

## Racial Equity Assessment Lens (REAL)

**NAME OF INITIATIVE PROGRAM/PROJECT:** UPDATED Town of Carrboro FY2023-24 Proposed Benefit Changes (Personnel Policy)

**Department:** HR

### ORIGIN AND DESCRIPTION

In the Fall of 2022, the Town, with the assistance of a consultant called Management Advisory Group International, Inc. (MAG), completed and implemented a position classification and compensation study. That study was the first of its kind completed and adopted at the Town in over thirteen years. Following the implementation of the study, Human Resources (HR) turned its attention to the benefit package offered to permanent employees of the Town.

Total compensation consists not only of the base annual wages an employee earns but also the benefits offered. For example, an employee who earns \$40,000 in base wages per year could earn a total compensation of \$60,438.64 with the current benefit package. The additional \$20,438.64 includes FICA/Medicare, Town retirement contributions, Town-provided health, vision, and life insurance, and gym membership fees. Therefore, the benefit package is a key piece of an organization's total compensation strategy.

The Town understood that analyzing just the base annual wages would only be part of the equation in bringing the Town's compensation strategy current. For that reason, HR conducted a 360° analysis of its benefit package. First, it conducted four employee listening sessions to hear from Town employees about what they needed and wanted in the way of updates to the currently offered benefits. Second, HR benchmarked its benefit package against eleven other organization's offered benefits. Third, HR conducted employee focus groups during which employees were given lists of the results of the listening sessions and benchmarking steps and asked to rate the list of proposed changes in order of personal, departmental, and Town-wide priority. Employees from a varying range of pay grades, races, genders, and job descriptions were invited to attend. The analysis yielded several proposed changes to the Town's Personnel Policy. (*See Attachment "A"*).

Changes to Service Level Benefits were unable to be funded in FY23-24. Council set budget priorities for FY24-25 with one of those being employee recruitment and retention. The Town Manager's Office, Finance Department and HR Department are looking at Service Level Benefits again as part of Council's budget priority for the up coming fiscal year.

### What is the specific desired result statement –

The desired result is to bring all nine proposed changes before Finance and the Town Manager for consideration during the FY2023-24 budget planning cycle and then to bring the proposed changes to Council during the budget adoption cycle with a target effective date of July 1, 2023. Ultimately, the desired result is to offer current and prospective Town employees a strong, competitive benefit package that attracts and retains a diverse, dedicated staff.

The desired result is to amend the policy surrounding service level benefits to include employees with 0-4 years of experience with the town as well as increase the amounts of the benefit so that it acts as a retention tool for employees.

## BENEFITTING INDIVIDUALS OR GROUPS

1. Current and prospective Town of Carrboro employees and future retiring employees.
2. Benefits to employees would include increased retirement savings, tuition reimbursement, and leave options, and access to long-term health insurance. **Employees with 0-4 years of experience would begin to receive a service level benefit and all employees will see an increased benefit.**
3. Community members could have increased opportunities to develop longer-term relationships with employees if employees were satisfied with their benefits and stayed with the Town through retirement.

## BURDENED INDIVIDUALS OR GROUPS

4. Finance would need to balance the financial costs of these requests within other budgetary requests; the Town Manager would have to balance these requests within the larger picture of the Town's mission and goals; Town Council would have to review the requests and consider changes to the Personnel Policy; HR staff would have to rewrite policy and educate staff if the changes are adopted.

