

DHRM TOTAL COMPENSATION BULLETIN

Compensation and Benefits Information for State Employees FY 2014

Effective Date: June 22, 2013

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1. Legislative Language

S.B. 7

- Provides funding equivalent to a 1% cost of living adjustment for certain state employees. This adjustment will be given as a General Increase.
- Provides appropriations for a 9% rate increase for health insurance benefits for state employees.
- Provides appropriations for retirement rate increases for state employees.

2. General Salary Updates

- The legislature provided funding equivalent to a 1% salary increase for certain state employees. (See the bulleted section below to see which employees are eligible.)
- The 1% salary increase will be given as a General Increase to employees who meet certain eligibility criteria. A general increase functions similar to a COLA; however no adjustments will be made to salary ranges. (See the bulleted section below to see which employees are eligible.)
- Certain employees who are at the maximum of the salary range, above the maximum or in longevity will receive a one-time bonus equivalent to the calculation of a 1% yearly salary increase. The calculation will be based on 2088 hours. DHRM will work closely with the Division of Finance to provide employees who receive a one-time bonus with information on how taxes will be applied, and will provide options for utilizing pre-tax plans, etc.
- Employees who are less than 1% away from the maximum of the salary range will receive an increase to take them to the maximum of the salary range and the difference will be given in the form of a one-time bonus, for a total increase equal to 1%.
- Eligibility for the 1% increase and/or the one-time bonus are as follows:
 - Schedule B – All employees eligible
 - Schedule AA – Not eligible
 - Schedule AB – All employees eligible

- Schedule AC – All employees eligible; with some exceptions
 - Schedule AD – All employees eligible
 - Schedule AG – All employees eligible
 - Schedule AH – Educators not eligible; all others eligible
 - Schedule AN – Legislative branch will determine eligibility
 - Schedule AO – Judicial branch will determine eligibility
 - Schedule AP – Not eligible
 - Schedule AQ – Not eligible
 - Schedule AR – All employees eligible
 - Schedule AS – All employees eligible
 - Schedule AT – All employees eligible
 - Schedule AU – Not eligible
 - Schedule AW – All employees eligible
 - Schedule IN – Benefitted employees eligible; agency will determine eligibility for non-benefitted employees.
 - Schedule TL – Benefitted employees eligible; agency will determine eligibility for non-benefitted employees.
- Cost-of-Living Adjustments
Cost-of Living Adjustments (COLA's) were not approved for FY2014.
 - Market Comparability Adjustments
Market Comparability Adjustments (MCA's) were not approved for FY2014. No salary ranges will be adjusted.
 - Merit Increases
Merit increases were not approved for FY2014.

3. Retirement Changes

H.B. 194

- Ends the Program II post-retirement medical benefit and creates a new 401(k) match program. Accumulation of Program II hours will be frozen on January 3, 2014.
- Does **NOT** change how sick leave is paid out at retirement for any existing balances under Program I or Program II.
- Does **NOT** make any changes to a pension or 401k retirement benefit under Tier I or Tier II with Utah Retirement Systems.
- Beginning on or after **January 4, 2014**, the state will make a **matching biweekly** contribution to every qualifying employee's defined contribution plan under section 401(k). (Amount to be determined Fall of 2013)
- Accrual of sick leave hours can only be used as leave, has no value at retirement, and has no caps on the accrue of sick leave.

- Eligible employees for the 401k match must be receiving a URS retirement benefit and cannot be a rehired retiree.
- URS and DHRM will be coordinating educational marketing and materials in the Fall of 2013.
- DHRM will be creating rules regarding the new Program III sick leave benefit to be effective at the beginning of January 2014.

H.B. 24

- Amends retiree reemployment provisions by prohibiting a participating employer from making a retirement related contribution that exceeds the normal cost rate for all reemployed retirees, not just full-time employees.
- Provides that employees who are exempt from the 4 year vesting requirement in the Tier II system and terminate before the 1 year election period to receive all employer contributions.

H.B. 193

- Redefines the definition of “Benefits Normally Provided” in URS statute.
- “Benefits Normally Provided” means a benefit offered by the state, including:
 - A leave benefit of any kind;
 - Insurance coverage of any kind if the state pays some or all of the premium for the coverage; and
 - A retirement benefit of any kind if the state pays some or all of the cost of the benefit.

H.B. 95

- Clarifies that agencies are only required to make the amortization rate contribution for a reemployed retiree who has completed the one-year separation after retirement requirement; and elects to continue to receive a retirement allowance.

4. Medical, Dental, and Vision Insurance Changes

- This year health insurance increases were reduced through legislative funding of 5.5% and the remainder of the increase was funded from the PEHP reserve account. 3.5% of the 9% funded increase is reserved for FY 2015.
- Employee rates for the Traditional Plan (Advantage/Summit) increased from \$18.76 to \$19.79 biweekly for a single plan; \$38.67 to \$40.80 biweekly for a double plan; and \$51.63 to \$54.47 biweekly for a family plan.
- Employee rates for the Traditional Plan (Preferred Care) increased from \$78.06 to \$82.35 biweekly for a single plan; \$160.93 to \$169.79 biweekly for a double plan; and \$214.85 to \$226.66 biweekly for a family plan.
- Employees on the STAR Summit/Advantage and Utah Basic Plus Summit/Advantage will continue to pay no premiums.

