



Guadalupe-Coyote Resource Conservation District (GCRCD)

An independent special district of the State of California

DATE: December 1, 2022
TO: GCRCD Board of Directors
FROM: Stephanie Moreno, Executive Director/District Clerk
SUBJECT: Agenda Item 7.3: Employee Benefit Plans

Recommendation:

The Board of Directors approve the following motion:

Establish the District Employee Benefit Plans as recommended in the proposal and summary, and direct the Executive Director to implement the plans and amend the Personnel Policies and Procedures Employee Handbook to incorporate the approved changes.

Background:

From 2014 to 2020, the District provided an employer contribution of up to \$900 per month for health insurance per the terms of the employment agreement with the Executive Director. The District contracted with Covered California for a small business plan as it was the only offering available that allowed for a group health insurance option with a sole employee. A linked dental plan also was available as an employee-paid option. Unfortunately, Covered California does not offer Medicare coverage, so when the Executive Director reached Medicare age, the plan was terminated, and the Executive Director was given a salary increase of \$500.00 per month to cover the estimated 2020 Medicare and supplemental costs in order for her to maintain a similar level of coverage as was previously provided through her compensation agreement.

During employee recruitment discussions in 2021 and 2022, the Board agreed to implement a comprehensive employee benefit package to support successful employee recruitment and retention, and allocated \$1,000 per month (prorated for 9 months) towards new employee benefits in the FY 22-23 budget. Provision of employee insurance coverage, in particular access to quality and affordable health and dental plans, also is aligned with the District's goal of achieving social equity in its operations.

A new full-time employee has been hired and is scheduled to begin work at the end of December. After discussions with the employee, reviewing information provided by other resource conservation districts (RCDs), and soliciting quotes from insurance companies, I formulated the following proposal for Board consideration.

Employee Benefits Proposal:

For this proposal, employer contributions for all plans are recommended for the employee only. Dependent coverage will be available, but premiums will be the responsibility of the employee and paid for through payroll deduction under an authorized IRS Section 125 plan. Based on current employment, if the District approves the recommendation of 100% employer-paid insurance coverage as set forth

below, a Section 125 plan likely would not be needed for calendar year 2023. In the event the District chooses a lower percentage of employer-paid premium coverage, the District will need to engage a third-party administrator to ensure compliance with government regulations.

In addition to my recommendation for specific benefits, I also am recommending that employees be granted access to their insurance benefits immediately upon hire, with any waiting period limited to those imposed by the District's insurance carrier. This will ensure that access to health care is not an issue for future employees, and is in alignment with the District's social justice goals.

Health: Covered California for Small Business is the only group plan option I was able to identify that would allow enrollment of only one employee. There are four levels offered: Bronze, Silver, Gold and Platinum. I am recommending the Silver PPO level as the District's reference plan, with the employer's portion set at 100%. The District's maximum defined benefit contribution will be set at the employee premium for the plan, which is currently \$537.92 per month. This will provide the new employee with a broad range of PPO and HMO offerings to choose from without losing their ability to move down a tier to save on employee share of costs if the District chooses a different reference plan in future calendar years as a response to insurance premium increases. Covered California has produced a brief explanation [video](#) explaining how the reference plan system benefits employers and employees. Estimated annual calendar cost for 2023 will be capped at \$6,455.04, but may be lower depending on the plan chosen by the employee.

Dental: Delta Dental offers the most plan options and two tier options, one of which (Tier 4) was created with one-parent households in mind. Delta requires a minimum of two employees be enrolled, so this plan it would provide an additional benefit to the Executive Director. Covered California also offers a plan that would be \$5.34/month cheaper, but the cost-share categories drop to 50% from the 60-90% (depending on service) offered in the Delta plan. I am recommending the Delta Deluxe 300 PPO plan at a Tier 4 rate with the employer's portion set at 100%. The District costs for calendar year 2023 will be \$57.33 per month for each employee, for an estimated cost of \$1,375.92 per calendar year.

Vision: Delta Dental offers five vision plans, and also requires a minimum of two employees to be enrolled, so this plan would provide an additional benefit to the Executive Director. I am recommending the DeltaVision Deluxe Plan with the employer's portion set at 100%. Covered California does not offer a vision plan. The District costs for calendar year 2023 will be \$9.99 per month for each employee, including the Executive Director, for an estimated cost of \$239.76 per calendar year.

Communications Stipend: Remote work stipends were offered by a number of organizations during the pandemic, and some are continuing to offer them as an employee benefit, although the circumstances of when they are offered vary. RCDs representatives who responded to my email reported stipends between \$15 (50% remote) and \$50 (100% remote) per month. For at least the first six months of employment, the new employee will be primarily working away from the office – whether from home, at a co-working space, or in the field – and will need reliable communication via internet and phone. I am recommending a \$35.00 communications stipend be offered until September 30, 2023, for an estimated cost of \$315.00 for 9 months, and then reconsidered during the FY2023-24 budget process.

The 2023 calendar year estimated cost for the new benefit packages is \$8,385.72, which calculates at \$698.81 per month through September 2023. This represents a cost savings of \$301.19 per month from the original estimate to provide a comprehensive benefit package for the new employee. Two of the recommended plans also will provide enhanced benefits for the Executive Director at a monthly cost of

\$67.32 per month, which has been factored into the total estimated cost. Because the Board budgeted \$9,000 for new benefits for FY22-23, there will be an estimated cost savings of \$4,807.14 for this fiscal year, assuming a policy start date of January 1, 2023 (some plans may take longer due to enrollment and underwriting schedules).

Legal Considerations:

The IRS has regulations in place to ensure that employee benefits are managed correctly for income tax purposes. Providing plans through well-known and reputable firms such as are included in this proposal will help provide a level of assurance that the District is providing benefits in compliance with applicable regulations. Should an IRS Section 125 plan be needed to provide pre-tax benefits for employee share of cost, the District will need to engage a third-party administrator to ensure compliance with federal and state regulations regarding the provision of benefits and the reporting of personal income.

Summary:

My recommendation is to establish the District's employee benefit package as follows:

- *Health:* Covered California for Small Business Silver PPO Tier Reference Plan; 100% employer contribution for employee only; reference plan premium currently \$537.92 per month per employee for an estimated maximum annual cost of \$6,455.04 (Executive Director not eligible).
- *Dental:* Delta Dental Deluxe 300 PPO Plan; Tier 4 premiums; 100% employer contribution for employee only; requires two employees for enrollment; premium currently \$57.33 per month per employee for an estimated annual cost of \$1,375.92 (Executive Director eligible).
- *Vision:* Delta Dental Vision Deluxe; Tier 4; 100% employer contribution for employee only; requires minimum of two employees for enrollment; premium currently \$9.99 per month per employee for an estimated annual cost of \$239.76 (Executive Director eligible).
- *Communications Stipend:* \$35.00 per month through September 30, 2023, after which the need for continued stipend will be reevaluated by the Board (Executive Director not eligible).
- *Access to Benefits:* Amend the Personnel Policy and Procedures Employee Handbook to reflect access to health benefits for eligible new employees on the first day of the month after the effective date of hire.