



# Town of Franklin

Human Resources Department &  
Benefits

Franklin Finance Committee  
October 13, 2021

Karen Bratt, Human Resources Director

# Human Resources Overview

- Manage all hiring activity. Participate in interview and screening process, conduct references, complete pre-hire activities (medicals, CORIs, etc.), process job offers and assist with onboarding.
- Process resignations and retirements, including conducting exit interviews and providing guidance throughout the retirement process.
- Employee relations and policy enforcement. Provide suggestions and advice to managers and department heads to address performance issues.
- Manage all benefits for active Town employees and retirees. Including, but not limited to: health insurance, dental insurance, life insurance, long term disability, short term disability, flexible spending accounts (FSAs), Health Savings Accounts (HSAs), and deferred compensation plans.

# Human Resources Overview (continued)

- Member of the management team that reviews annual health insurance plans and rate changes. Co-Chair of the Insurance Advisory Committee (IAC).
- Manage the Town's Worker's Comp program and 111F for Police & Fire.
- Co-Chair of Employee Safety Committee with the Assistant to the TA.
- Co-Lead Negotiator on all collective bargaining session.
- Maintain compensation and classification plans to ensure the Town can stay competitive to retain our employees and recruit new talent.

# Human Resources Budget

	<b>FY19 Expended</b>	<b>FY20 Expended</b>	<b>FY21 Budget</b>	<b>FY22 Budget</b>
Personal Services	\$156,284	\$167,937	\$170,845	\$174,261
Expenses	\$34,192	\$27,607	\$28,630	\$53,650
Total	\$190,476	\$195,544	\$199,475	\$227,911

- Human Resources Budget comprises 2 full-time staff members:  
Director Karen Bratt and HR Administrator Sandy Golebiewski
- School Human Resources Office is also 2 full time staff (in school budget)
- We expect that additional investments may be needed in the future as benefits become more intensive and time consuming

# Human Resources Budget

- The HR expense budget in FY22 is \$53,650.
- Majority of the budget is split between health/medical services and advertising.
- Health and Medical Services: \$22,500
  - Pre-employment physicals and drug screens for all new employees with more stringent requirements for Police, Fire, and CDL drivers within the DPW
  - Random drug testing program for CDL drivers as well as post-accident testing or testing with reasonable suspicion
  - Psychological testing for new Police Officers and Firefighters
  - Independent Medical exams to determine if an employee is able to work after an illness or injury
- Advertising: \$3,000
  - Reach out a diverse audience of qualified professionals for all jobs. We post regularly on Indeed and use other industry specific sites as needed.

- Other expenses include office supplies, meetings and conferences, professional dues (MA Municipal Personnel Association, SHRM, etc.)
- This year's budget also includes a comprehensive review of our Compensation and Classification Plan by an outside vendor. We are going through the RFQ process now to select the vendor.
- A long term goal would be to implement an electronic applicant tracking system and electronic personnel files. These could both be expensive investments, but would save many hours of manpower and make our office more efficient.

