

Human Resources FY 24 Budget Memo

May 8, 2023

1. Have there been any noteworthy changes or events that took place during FY23 in your department (staffing changes, technology upgrades, new regulations or procedures, etc.)?

The City Council has funded the implementation of the Comp and Class study for FY23 which will change the compensation and classification structure of non-Union employees in the City of Melrose. The HR department and Auditor's office will be working closely to effectively implement this plan and transition employees to this new compensation and classification structure.

Over the past year, in an effort to get ahead of the challenging employment landscape of recent years, the HR Department has focused our efforts on developing a Recognition and Retention Strategy for employees. This has included the following:

- Placing an emphasis on employees feeling welcome, supported and engaged in the workplace through regular check-ins within the first three months of hire with the employee and department heads.
- Providing opportunities for informal engagements and collaboration amongst departments;
- Offering and facilitating multiple trainings in areas such as customer service, communication skills, recruitment, workers' compensation process, safety, ADA, conflict management, anti-harassment and anti-discrimination, internal investigations, time management, and others. Through the *new* HR Portal, employees can now request specific trainings and access other relevant information.
- Creating an Employee Spotlight initiative, where employees are nominated by fellow employees for acts of kindness, accomplishments, and going above and beyond in providing service in their job, and then chosen to be publicly recognized as such. The initiative launched at the beginning of this calendar year and to date we have had 17 employees who have been spotlighted for their work.

Our goal is to contribute to employees feeling valued, supported, having a sense of belonging and being a part of larger employment culture, where they are able to produce their best work and provide high-quality service to our residents.

As part of our continuous DEI efforts, and in follow up to Visions Inc. recommendations, HR put out an RFP and with the input of the Mayor's Chief of Staff and DEI Taskforce, we hired a consultant, Racial Equity Group, to conduct Organizational Equity Assessment and DEI Training Series. Their work is starting this month.

The HR Department provided support to the School during an employee medical leave. We created HR systems and tools to facilitate processes at the school, trained and supported them with benefits

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administration, Open Enrollment, onboarding, employment matters and leaves during this challenging time.

Lastly, our HR Coordinator, Diane Barrett is retiring at the end of the month and we are in the process of training and onboarding her replacement.

2. Do all of your department’s salaries come from the same budget, if not, please identify the split among multiple budgets?

	HR S&W	Health S&W
HR Director	75%	25%
HR Coordinator	50%	50%
HR Assistant	50%	50%

3. Are there any significant changes to your FY24 budget compared to last year? Please explain.

Outside of the salary adjustment as a result of the non-union Compensation and Classification study implementation the significant changes to the budget for FY24 were in our Employee Benefits Budget.

The Employee Benefits budget is dynamic and constantly shifting. At any point in time we are presented with a snapshot of membership enrollment, which is driven by employees’ life events and socioeconomic factors. In addition to the economy, the Employee Benefits budget can be impacted by Open Enrollment changes, Opt Out enrollments, Medicare premium cost. All these factors provide for fluid, constantly changing data and over the years the HR and Auditor’s office have worked creatively to adjust our approach to provide reasonable and sound estimate for next year’s budget. All of these elements were carefully considered when creating FY24 Employee Benefits budget and resulted in overall 7% increase:

- The Health contractual budget is a contractual obligation for the City of Melrose and is primarily driven by the economy and healthcare, which are constantly evolving. The City of Melrose provides insurance through the Group Insurance Commission (GIC). As a result of new contracts entered into by the GIC for FY24, there were a number of changes in the offered plans’ names, design, copays, and some plans were no longer offered, all of which impacted most of our benefit eligible employees. We saw a significant number of changes made to benefits during a very active April- May 2023 Open Enrollment period compared to other years.

There has been a 5% average increase in the cost of health insurance premium over the last few years. The FY24 plans’ rate changes range from -5.8% to 11.9%, which averaged 5.2% increase for non-Medicare plans and 2.0% increase for Medicare plans. When determining the Health contractual budget for FY24 the City used a balanced approach based on average plan cost, April 1 enrollment numbers and projected for anticipated default plan changes, retirements,

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vacancies, employees turning 26, etc. This translated to a 7.8 % increase in the Group Health budget.

- Medicare Part B cost is another element that impacts the Health contractual budget. The City of Melrose reimburses our retirees and their spouses 70% of the standard Medicare Part B premium. Since not every retiree pays the same premium, HR does its best to project the most reasonable estimated cost with the information we have available at the time. In FY23 that line was funded lower than the actual cost, which resulted in a 16.6% increase over FY23 budget, or a 3.8% increase over the *actual* FY23 cost.
- HR implemented the following cost saving measures for FY24 related to the Opt Out program: reduced the eligibility requirement from 12 to 6 months to allow for more employees to benefit from this program; broadened qualifying events for enrollment, and reduced benefit amounts. This resulted in 11.8% decrease in the Opt Out budget.

4. Any events or changes you anticipate in your department for FY24?

HR will have a leading role in working with the Racial Equity Group on the Organizational Equity Assessment and designing and implementing the DEI Training Series. As part of this work, the consultant will evaluate employment policies, recruiting and hiring practices, performance management, benefits and programs the City offers to our employees that may have differential impact on certain group and address existing gaps in inequities. The HR Director will work on following through with any updates that are required related to policies, benefits or programs. The Consultant will also review department specific policies and programs and communication and outreach methods to determine if they are effective and if they reach out to diverse audience and will recommend improvements. The HR Director will act as a liaison with the departments for data gathering and future implementation of any recommendations. Additionally, the Consultant will use the information collected through the equity assessment and design interactive training series for all employees with the goal of developing a common language, understanding and appreciation of the principals of DEI and how it impacts organizations and train employees on practical steps to promote awareness and foster environment of growth, inclusivity and belonging. The HR department will coordinate these trainings for all employees of the City.