

Human Resources Department

Budget Highlights CY 21

Staffing

The Human Resources Department consists of 3.73 employees (HR Director, Risk Manager, Benefits Coordinator and a part-time HR Assistant).

No new positions are planned for the upcoming budget year.

Budgeted Projects

Human Resource does not have any budgeted capital projects that it will be undertaking in CY 21.

Budgeted Contracts

The primary contracts HR oversees include:

Legal services. City Attorney, Labor Attorney, Workers' Compensation Attorney;

Temporary Service Employee contract (Quality Controlled Staffing);

Employee Assistance Program (Precedence EAP)

Medical services: Genesis (workers' compensation and health), Blue Cross Blue Shield (medical, third party administration, COBRA administration), SA Benefits (health reinsurance), CVS (pharmacy), Delta Dental (dental), Avesis (vision), Via Benefits (Medicare exchange), USI/IPMG (workers' compensation, third party administration and reinsurance), TriStar (flexible spending account administration)

Consulting: Holmes-Murphy (health consulting and actuarial services) and USI (risk management)

Miscellaneous: health agreements (Augustana College and South RI Township) for use of the Wellness Center, city-wide vending and the cable franchise agreements with Mediacom and Metronet.

Revenues

Overall revenues are budgeted at \$8,071,702. For CY21, this is a decrease of \$116,158 or 1.5% compared to the current budget year.

A. Self-Insurance revenues will increase 7.3% in CY21 (\$118,487). Self-insurance presently has a fund balance (\$141,556). The Risk Manager is attempting to build fund surplus. Financial policy requires one year of operating costs (\$1,517,270) based on a five-year average (FY16 – FY20). The fund is projected to collect \$208,433 in additional revenue for the upcoming year in an effort to start moving the fund towards policy compliance.

B. Health Insurance revenues will be static in CY21 (from \$6.221 million to \$6.220 million). The health fund has a current fund balance of \$2.185 million (CY ending 12/31/19).

By policy, the health fund balance should be maintained at 25% - 50% of operating expenses. The health fund balance is at 33% of operating expenses for the upcoming year.

The CY21 budget assumes the use of excess fund balance in setting premiums. The health budget is based on expenses exceeding revenues by \$272,557.

C. Cafeteria Plan (Section 125 Plan) collections will decrease 1.8% or -\$2,045 in CY21. These revenues relate to employee funds for dependent care reimbursement and medical reimbursement for out-of-pocket expenses. Under IRS rules, the maximum employee contribution for these programs is \$5,000 (household) and \$2,500 (single) respectively. 64 employees currently participate in the Cafeteria Plan and participation is expected to remain steady next fiscal year.

Changes in Levels of Services

No service changes are anticipated for internal or external customers.

Operational Changes

The department is continuously reviewing the hours of operation for the Wellness Center. The Wellness Center Medical Assistant's hours are 40 hours per week. She provides assistance for the Nurse Practitioner in terms of patient workups, blood draws, patient charting and administrative tasks. The Nurse Practitioner currently works 40 hours per week. Human Resources recruited a new nurse Practitioner Tammy Torsch during the year.

Human Resources will still maintain a health clinic for members of the City's health insurance plan. Augustana College and South Rock Island Township are current subcontractors. Augustana College has established an on-site clinic on campus for students and employees in the Fall of 2019. College employees will only be using the

Wellness Center when campus is closed. The department will need to seek another potential vendor(s) to help offset costs.

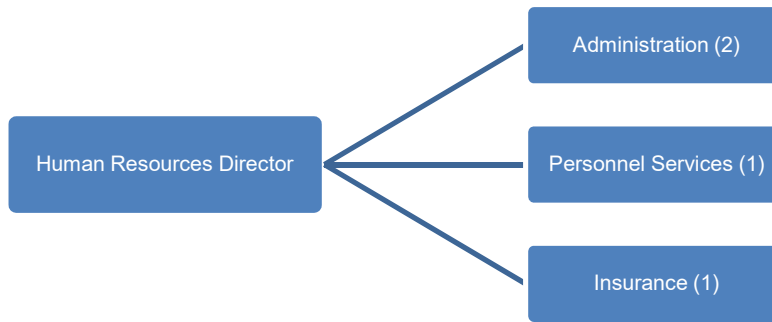
Grants

Human Resource presently does not participate in any grants.