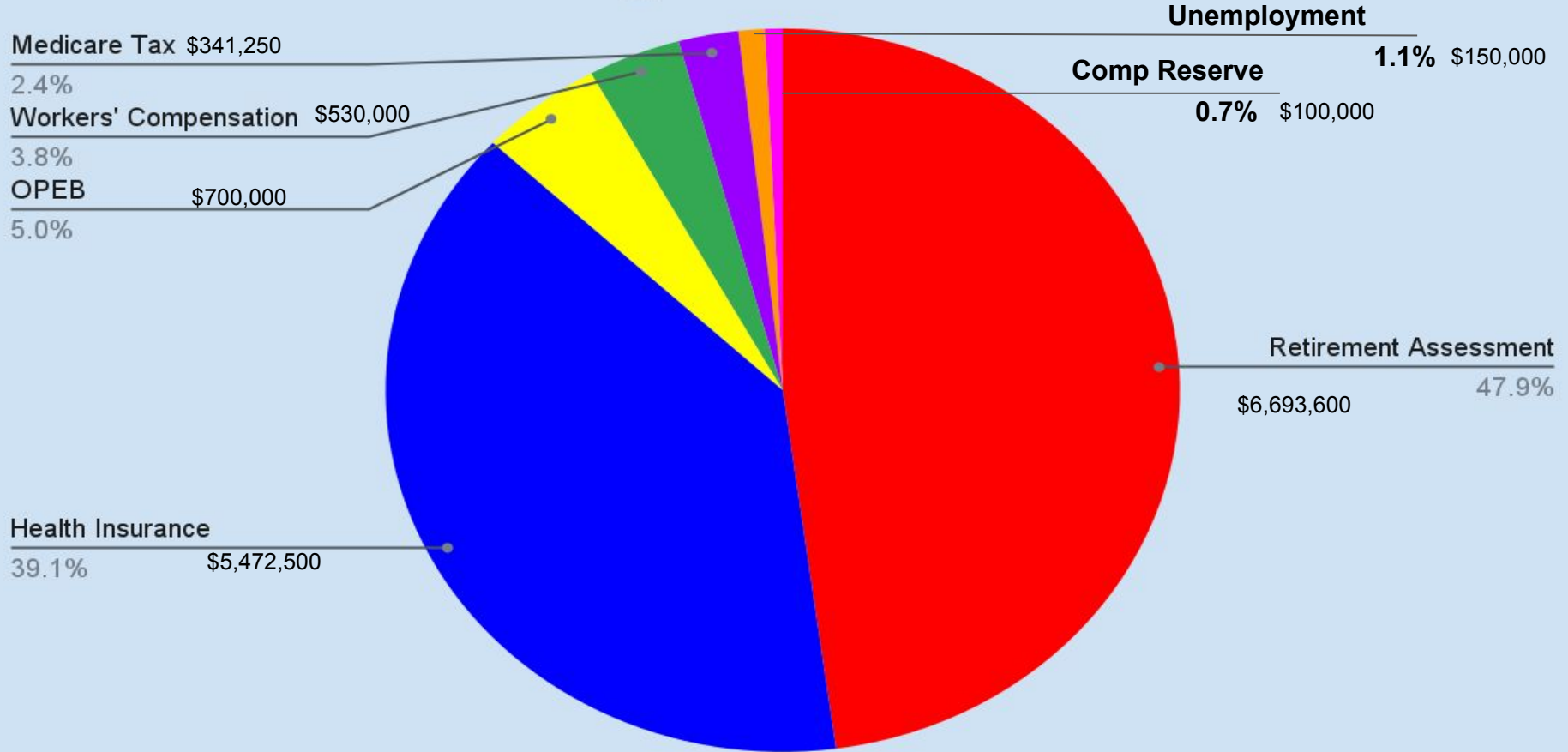
# Benefits Budget

<b>FY19 Expended</b>	<b>FY20 Expended</b>	<b>FY21 Budget</b>	<b>FY22 Budget</b>
\$10,956,648	\$11,757,417	\$13,118,692	\$13,987,350

The three major cost drivers of this item are:

- Norfolk County Pension Assessment
- Employee and Retiree Health Insurance
- Annual OPEB Deposits

# Benefits Budget Breakdown - FY22





# Norfolk County Pension Assessment

- Over 104 pension systems in MA - we are in Norfolk County Retirement System
- Retirement systems in Massachusetts were not set up properly upon inception and we are now catching up to make sure we can afford to pay pensions in the future.
  - Norfolk County Retirement System is only 63.5% funded as of June 20, 2021.
- FY22 Assessment is \$6,693,600
  - based on 26.1% of our annual payroll
  - Members include:
    - All Town employees
    - School employees who are not teachers
- Assessment will increase by small percentage each year until peak of about 31% in FY29
- Starting in FY30, the assessment amount will go down to about 1-3% per year

