

# Human Resources FY 25 Budget Memo

May 1, 2024

**1. Have there been any noteworthy changes or events that took place during FY24 in your department (staffing changes, technology upgrades, new regulations or procedures, etc.)?**

The HR Coordinator hired at the end of FY23 resigned in the fall of 2023. After unsuccessful recruiting for this role, our former HR Coordinator, Diane Barrett, returned to that role, resulting in a seamless transition and continuing to provide excellent customer service for our employees and retirees.

In FY24 HR worked closely with Racial Equity Group to coordinate a series of five mandatory DEI trainings held between September and December 2023. These aimed to instill a shared language and understanding of DEI principles among all employees, and how they can be applied in our daily work ultimately enhancing decision-making, and improving policies, and procedures. Additionally, the consultant conducted an Organizational Equity Assessment Audit. The HR Director facilitated by providing data on employment policies, recruitment and hiring practices, performance management, and other departments' practices and programs. The audit also reviewed communication and outreach methods. The audit seeks to uncover existing equity gaps and suggest improvement strategies. The finalized Gap and Barriers Analysis report will be shared with employees and the public within the next month, providing a comprehensive overview of the City's commitment to equity and actionable steps towards fostering a more inclusive environment.

In January 2025, the HR department, along with the City Solicitors' office initiated Employment Manual update. The Manual had not been updated since 2020. For this purpose we worked closely with an outside consultant specializing in labor and employment law, and employment handbooks review. The manual should be finalized and ready to be distributed to employees by June 2024.

**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 FY25 budget compared to last year? Please explain.**

**Human Resources Budget:**

- Physical Exams 011522-54300: \$12,000 (20% increase)  
\$2,000 increase is requested to meet City's obligations to conduct pre-employment exams for current and upcoming Public Safety vacancies. A pre -employment exam cost for a Firefighter is around \$1,250; and for a Police Officer is \$1,050.

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## **Employee Benefits Budget:** Overall 4.3% increase

The Employee Benefits budget is a contractual obligation subject to frequent fluctuations. At any point in time we are presented with a snapshot of membership enrollment, driven by employees' life events and socioeconomic factors. The Employee Benefits budget can also be impacted by Open Enrollment changes, Opt Out enrollments, Medicare premium cost. All these factors provide for fluid, constantly evolving data. To address this complexity, the HR and Auditor's office have collaborated to adapt our methods to provide reasonable and sound estimate for the upcoming year's budget. All of these elements were carefully considered when formulating *FY25 Employee Benefits* budget.

- Group Health 019142-549201: \$14,068,463 (4.5% increase)

The Health contractual budget is a contractual obligation for the City of Melrose and is primarily influenced by economic factors and the ever-changing landscape of healthcare.

The City of Melrose offers health insurance through the Group Insurance Commission (GIC). Last few years the average health insurance premium increase has been around 5%. FY25 rate changes vary from 2% to 11.7%, reflecting a more significant average premium increase of 8%.

In FY25, per our PEC agreement, premium contribution splits changed from 84/16% to 83/17% (City/Employee) for HMO and PPO plans.

When determining the Health contractual budget the City used a balanced approach based on average plan cost, April 1 actual enrollment numbers and projected for anticipated retirements, vacancies, employees turning 26, etc. This translated to a 4.5 % increase in the Group Health budget.

- Life Insurance 019142-549214: \$100,000 (15.3% decrease)

I have reduced the budget by \$18, 000 based on reduced enrollment in this benefit.

- Medicare Part B 019142-5498217: \$955,000 (4.4% increase)

\$40,000 increase is requested to meet City's contractual obligation. In FY24 City of Melrose reimbursed 690 retirees and spouses 70% of the standard Medicare Part B premium. In 2024 the standard premium increased to \$174.70 (5.9% increase) and the budget reflects this increase.

- Opt-Out 019142-549224: 816,800 (3.8% increase)

The increase reflects current enrollment and City's obligation to pay for this program.

## **4. Any events or changes you anticipate in your department for FY25?**

The HR department will continue to work towards the recruitment and retention of qualified diverse candidates and employees. In order to ensure the sustainability of our DEI work, the department will continue implementing the principals of DEI in our daily practices, policies and decision making by

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implementing the recommendations and best practices identified by our DEI consultant, Racial Equity Group.

The department will work on implementing the updated Employment Manual and will provide professional development training sessions for managers and employees, ensuring they understand and adhere to the revised policies and procedures.

A long-term goal for the department is to modernize and digitize processes related to recruitment, applicant tracking, hiring & onboarding, leaves management. Investing in such software will allow for the streamlining of processing as well as tracking and collecting valuable and measurable data critical to evaluate DEI goals, develop recruitment strategies, identify gaps and opportunities and guide our decision making.