Capital Improvement Plan

Human Resource has made no CIP funding requests for CY 21.

HUMAN RESOURCES DEPARTMENT



DEPARTMENT OVERVIEW

The Human Resources (HR) Department provides a wide range of internal services to all City departments. The department contains three divisions: Administration, Personnel Services, and Insurance. The HR Director administers all activities with the assistance of the Risk Manager and the Interim Benefits Coordinator. Due to an unexpected retirement last May, the department presently consists of 3 employees. A part-time Human Resources Assistant is planned for the CY2021 budget.

ORGANIZATIONAL STRUCTURE

The department activities are defined in six cost centers organized into three divisions: Administration, Personnel Services, and Insurance. The HR Director oversees each division. The department presently has 3 full time employees.

STAFFING CHANGES

Staffing levels will remain at 3.73 employees in CY2021. A part-time Human Resources Assistant will be hired for CY 2021. Staffing levels will remain unchanged in the Wellness Center because Augustana College is participating in the program. The intergovernmental agreement is for one year but the agreement has an evergreen clause which simply requires a 90 day cancellation notice. The current staffing arrangement is 40 hours per week for the medical assistant and 40 hours per week for the nurse practitioner.

PROGRAM CHANGES

Human Resources previously negotiated a 3-year extension with Genesis for occupational health and on-site medical services. Genesis agreed to maintain current costs during the first two years of the new agreement and will increase the hourly wage of both the nurse practitioner and medical by a dollar in the final year of the contract (2022).

ACCOMPLISHMENTS

- Health premiums will increase 1.6% for CY 2021. This is despite 2021 medical and prescription drug inflation trending at 6.8% and 7.1%, respectively.
- Maintained flat premiums for the Delta Dental and Avesis Vision programs for CY2021.
- The HCPC renegotiated with Genesis Health a three-year contract (2019 – 2022). Genesis provides staffing for the Wellness Center which treats employees and dependents on the health plan and treats employees in the workers' compensation plan. Genesis agreed to maintain their current costs during the first two years of the contract and a slight increase in the wage for the nurse practitioner and medical assistant in the final year of the contract.
- The On-Site Nursing Program was implemented in May 2009. This program has been successful in saving the city money in health care and workers' compensation costs and in "soft" costs such as less

time away from work, increased productivity and less sick time usage do to easier access to medical treatment and improved mitigation of disease. The program has been busy with providing COVID related direction for employees and the employer.

- The department recruited a new Nurse Practitioner (Tammy Torsch) for the Wellness Center.
- The department conducted an RFQ for self-insurance third party administration. The vendor selected was USI (Moline based firm). Received a renewal reduction for the commercial insurance program.
- Business Training Library (BTL) continues to be a popular training tool for departments. In addition to the Fire Department uploading training videos, other departments have utilized this including Public Works, Library and Police. In 2017, there were 1,522 courses completed. In 2018, there were 1,758 courses completed. The estimated amount of courses for 2019 looks to be about 1,600 completions.
- Key staff hires: Police Officers, Firefighters, Telecommunicators, Telecommunications Supervisor and Deputy Police Chief.
- Successful negotiations with the UAW (Library) for a 5-year agreement.
- The department successfully negotiated a new cable franchise agreement with Metronet.
- The department conducted city-wide Sexual Harassment and Diversity training for employees.
- The department served as the lead for COVID policy development and administration.

GOALS AND OBJECTIVES

- Administration of the Health Plan which includes health and ancillary programs: Blue Cross Blue Shield (medical, third party administration, COBRA administration); SA Benefits (reinsurance); CVS (pharmacy); Delta Dental (dental); Avesis (vision); and Via Benefits (Medicare Exchange).
- Continued analysis of the Wellness Center program and make recommendations for needed change. HR will continue seeking new partners for the Wellness Center due to Augustana College establishing an on-campus clinic that is available to students and employees.
- Maintain premium rates and coverage for commercial insurance program and health insurance program. Improve the financial stability of the self-insurance fund which has a fund balance below what is required by City policy.
- Finish updating the City's Personnel rules.
- Contract negotiations with the Fraternal Order of Police (Officers & Detectives) labor union.
- Provide citizens and City staff with convenient access to appropriate information throughout the organization via digital media.