# Historical Retirement Assessment

<b>Fiscal Year</b>	<b>Norfolk County Retirement Assessment</b>	<b>Increase % over prior FY</b>
<b>2022</b>	\$6,693,600.00	8.4%
<b>2021</b>	\$6,174,365.00	7.09%
<b>2020</b>	\$5,765,354.00	10.37%
<b>2019</b>	\$5,223,882.00	9.48%
<b>2018</b>	\$4,771,398.00	9.65%
<b>2017</b>	\$4,351,658.00	10.24%
<b>2016</b>	\$3,947,535.00	7.81%
<b>2015</b>	\$3,661,687.00	-0.02%
<b>2014</b>	\$3,662,597.00	4.44%
<b>2013</b>	\$3,506,741.00	4.95%
<b>2012</b>	\$3,341,223.00	-6.12%
<b>2011</b>	\$3,558,923.00	3.75%
<b>2010</b>	\$3,430,350.00	

- Pension liability has nearly doubled in raw dollars in 13 years!
- Current prediction for FY23 is an increase of over 16% to \$7,183,210

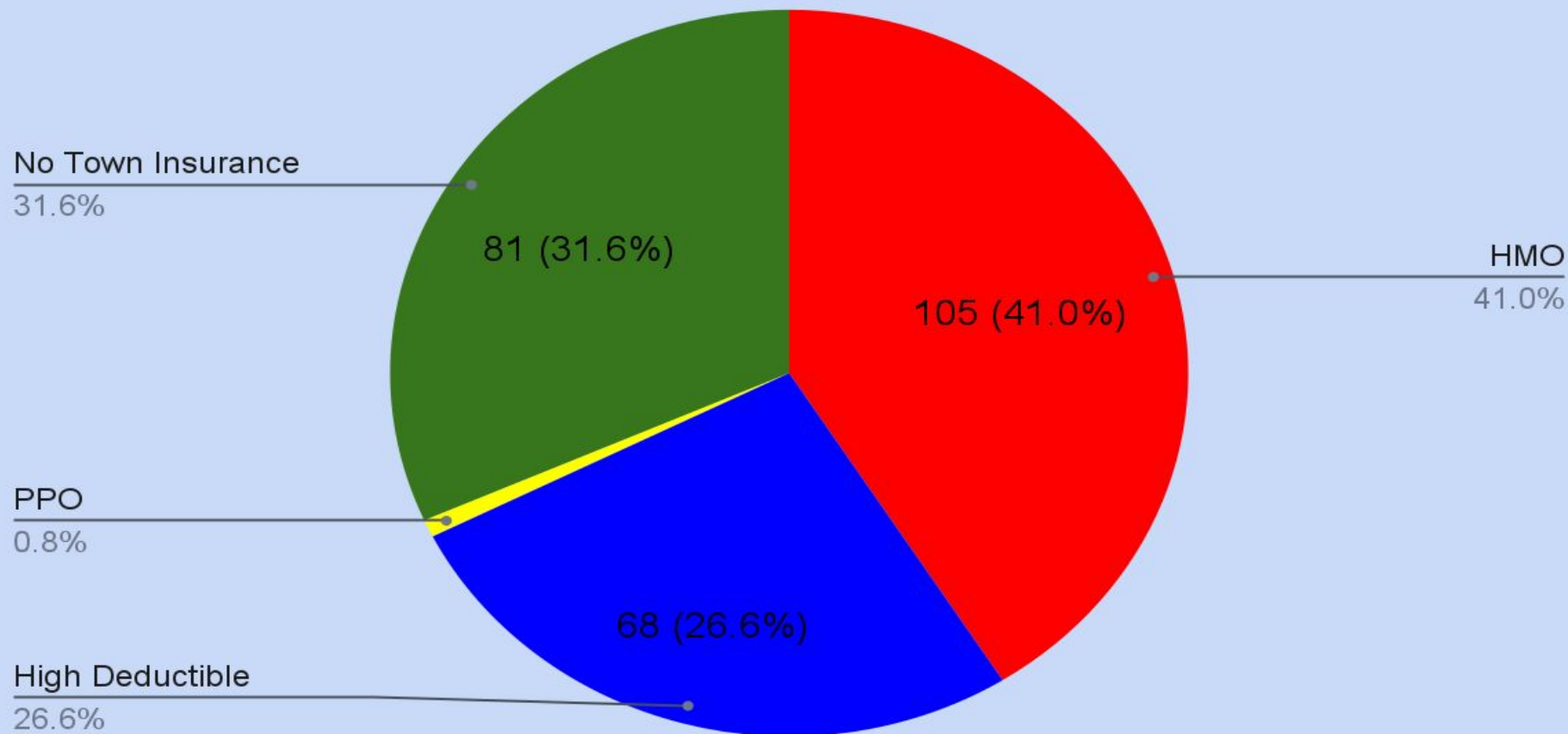
# Employee Health Insurance

- All active employees working 20 or more hours per week are eligible for health insurance through the Town.
- 2 HMO Plans - “standard” and “high deductible”
  - Town pays 68%, Employee pays 32%
  - Introduced high deductible in FY19 - 4th year offering it
- PPO Plan
  - Town pays 50%, Employee pays 50%
- Town budget covers active Town employees. School Department covers their active employees out of their budget.
- 256 active full-time employees eligible for benefits (+/- 10 employees)
  - 175 currently receiving Town Health Insurance - about 68% of employees

# Employee Health Insurance (continued)

- We work with our consultants at NFP and our Insurance Advisory Committee (IAC) each year to review our health insurance options and redesign the plans as needed to ensure rates stay low.
- In spite of our best efforts, we consistently see an increase in premiums year after year.
- Weighted increases in health insurance rates over last few years:
  - FY18 - 1.2%
  - FY19 - 2.43% (move from Tufts to HPHC)
  - FY20 - 8.53%
  - FY21 - 9.09% (increase in deductibles)
  - FY22 - 8.95%