Type	Potential Unintended Consequence	Mitigation Strategies to Prevent Consequences and Advance Racial Equity
<b>SOCIAL</b> Consider native and long term residents, rural residents, transit, trust in government, education, etc.	This initiative considers sunsetting one benefit while erasing a dividing line elsewhere. <b>The proposed changes include consideration of sunsetting the Service Level Benefit, which will draw a dividing line between employees hired before a certain point in time and those hired after that point in time.</b> Another proposed change seeks to erase the dividing line between employees with regard to retiree health insurance	The dividing line between employees in one area (Service Level Benefit) is intended to offer a similar financial benefit to all employees, including new employees. As the Town continues its efforts to recruit and retain a diverse workforce, offering similar financial incentives to new employees could possibly mitigate the unintended consequences of offering financial reward to employees who have been here for five years or more. Conversely, erasing the dividing line in the area of retiree health insurance could advance racial equity by giving all employees equal access to long-term health insurance coverage.
<b>ECONOMIC</b> Consider wages, competition, tourism, unemployment, small businesses, etc.	A potential unintended economic consequence of this initiative could be that finances directed towards the changes would be directed away from other places within the Town's operating budget.	Continue to communicate with Finance and the Town Manager to ensure that this initiative's goals are balanced within the larger picture during the budget process.

<p><b>HEALTH</b></p> <p>Consider impacts on pollution, health access, Existing, health disparities, etc.</p>	<p>Employees hired before July 1, 2007 are eligible to remain on the Town's health insurance plans through death while those hired after July 1, 2007 only receive a stipend that they can use to help defray the cost of purchasing their own health insurance. A potential unintended consequence of this division could be that, as the Town continues its efforts to increase diversity, the racial disparities between employees of the Town who have access to lifelong health care increase. Studies show that disparities already exist across racial lines in the area of health care access.</p>	<p>To the extent that Carrboro can offer the same level of healthcare eligibility to all employees, regardless of hire date, it can potentially mitigate possible unintended consequences and advance racial equity.</p>
<p><b>ENVIRONMENT</b></p> <p>Consider impacts on pollution, natural resources, transit, etc.</p>		
<p><b>OTHER</b></p> <p>Consider how a resident might interact with this measure</p>	<p>Ideally, both the intended and unintended consequences of these changes would positively impact employees from hire to retirement and beyond. All permanent employees would potentially have greater retirement savings and equal access to health insurance. They would also have equitable use of vacation leave after hire and equitable accrual of sick leave. Additionally, employees would have access to increased financial support for pursuing education that might further their education and skills, which could have a positive impact on the Town. Employees would also have expanded PTO for use for mental wellbeing and flexibility. Non-childbearing employees would also have access to paid leave to care for family members. From start to finish, employees would be offered expanded benefits.</p>	<p>As mentioned in the previous section, no negative consequences to Town employees are anticipated as a result of this initiative.</p>

## RECOMMENDATIONS

It is recommended that the following proposed changes to the Town's Personnel Policy be considered during the FY2023-24 budget planning cycle and that the changes be brought before the Town Manager and Town Council for possible adoption effective July 1, 2023.

1. Redefine "immediate family" in Town policy and create definition for "extended family."

2. Update annual Service Level Benefit to today's dollars or a percentage of base annual wages for current employees. Consider sunseting the Service Level Benefit for employees hired after July 1, 2023 and redirecting that money towards other employee benefits.
3. Revise retiree health insurance policy.
4. Update the Empower supplemental retirement employer contribution to 5% for all employees.
5. Update tuition reimbursement policy.
6. Allow shift Fire and Police personnel to begin using vacation leave after 6 months rather than waiting full 12 months probationary period.
7. Change Shift Fire-Rescue personnel's sick leave accrual rate to a comparable percentage of annual hours worked, or 130 hours per year, which would equate to just over (5) 24 Hour days.
8. Expand personal time off (PTO) to provide additional hours of leave for employees, a new benefit with consideration of employees who cannot utilize flexible leave. The proposed amount of leave would be 24 hours (up from the current 18) to cover a full Fire-Rescue shift day.
9. Expand the current Paid Parental Leave policy to a Caregiver Leave policy that complies with all applicable federal rules and guidelines for Paid Parental Leave and Family and Medical Leave Act.
10. This version of the Employee Benefits lens is a follow up to the lens from last year. This lens continues to evaluate and update the range of employee benefits that the town offers to attract and retain staff. The unintended consequences and mitigation strategies are also considered.
11. Define town benefits and include all benefits in employee compensation packages. (Not sure if cell phone, stipends, take home vehicles, etc. are included.)
12. Continue to evaluate total employee compensation package and educate employees.