PERFORMANCE MEASURES

Performance Measures - Human Resources				
Indicator	Actual CY 2018	Actual CY 2019	Estimated CY 2020	Proposed CY 2021
Authorized employees	597	594	580	580
Authorized city employees (fte)	431.9	428.9	423	423
Asset liability	180,570,755	191,508,466	197,080,618	206,280,118
Jobs posted/applications received	69/3435	53/2975	45/2200	59/3000
Liability claims filed	46	51	45	41
% of vacancies filled within 60 days	67%	70%	69%	62%
Employee bargaining units	6	6	6	6
Grievances filed	15	10	10	5
Training programs	1,500	1,932	1,300	1,600
Contracts negotiated	2	3	1	1
Grievances processed	15	10	10	5
Training sessions conducted	1,758	1,654	1,913	1,700

DIVISION OVERVIEW

HUMAN RESOURCES ADMINISTRATION

HR Administration provides support in all employee related matters including employee recruitment, selection, orientation, training, benefit administration, discipline, termination and retirement. HR Administration is responsible for the City's classification and pay system, Personnel Rules, joint purchasing activities through Bi-State Regional Commission, the state cable television franchise with Mediacom, mail services and attorney/labor counsel/workers compensation legal services, and city-wide vending. The HR Director participates in negotiations with six employee bargaining units: AFSCME Chapters A & B, FOP, IAFF, UAW and COA. Administration staffing is conducted with two persons (Human Resources Director and Interim Benefits Coordinator).

PERSONNEL SERVICES

Personnel Services develops and implements programs and activities designed to improve employee morale and increase communication throughout all levels of the organization; it provides training and offers assistance to employees with problems which may affect work performance. Staff writes a quarterly employee newsletter, assists with the United Way fund raising drive, coordinates the annual Holiday luncheon and service award program, assists with blood drives, develops both in-house and external training programs designed to assist employees in performing their duties in the most efficient and effective manner. In addition, the Risk Manager acts as the coordinator of the City's Employee Assistance Program and is responsible for monitoring, utilization, and effectiveness of this program. The City's training and employee work teams are coordinated through the Personnel Services area, as are the City's safety programs. The area also provides the content for the City's website and public access channel through digital media. Personnel services staffing is conducted with one person (Human Resources Assistant).

DEPARTMENT STAFFING

Department Staffing / Human Resources							
Staffing:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budgeted CY 2020	Estimated CY 2020	Proposed CY 2021	Diff. (fte)
HR Director (1)	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Risk Manager (1)	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Benefits Coordinator (1)	1.00	1.00	1.00	1.00	1.00	1.00	0.00
HR Assistant (1)	1.00	1.00	1.00	0.73	0.73	0.73	0.00
HR Intern (1)	0.00	0.00	0.08	0.00	0.00	0.00	0.00
Total Staffing (5)	4.00	4.00	4.08	3.73	3.73	3.73	0.00

TOTAL DEPARTMENT EXPENDITURES

Total Department Expenditures by Object / Human Resources							
Expense by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	530,420	574,308	555,193	521,954		519,782	0%
Supplies	8,194	6,115	13,765	9,220		9,300	1%
Services	7,883,545	8,986,057	6,437,519	7,966,008		8,222,719	3%
Other	36,227	11,708	10,193	7,572		5,033	-34%
Transfers	18,408	6,114	6,328	6,328		6,328	0%
Contingency	1,373	-	-	-		-	---
Total Department	8,478,167	9,584,302	7,022,998	8,511,082		8,763,162	3%

Total Department Expenditures by Fund / Human Resources							
Expense by Fund:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
General Fund	651,090	655,394	690,605	619,685		627,336	1%
Self-Insurance	1,690,995	2,790,126	386,908	1,465,917		1,532,564	5%
Employee Health	6,051,651	6,048,342	5,838,966	6,313,695		6,493,522	3%
Cafeteria Plan	84,431	90,440	106,519	111,785		109,740	-2%
Total Department	8,478,167	9,584,302	7,022,998	8,511,082		8,763,162	3%

HUMAN RESOURCES DEPARTMENT

The Human Resources Department provides support in all employee related matters from hiring through retirement. The department further handles benefits administration including health care and other ancillary services. The department is also responsible for risk management activities pertaining to workers' compensation, general liability and unemployment. The department contains three divisions: Administration, Personnel Services, and Insurance. The general fund represents 7% of the overall HR Department budget (\$8.706 million). The self-insurance fund and health insurance fund (including the cafeteria plan) represents 17% and 76%, respectively.