# Plan Choices of Active Town Employees



# HMO vs. High Deductible Plan

HMO Plan	High Deductible Plan
<b>Individual Plan:</b> \$100 prescription deductible \$1,000 medical deductible  <b>Family Plan:</b> \$200 prescription deductible \$1,000 per member / \$2,000 per family deductible	<b>Individual Plan:</b> \$2,000 medical deductible  <b>Family Plan:</b> \$4,000 deductible <u><b>One person can reach this!</b></u>
Copays for all services, <i>even after deductible</i>  Primary Care - \$30/visit Specialist - \$45/visit Emergency Room - \$150/visit Radiology – subject to deductible Hospital stay – subject to deductible Outpatient surgery – subject to deductible Physical or Occupational therapy- \$45/visit Chiropractic Care - \$30/visit	Pay full contracted rate for all services (including prescriptions) until you hit the deductible  <b>Once you hit the deductible, employee is ONLY responsible for prescription copays</b>

# Health Insurance Premiums - FY22

	Individual Cost Per Year	Cost for Town Per Year/Per Individual Plan	Family Cost Per Year	Cost for Town Per Year/Per Employee
<b>HMO</b>	\$3,632	\$7,718	\$9,282	\$19,724
<b>High Deductible HMO</b>	\$3,103 <i>Savings compared to HMO: \$530</i>	\$6,594 <i>Savings compared to HMO: \$1,124</i>	\$7,930 <i>Savings compared to HMO: \$1,351</i>	\$16,852 <i>Savings compared to HMO: \$2,872</i>
<b>PPO</b> <i>* 50/50 split*</i>	\$7,014	\$7,014	\$19,534	\$19,534

# Saving money through the High Deductible Option

Number of employees on the high deductible plan each fiscal year (Town AND Schools):

	Participation FY19	Participation FY20	Participation FY21	Participation FY22
Individual Plans	24	49	48	65
Family Plans	40	131	131	159
<b>Total</b>	<b>64</b>	<b>180</b>	<b>179</b>	<b>224</b>

Savings realized in FY22 when employees choose the High Deductible Plan rather than the standard HMO:

