/2008 | 10.5% | 6.0% |
| 7/1/2009 | 10.0% | 2.0% |
| 7/1/2010 | 12.5% | 7.0% |
| 7/1/2011 | 12.0% | 7.0% |



What Has Been Done to Control Costs?

- Transition to self-funding in 2007
- Wellness program
(future investments?)
- Employee Assistance Program
- Increase in employee cost participation.....

Insurance Plan Changes

| PPO Deductible | 7/1/02 | 7/1/11 |
|----------------|--------|--------|
| Individual | \$150 | \$225 |
| Dependent | \$100 | \$225 |
| Family Max | \$350 | \$575 |

Insurance Plan Changes.....

| PPO out of pocket limit | 7/1/02 | 7/1/11 |
|------------------------------------|---------------|---------------|
| Individual | \$800 | \$1,200 |
| Family Max | \$2,000 | \$2,400 |

Insurance Plan Changes

| Prescription Drugs | 7/1/02 | 7/1/11 |
|--------------------|--------|--------|
| PPO | | |
| Generic | \$6 | \$5 |
| Formulary | \$12 | \$25 |
| Non-Formulary | \$25 | \$35 |
| HMO | | |
| Generic | \$5 | \$5 |
| Formulary | \$10 | \$25 |
| Non-Formulary | \$25 | \$35 |

Pension

- What is IMRF?
 - 4.5% of salary from Employee
 - Employer share changes annually (about 10%)
- What is SLEP?
 - 7.5% of salary from Employee
 - Employer share changes annually (about 20%)
- Funded locally. Funded at 100%
- Not an option for employees. Not an option for employers.

Not all Pensions are the Same

The five state pension plans for Illinois are managed by the office of the Comptroller?

1. State Employee Retirement System (SERS)
2. State University Retirement System (SURS)
3. Teacher Retirement System (TRS)
4. Judges Retirement Systems
5. General Assembly Retirement System

IMRF Changes

| Tier 1 (Current and former IMRF members) | Tier 2 (IMRF members first enrolled 1/1/11 or later) |
|---|---|
| | |
| Vesting: 8 years | Vesting: 10 years |
| | |
| Earliest retirement age: 55, with reduction for age | Earliest retirement age: 62, with reduction for age |
| | |
| Full retirement age: 60 | Full retirement age: 67 |
| | |
| Pension increases: Begin the year after retirement. | Pension increases: No increases before age 67, then yearly. |
| | |
| | Implements a cap on the Final Rate of Earnings. |

SLEP Changes

| <i>SLEP Tier 1 (Current and former SLEP members)</i> | <i>SLEP Tier 2 (SLEP members first enrolled 1/1/11 or later)</i> |
|---|--|
| | |
| Vesting: 20 years | Vesting: 10 years |
| | |
| Earliest retirement age: N/A | Earliest retirement age: 50, with reduction for age |
| | |
| Full retirement age: 50 | Full retirement age: 55 |
| | |
| Pension increases: Begin the year after retirement. | Pension increases: No increases before the later of age 60 or after one year, then yearly. |
| | |
| Limit on reportable wages: None | Limit on reportable wages: Overtime not included in reportable wages. |
| | |
| Reduction in pension: None | Pension reduced 1/2% for each month under age 55. |
| | |
| Maximum pension payable: 80% of FRE | Maximum pension payable: 75% of FRE |

Next Steps on Compensation

Before June 1

- Review frozen positions
- Review vacant positions
- Recommend health insurance increase
- Consider Wage/Range modifications
- Develop “target” on non-union wage increase