HUMAN RESOURCES ADMINISTRATION EXPENDITURES

General Funds Expenditure / Human Resources - Administration							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	201,239	205,086	205,832	195,671		196,579	0%
Supplies	7,257	5,321	12,351	7,993		8,150	2%
Services	335,783	314,614	304,015	286,478		293,063	2%
Other	6,083	5,857	4,141	1,941		1,325	-32%
Total Department	550,362	530,878	526,339	492,083	-	499,117	1%

EXPENDITURE ANALYSIS

HR Administration expenses overall will increase 1% in CY 2021. Services will increase 2% primarily due to higher projected legal service costs pertaining to the City Attorney service. Other will decrease 32% as a result of dues in CY 2021.

PERSONNEL SERVICES EXPENDITURES

General Funds Expenditure / Human Resources - Personnel Services							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	52,278	63,138	59,760	56,962		54,144	-5%
Supplies	437	753	638	727		650	-11%
Services	46,540	59,470	103,174	68,713		72,325	5%
Other	1,473	1,155	694	1,200		1,100	-8%
Total Department	100,728	124,516	164,266	127,602	-	128,219	0%

EXPENDITURE ANALYSIS

Overall, Personnel Services expenses will decrease 5% in CY 2021. Supplies will decrease 11% due to less costs for office products and food purchases pertaining to city-wide events such as quarterly blood drives and United Way functions. Other will decrease 8% due to a reduction in reference materials.

SELF-INSURANCE FUND

The Human Resources Department administers the City's self-insurance program. Included are programs for workers' compensation, unemployment, general liability/property insurance, claims and lawsuits/settlements. Staff is responsible for monitoring each program of the self-insurance division to assure the fund's fiscal integrity is maintained. Staff works closely with each department to reduce liability by identifying trends and developing programs that may impact the City's workers' compensation and general liability costs. Staff also works with the City Attorney, insurance broker and third party administrator to effectively deliver coverage in the most efficient manner. Revenues are derived from other City departments and are based on actual claims experience and insurance premiums related to different department operations. Expenditures are used to primarily cover the workers' compensation program which includes medical, settlement and total temporary disability payments to injured workers, unemployment and general liability insurance for claims.

SELF-INSURANCE FUND REVENUES

Self-Insurance Fund (621) Revenue							
Revenue by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Charges for Services	62,720	24,255	49,204	47,464		65,000	37%
Employer Contribution	1,612,999	1,824,746	1,704,050	1,571,509		1,668,997	6%
Investments & Loans	4,112	11,478	17,324	3,537		7,000	98%
Other	(14,995)	372	9494	-		-	---
Total Fund	1,664,836	1,860,851	1,780,072	1,622,510	-	1,740,997	7%

REVENUE ANALYSIS

Overall Self-insurance revenues will increase 7% in CY 2021. Charges for service will increase 37% due to higher projected collections by negligent, third party persons. Employer contributions are from other City departments based upon their actual claims experience and insurance premiums pertaining to their operation. The self-insurance fund had (\$141,556) at 12/31/2019. By policy, the fund should have one year of operating expenses in reserve. As a result, revenues were increased to renew the fund and help get it into financial compliance over the next five years. Investment & Loans will increase 98% due to higher projected investment returns.

SELF-INSURANCE FUND EXPENDITURES

Self-Insurance Fund (621) Expenditure							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	115,419	140,344	115,683	100,938		108,616	8%
Supplies	35	-	-	-		-	0%
Services	1,561,668	2,649,782	271,225	1,364,979		1,423,948	4%
Transfers	12,500	-	-	-		-	0%
Contingency	1,373	-	-	-		-	0%
Total Department	1,690,995	2,790,126	386,908	1,465,917	-	1,532,564	5%

EXPENDITURE ANALYSIS

Overall the Self-Insurance expenditure budget will increase 5% in CY 2021. Personnel will increase 8% primarily due to a public safety employee (Fire) becoming ineligible for the Public Safety Employee Benefits Act. Services will increase 4% primarily due higher legal settlements.