	HMO Cost	High Deductible Cost (includes contribution to HSA & fees)	Savings for Town/ Schools per employee	Number of Employees on High Deductible Plan	Total Savings for Town/ Schools
Individual Plans	\$7,718	\$7,371	\$347	65	\$22,555
Family Plans	\$19,724	\$18,379	\$1,345	159	\$213,855
<b>Total</b>					<b>\$236,410</b>



# Retiree Health Insurance

- Active employees eventually become “vested” and are then eligible for both a pension and health insurance/life insurance benefits as retirees.
- Vesting requirements before 2012  
10 years of service; can retire at 55   OR   20 years of service; can retire at any age
- Vesting requirements after 2012  
10 years of service; can retire at 60
- Majority of our employees are considered “Group 1”, but Police and Fire employees are in “Group 4” and eligible for a pension at age 55. The Group 4 chart progresses a little more quickly and employees reach maximum retirement percentage of 80% more quickly.

# Retiree Health Insurance (continued)

- Retirees under the age of 65 can stay on the Town's HMO or PPO plan at the same contribution rate (32%).
- Once a retiree reaches age 65, they are required by law to sign up for Medicare (Part A and Part B).
  - Can elect to have the Town's "Medicare Supplement" plan. This provides coverage for anything not covered by Medicare as well as prescription drug coverage (comparable to Medicare Part D).
- Town continues to pay 68% for Medicare Supplement Plan.
  - Town cost for year = \$2,663.52
- Town budget includes School Retirees
- Currently have about 500 retirees on our Health Insurance plus an additional 152 spouses on individual Medicare supplement plans.

# Historical Health Care Budget

<b>Fiscal Year</b>	<b>Employee Health Insurance Budget</b>	<b>Increase % over prior FY</b>
<b>2022</b>	\$3,529,500.00	6.47%
<b>2021</b>	\$3,315,000.00	19.46%
<b>2020</b>	\$2,775,000.00	-3.48%
<b>2019</b>	\$2,875,000.00	4.55%
<b>2018</b>	\$2,750,000.00	5.36%
<b>2017</b>	\$2,610,000.00	4.40%
<b>2016</b>	\$2,500,000.00	1.50%
<b>2015</b>	\$2,463,000.00	5.48%
<b>2014</b>	\$2,335,000.00	2.64%
<b>2013</b>	\$2,275,000.00	-6.76%
<b>2012</b>	\$2,440,000.00	17.31%
<b>2011</b>	\$2,080,000.00	1.46%
<b>2010</b>	\$2,050,000.00	

# Other Post Employment Benefits (“OPEB”)

- As discussed, beyond providing retirees with pensions, the Town also provides “other post employment benefits” such as health insurance and life insurance. We typically “pay as we go”, but are also required by law to save for future costs of these benefits.
- The Town has an actuarial study done every 2 years. As of June 30, 2022 and the Town had an accrued liability of approximately **\$73 million**.
- In 2014-15, funds were moved from an OPEB Stabilization account to a Trust.
  - Managed by State Pension Reserves Investment Trust (“PRIT”)
  - Overseen by Pension Reserves Investment Management Board (“PRIM”).
  - The balance at the beginning of FY22 was approximately **\$8.57 million**.
- Town has Financial policies which prioritize investing into OPEB each year.
  - \$550,000 in FY19, increasing by \$50,000 each year. Currently \$700,000.
  - Plus 10% of Town’s free cash each year

# Workers' Compensation

- If a person is injured on the job, the Town is responsible for all medical bills and a portion of the employee's salary, without using their accrued sick or vacation time.
- Non Public Safety - Workers' Compensation
  - Massachusetts General Law, Chapter 152; under purview of Division of Industrial Accidents
  - Covers DPW, Custodians, Facilities/Maintenance Staff and office employees
  - Insurance company MIIA pays all medical bills and wages.
    - Payment based on 60% of average weekly wages for past 52 weeks
    - May supplement remaining 40% with sick or other accrued time off
  - Workers' Compensation covers Town AND School employees
- Public Safety - Injured on Duty (IOD) or "111F"
  - Massachusetts General Law, Chapter 111F - provides for leave with full pay for any work time missed related to injury
  - Massachusetts General Law, Chapter 100 - Town pays for all medical bills
  - Administered by Gowrie Claims Services

# Medicare Tax

- Town is required to contribute 1.45% of employees' wages to Medicare. Budgeted at \$341,250 in FY22.

