

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
 Human Resources/ Audit-Finance Committee Meeting Minutes
 April 15, 2020

The Human Resources Committee and the Audit-Finance Committee of the State of Connecticut Health and Educational Facilities Authority held a teleconference meeting on Wednesday, April 15, 2020 at 12:30 p.m.¹

The meeting was called to order by Mr. Michael Angelini, Committee Chair, Human Resources Committee at 12:30 p.m. and, upon roll call, those present and absent were as follows:

PRESENT: Michael Angelini, Human Resources Committee Chair
 Mark Varholak, Audit-Finance Committee Chair
 Lawrence Davis²
 Peter W. Lisi
 Sheree Mailhot
 Barbara Rubin³

ABSENT: Anne Foley

ALSO, PRESENT: Jeanette W. Weldon, Executive Director,
 Denise Aguilera, General Counsel
 Robert Blake, Network and Data Architect
 Debrah Galli, Manager, Administrative Services
 Eileen MacDonald, Sr. Transaction Specialist
 JoAnne N. Mackewicz, Controller
 Michael F. Morris, Managing Director
 Cynthia D. Peoples-H., Managing Director
 Kara Stuart, Administrative Services Assistant
 of the Connecticut Health and Educational Facilities Authority

APPROVAL OF MINUTES – COMBINED COMMITTEE MEETING OF APRIL 24, 2019

Mr. Angelini requested a motion to approve the minutes of the April 24, 2019 combined committee meeting of the Human Resources and Audit-Finance Committees. Mr. Lisi moved to approve the minutes. Mr. Varholak seconded the motion.

¹ All attendees participated in the meeting via conference telephone that permitted all parties to hear each other

² Mr. Davis joined the telephonic meeting at 12:41 p.m.

³ Ms. Rubin joined the telephonic meeting at 12:41 p.m.

Upon roll call, the “Ayes”, “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Peter W. Lisi Mark Varholak	None	Sheree Mailhot

Mr. Davis and Ms. Rubin joined the teleconference meeting at 12:41 p.m.

MANAGEMENT RESPONSE TO THE HR-COMPENSATION STUDY RECOMMENDATIONS

Ms. Peoples referred to the memorandum, provided for information purposes, in the committee package outlining management’s response to the recommendations made by The Human Resource Consortium (HRC) during the recent human resource – compensation study results presented to the Human Resource committee at its April 2020 meeting.

Ms. Peoples stated that moving forward, the Authority hopes to continue working with HRC for the recommended initiatives and expects to employ strategic teams to implement any responses that are needed internally.

REVIEW OF THE FY 2021 PROPOSED HUMAN RESOURCE BUDGET

Ms. Peoples presented the proposed Fiscal Year 2021 human resource budget as follows:

Compensation Study Recommendations

Ms. Peoples stated the recommendations from HRC, when implemented, will shape compensation budgeting going forward. The recommendations included developing salary administrative guidelines. A ‘total rewards’ program was reviewed, which would include; salaries, benefits, rewards, recognition and wellbeing. Implementing a formalized salary structure would also be a part of the guidelines. Another recommendation was to align pay to performance and modify and update the existing merit and performance evaluation process.

The Human Resource Consortium (HRC) Salary Market Insight

Ms. Peoples stated the Authority relied on the HRC to provide market insights for the budgeting process that included research from: 1) an end of March WorldAtWork flash survey, that indicated 57% of employers have plans to give out salary increases and 20% have cancelled

increases for the year due to the current environment, and; 2) There is currently an over-supply in the labor market both nationally and state-wide, confirmed by the number of unemployment claims. The HRC conclude that projected salary increases for year-end 2020 to be approximately 2.0-2.5% and salary market movement will be slow at best.