- Rates for the STAR Preferred Plan were reduced by 1% and rates for the Utah Basic Plus Preferred plan were reduced by 2%.
- STAR plan participants will be eligible for the same annual employer HSA contribution as they received in FY2013.
- The employer paid HSA contribution for the STAR Plan will be \$750.00 for a single plan; \$1500.00 for a double or family plan; prorated for new hires.
- Utah Basic Plus plan participants will be eligible for the state paid HSA contribution.
- The employer paid HSA contribution for the Utah Basic Plus plan will be \$1,725.00 for a single plan and \$3,450.00 double and family plan.
- Employees on both the Star Plan and Utah Basic Plus plan will receive their first half of the HSA contribution no later than July 19, 2013; the second half will be received no later than the end of the second pay period in January 2014.
Note: these rates are prorated for new hires.
- Employees on the STAR plan will no longer be able to take the plan with them when they leave State employment (HB 47). HSA money however is portable.
- EyeMed made no changes to the plan or rates.
- OptiCare made no changes to the plan or rates.
- Regence Expressions dental made no changes to the benefit plan; rates increased from \$1.59 to \$4.34 for a single plan; \$11.67 to \$15.66 for a double plan; and from \$17.13 to \$22.50 for a family plan.
- All new insurance rates effective on pay period 13 (6/22/13).
- The only change to life insurance is the accidental death rider on the term life policy has been raised from \$10,000 to \$20,000 at no additional cost to employees.
- After July 1, 2013, Prudential Long Term Care (LTC) will no longer be offered. However, existing Prudential Members may keep their coverage
- PEHP has developed new costing tools on their website. They include: Cost calculator, quality and code lookup, drug pricing and rate your doctor. These tools are designed to help employees manage their health care costs.

The Affordable Care Act Changes

- Effective July 1, 2013 the flexible spending account limit will be reduced to \$2,500; the dependent daycare limit will remain at \$5,000.
- Women's preventive services will be covered at no cost to the member. Some examples include well woman visits, gestational diabetes screening, HPV screening, HIV screening, contraception (See Affordable Care Act for full list).

5. HRE and Fiscal Year End Information

- By Friday, May 31, 2013, HR field offices will need to send back to the DHRM administration office the tracking report used to identify non-benefited IN's/TL's that will receive a 1% increase.

- DHRM IT staff will automate the 1% increase for non-benefited IN's/TL's who they (DHRM IT staff) are informed on the tracking sheet from agency HR field offices that should receive an increase.
- DHRM IT staff will automate the 1% increase for non-benefited IN's/TL's as long as all non-benefited IN's/ TL's by org receive the increase. Exceptions to this will need to be manually entered by HR field office staff.
- The HRE system will be going down this year to process Fiscal Year End changes.
 - HRE will go down Friday, June 21, 2013, at 11:00 am
 - HRE will be back up Monday, June 24, 2013
- All HRE actions for June 22, 2013, and earlier, MUST be entered and approved in HRE prior to June 21, 2013, at 11:00 am.
- The 1% General Increase will be applied after all other actions for June 22, 2013, are entered and approved. This order is important because actions that are not in this sequence can result in the employee not being paid at the correct salary rate. Late actions will cause a significant amount of manual, behind-the-scenes work in order to assure the employee ends up at the correct salary.
- It is also critical that all actions for June 22, 2013, are entered and approved prior to shut-down because of possible implications to one-time bonuses. We want to ensure employees are in the correct job title, at the correct hourly rate, at the time the system shuts down to make sure employees who should receive the one-time bonus get it, and those that are not eligible, don't get it.
- All ePars entered with effective dates of June 23, 2013, and later will be DELETED. You will need to re-enter these actions when the system is back up on Monday, June 24, 2013.
- Salary actions on June 22, 2013 will be processed according to the following criteria:
 - Assignment and salary actions that are entered and approved on time will be processed first; the General Increase will be processed last.
 - Assignment and salary actions that are entered and approved late will need to be processed in the same fiscal year end processing order and will need to have the General Increase recalculated.

One-Time Bonuses

- One-time bonuses will be automated by the Division of Finance. DHRM will send Finance a spreadsheet containing all eligible employees and the amounts they are to receive. Bonuses will be paid on the July 19, 2013 paycheck.
 - Late assignment and salary actions may affect the amount of a one-time bonus that has already been paid to employees; these errors must be corrected no later than December 13, 2013, in order for W-2's to be correct.

- An employee who has received a one-time bonus in error or who receives more than they should have received will be required to reimburse the State for the overage no later than December 13, 2013.
 - An employee who should have received a one-time bonus, or received less than they should have, will have the bonus or the shortage paid to them only if the error is found prior to December 13, 2013.
 - Late assignment and salary actions processed after December 13, 2013, will not result in any correction to an error in the one-time bonus.
- The first paycheck date for FY2013 will be on Friday, July 19, 2013. This paycheck represents 9 calendar days in FY2013 and 5 calendar days in FY 2014.
 - Any special cases to fiscal year end processing will need to be coordinated with the DHRM administration office before Wednesday May 10, 2013.