



Memo

To: Commissioners, First 5 Ventura County

From: Lauren Arzu, on behalf of the Administration and Finance Committee

Date: April 21, 2022

Re: Recommendation to Update Employee Benefits to Increase Retirement Contribution and Add Life/AD&D Insurance Coverage

Background

Organizations nationwide have been struggling to attract and retain talented employees. To address retention of existing staff and improve recruitment for vacant positions, F5VC surveyed staff to find out what would make them want to work for (or stay working for) an employer. 32 of 33 employees stated that retirement plan contributions were very important (26) or important (6). When asked about additional investments the Commission might consider, a COLA (29) and Hourly/Salary Rate increase (28) ranked highest. Following those, retirement, paid vacation, and life insurance were high priorities. 27 staff said retirement contributions were very high (20) or high (7) priority. Life insurance was considered a very high (8) or high (10) priority.

As part of the current benefit package for regular employees, the Commission offers a retirement plan providing a 3% contribution and matches up to 4% for a total of 7% of the employee's salary. Staff requested retirement contribution data from other First 5 Commissions for comparison:

Retirement Comparison

County	Base Contribution	Optional Match	Total
Monterey	7%		7%
Fresno	8.74%		8.74%
LA	7.50%	3%	10.50%
Santa Clara	7%	5%	12%
Imperial	14.64%		14.64%
Kern	15%		15%
Average	10%		11%

Although staff was not able to obtain specific percentage contributions from local school districts (who may look to hire F5VC staff to meet universal TK demand) research indicates that school district retirement contributions exceed 15% and defined benefit plans offer greater value than F5VC's current benefits.

In order to remain an attractive and competitive employer and to invest in high-quality early childhood professionals, the Administration and Finance Committee recommends an increase to the Commission's retirement plan contribution, with a 5% minimum Commission contribution and matching up to an additional 5%, for a total of up to 10%.

Currently, the employee benefits package does not include life insurance. Offering Life Insurance is a meaningful but low-cost addition to the overall employee benefit package. Most organizations polled offered life insurance at a rate of 1.5 times the annual salary. Through the Commission's health insurance broker, staff obtained a quote from a highly regarded carrier for \$.112 monthly per \$1,000 salary. Adding Accidental Death and Dismemberment (AD&D) coverage is quoted at \$.027 per \$1,000 salary and would cover an additional 150% of annual salary. The budgetary impact for both Life and AD&D Insurance collectively would be approximately \$7,000 for Fiscal Year 2022-23.

Legal counsel has reviewed and approved the proposed changes to the Employee Handbook. This recommendation has been reviewed and approved by the Administration and Finance Committee.

Recommendation

The recommendation is to offer Life and AD&D insurance at 1.5 times the annual salary each and to increase employer retirement contribution to a maximum of 10%. The Employee Handbook would be revised as follows, effective 7/1/2022:

Employee Retirement Plan

The Commission will provide retirement plan(s) that an employee can elect to contribute a percent of their pre-tax salary towards. Under these plan(s) a separate account is established for each participant and each account is self-directed; the employee controls their investments. The Commission will provide a ~~35~~35% contribution and match an additional contribution of up to ~~45~~45%, for a total of up to ~~710~~710% of the employee's salary.

Life and Accidental Death and Dismemberment Insurance

The Commission will provide a group term life insurance benefit for each employee in an amount equal to 150% of the employee's annual salary to a maximum of \$500,000 and a minimum of \$10,000. The Commission will provide Accidental Death and Dismemberment insurance in the same amount. Proof of good health, as specified by the insurance company, is required for life insurance amounts greater than \$250,000. If a sufficient number of employees opt in, employees will have the option to purchase additional term life insurance for themselves and a spouse through a post-tax payroll deduction.