EMPLOYEE HEALTH BENEFIT FUND

The Human Resources Department administers the City's health insurance program. The following providers handle select aspects of the health plan and ancillary programs: Blue Cross Blue Shield (medical providers, third party administration, COBRA administration); CVS (pharmacy); Delta Dental (dental); Avesis (vision); Via Benefits (Medicare Exchange); SA Benefit Service (reinsurance); TriStar (flexible spending account administration). Staff also works with a facilitator, actuary and the Heartland Healthcare Coalition to effectively find and deliver services in the most cost efficient means.

Revenues for this fund come from three primary sources. The employer pays 77% of the health insurance premium for active employees. Employees pay 23% of the health insurance premiums and 100% of voluntary program cost (dental and vision) through payroll deduction. Retirees (< 65) pay 100% of medical premiums for health insurance. Other miscellaneous revenue sources come from drug rebates through Employer's Health (CVS), Wellness Center payments from Augustana College and South RI Township for medical services and interest income. Expenditures are related to all program costs, premiums and professional services pertaining to the health fund.

HEALTH BENEFIT FUND REVENUES

Employee Health Plan Fund (626) Revenue							
Revenue by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Charges for Services	19,175	22,815	21,990	32,000		6,000	-81%
Employer Contribution	3,466,158	3,622,066	3,811,924	4,131,149		4,084,276	-1%
Employee Contribution	1,090,882	1,295,512	1,300,128	1,547,091		1,559,082	1%
Retiree Contribution	437,054	447,357	484,666	408,009		468,607	15%
Investments & Loans	30,754	28,673	52,263	18,000		18,000	0%
Other	157,087	336,665	249,062	85,000		85,000	0%
Total Fund	5,201,110	5,753,088	5,920,033	6,221,249	-	6,220,965	0%

REVENUE ANALYSIS

Health insurance revenues will remain static in CY 2021. "Charges for Services" pertain to revenues received from Augustana College and South Rock Island Township. Augustana College was added as a new Wellness Center customer September 1, 2016. Augustana College has established an on-site clinic on campus for students and employees in the Fall of 2019. As a result, employees will only be using the Wellness Center when the campus is closed. South Rock Island Township pays 1.50% of the charges pertaining to operating the Wellness Center. Augustana College and South Rock Island Township have "evergreen" agreements meaning they will continue to participate in the Wellness Center unless the College or Township notifies the City and cancels their agreement 90 days in advance. Retiree contributions will increase 15% due to an increase in the of number of retirees (under age 65) entering the health and voluntary dental and vision plans. The health insurance plan has a fund balance of \$2.185million (CY ending 12/31/19). Investment and Loans pertain to investment returns as a result of the fund balance. "Other" pertains to drug rebates from Employer's Health (CVS pharmacy).

HEALTH BENEFIT FUND EXPENDITURES

Employee Health Plan Fund (626) Expenditure							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	77,053	75,300	67,399	56,598		50,703	-10%
Supplies	465	41	776	500		500	0%
Services	5,939,554	5,962,191	5,759,105	6,245,838		6,433,383	3%
Other	28,671	4,696	5,358	4,431		2,608	-41%
Transfers	5,908	6,114	6,328	6,328		6,328	0%
Total Department	6,051,651	6,048,342	5,838,966	6,313,695	-	6,493,522	3%

EXPENDITURE ANALYSIS

Health insurance expenditures will increase 3% overall in CY 2021. According to the City's actuary, medical and prescription drug trend was predicted at 6.8 percent and 7.1 percent, respectively. However, CY 2021 premiums will increase 1.6% from last year. Due to usage of fund balance, the health plan has a planned deficit of (\$272,557) for CY 2021. Personnel will decrease 10% primarily due to lower wage costs associated with the Interim Benefits Coordinator. Other is being decreased 41%. Under the Transitional Reinsurance Program, self-insured plans such as the City's plan must make payment to the Health and Human Services to help stabilize premiums for coverage in the individual market under the Affordable Care Act. The fee is based on lower charges in CY 2021. In addition, promotions for the 2021 Health Fair were eliminated.