# Unemployment

- An employee is entitled to apply for Unemployment Benefits through the Division of Unemployment Assistance (DUA) if unemployed, or working significantly reduced hours “through no fault of their own.”
- Unemployment costs cover both Town and Schools.
- The Town pays for Unemployment through the “Reimbursable Method”
  - Do not incur costs unless a former employee files for benefits and is determined eligible
  - We pay dollar for dollar for all benefits paid
- Eligible to receive up to 50% of average weekly wage; maximum benefit of \$974/week
- Currently eligible to receive Unemployment Benefits for up to 30 weeks.

# Compensation Reserve

- Put aside money each year to account for unexpected salary expenses which were not budgeted for.
  - Hiring a new employee for more money than prior incumbent.
  - Cover absences where additional coverage is needed.
  - Paying out a person's vacation or Earned Time when they resign or retire (if not already budgeted)
  - Cover potential Collective Bargaining costs before the CBA is finalized.

# Hiring Activity since FY18

- 89 full-time employees have started with the Town since beginning of FY18 (July 1, 2017). This represents about **35%** of our employee population (89 of 256)
- “Big 4” Departments
  - Police: 19 Patrol Officers
  - Fire: 18 Firefighters
  - Facilities: 8 Custodians, Town Electrician
  - DPW: 17 Union Positions
- Additional 22 part-time positions (19 hours or less per week) - including Archivist and Conservation Agent
- Additional “on call” and seasonal positions



# Department Heads

- In addition, the Town has hired 11 new department heads since January 1, 2016. This is equivalent to 55% of our appointed department heads!
- Town Administrator, Chief of Police, Fire Chief, Finance Director, Treasurer-Collector, Human Resources Director, Purchasing Director, Health Director, Conservation Agent, Senior Center Director, Veterans Officer.
- In the same time period, we also hired new Superintendent of Schools and Town Clerk.
- Also includes, 8 additional deputies to Department Heads.

# HR Accomplishments since Fiscal Year 2018

- Implemented the minimum wage standard for all municipal employees
  - Cities and towns are EXEMPT from the minimum wage.
  - We are committed to it. Worked to implement across the board over past 3 years.
- Massachusetts Equal Pay Act (2018)
  - We have audited our wages to ensure that females are compensated at the same salary as males when performing equal work.
- Collective Bargaining Agreements (CBAs)
  - Franklin has excellent labor relations with its 7 different bargaining units.
  - All unions on same schedule - 3 year contract expires June 30, 2022
  - All contracts have gone through a thorough substance review and have been reformatted and made easier to read. We have two contracts left to review, but the ones that have been completed are now [published on the HR website here.](#)

# HR Accomplishments (continued)

- Redrafted the Employee Manual and now making at least annual updates. Most recently updated on July 8, 2021 and [published on HR website here.](#)
- Redrafted Town Human Resources Bylaw - [Section 25 of the Town Code](#)
  - The new bylaw incorporates all federal and state protected classes for equal opportunity employment. Had not been updated in fifteen years.
- Switch from Tufts Health Plan to Harvard Pilgrim Health Care in FY19 (July 2018) including introduction of high deductible plan.
- 1st Annual Benefits Fair in 2019. Hope to continue in 2022.
- COVID-19 leave, policy, coordination and employee assistance.
- Significant reorganizations and changes in Police, Fire, and DPW

# Strategic Initiatives

- Compensation & Classification Study for all non union municipal staff
- Remote work policy
- Collective Bargaining FY23-FY25
- Human Resources Application software
  - Applicant Tracking System and/or Electronic Personnel Files
  - Community Compact Grant Application
- Continue succession planning and planning ahead to hire our future workforce

Questions???