Compensation Budget Proposal

Ms. Peoples stated that in response to the public health and economic upheaval caused by COVID-19 and the market insight provided by the HRC, the Authority is proposing the following for the compensation budget:

- Compensation increases take effect January 1, 2021 (instead of July 1, 2020)
- 2.2%, annualized, salary increase pool over current salaries (not-to-exceed amount)
- FY 2021 compensation impact will be for 6 months only (not retroactive to July 1, 2020)
- Compensation increases - based on merit and position in salary grade
- Discretionary one-time award pool of \$15,000 (no more than \$5,000 for any individual)

Ms. Rubin asked about the reduction in one staff member. Ms. Peoples stated that the staff member retired, and the duties for that position were spread among other staff members.

CHEFA Compensation Budget Overview

Ms. Peoples' presentation included a table representing the budget percent increases (over the current actual salaries at the time of doing the budget) since FY 2017. The proposed budget is for 18 employees and is approximately \$30,000 over the FY 2017 budget with included 19 employees.

Mr. Lisi asked if the person who retired was going to be replaced or if the responsibilities have been dispersed among other employees. Ms. Peoples' stated that the staffing is expected to stay at 18 employees.

Fiscal Year Compensation Overview

Ms. Peoples stated that budgeted compensation has exceeded actual compensation over the last few years, primarily due to staff turnover positions and disability claims.

Employee Benefits Budget

Ms. Peoples stated the Authority relies on the Consultant Brown & Brown of Connecticut to provide budget assumptions for budgeting benefits.

Ms. Peoples indicated the budget assumptions for January 2021 include the following:

- A 15% in medical insurance premiums and an increase in insurance plan deductibles
- A 5% increase in disability and life insurance premiums
- An 8% increase in dental insurance premiums; Ms. Peoples noted that management increased the premium co-share from 1% to 5% due to the premium increase for 2020; and
- Changes in workers' compensation will continue to be based on employee classifications

Mr. Angelini asked about employee's share of premiums if HRC indicated how they compare to the market. Ms. Peoples stated HRC had no concerns with premiums and co-sharing and HRC found the pension plan to be a competitive advantage.

Benefits as a % of Compensation

Ms. Peoples reported that budgeted benefits are at 33.4% of compensation. Ms. Peoples indicated that until actual contracts are negotiated, the actual percent will not be known and, as in prior years, it is anticipated to drop.

Ms. Peoples noted that in Exhibit 1 of the budget memorandum, the proposed human resource budget reflects the decrease in revenues related to the crisis initiative regarding administrative fees. Ms. Rubin asked about administrative fees decreasing. Ms. Weldon stated this will be discussed further at the Board of Directors meeting following this meeting. A discussion ensued.

Mr. Lisi stated that medical insurance premiums have been somewhat moderating recently and asked Ms. Peoples' take on the projected 15% increase. Ms. Peoples stated that she was comfortable with the estimated increase based on what was presented for the 2020 medical plans and deductibles. A brief discussion ensued.

Mr. Varholak asked if there are any anticipated changes in expenses that could cause a drastic change in the bottom line. Ms. Peoples stated some of the increases may come in operating expenses for maintenance contracts. Mr. Lisi asked what 'outside services' includes. Ms.

Peoples stated outside services primarily includes contractual services the Authority has with consultants.

Mr. Varholak asked about the likelihood of a 2.2% salary increase given the unprecedented time. Ms. Peoples responded that the management would continue to monitor the feasibility of the proposed January 2021 salary increases.

Mr. Angelini requested a motion to approve the FY 2021 Proposed Human Resource Budget. Ms. Rubin moved to approve the FY 2021 Proposed Human Resource Budget and Mr. Lisi seconded the motion.

Upon roll call, the “Ayes”, “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Peter W. Lisi Sheree Mailhot Barbara Rubin Mark Varholak	None	None

ADJOURNMENT

Mr. Angelini requested a motion to adjourn the meeting. Mr. Lisi moved to adjourn the meeting and Ms. Rubin seconded the motion.

Upon roll call, the “Ayes”, “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Peter W. Lisi Sheree Mailhot Barbara Rubin Mark Varholak	None	None

The meeting adjourned at 1:10 p.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director