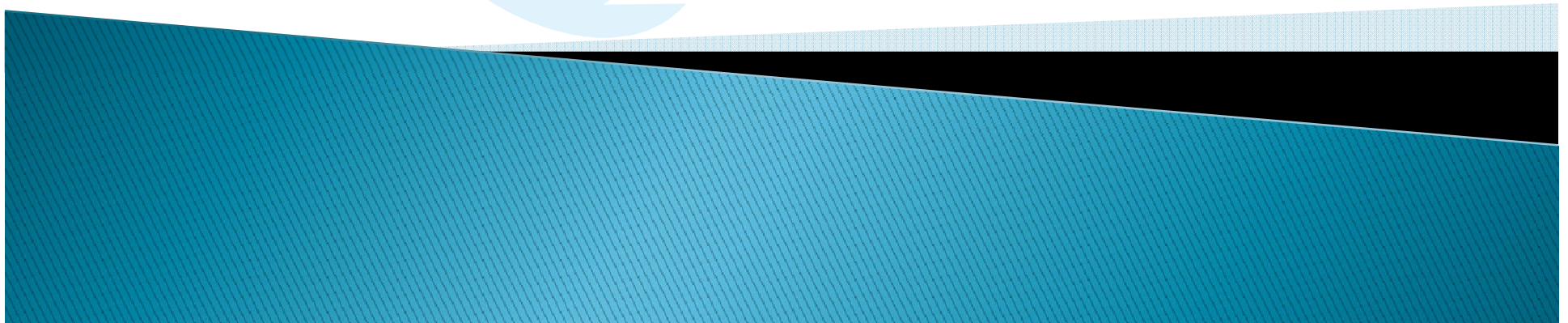


# **FYE 2012 Budget Presentation: Staffing and Fringe Benefits**

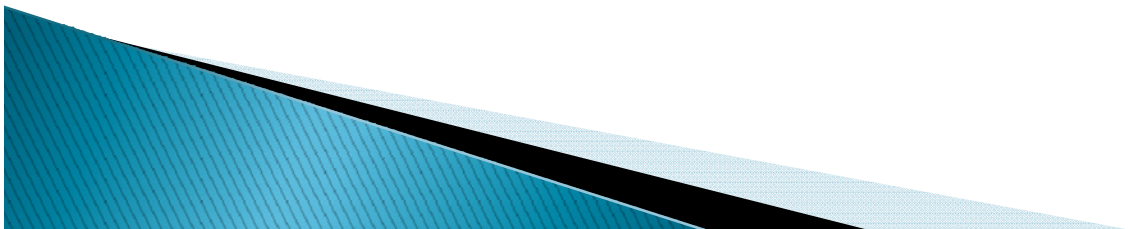


City of Ferndale  
April 6, 2011

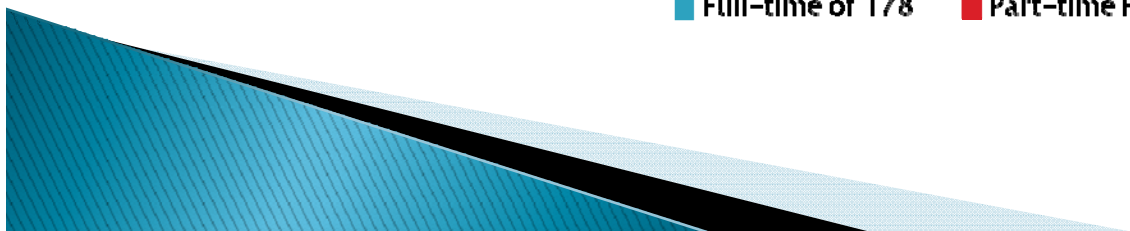
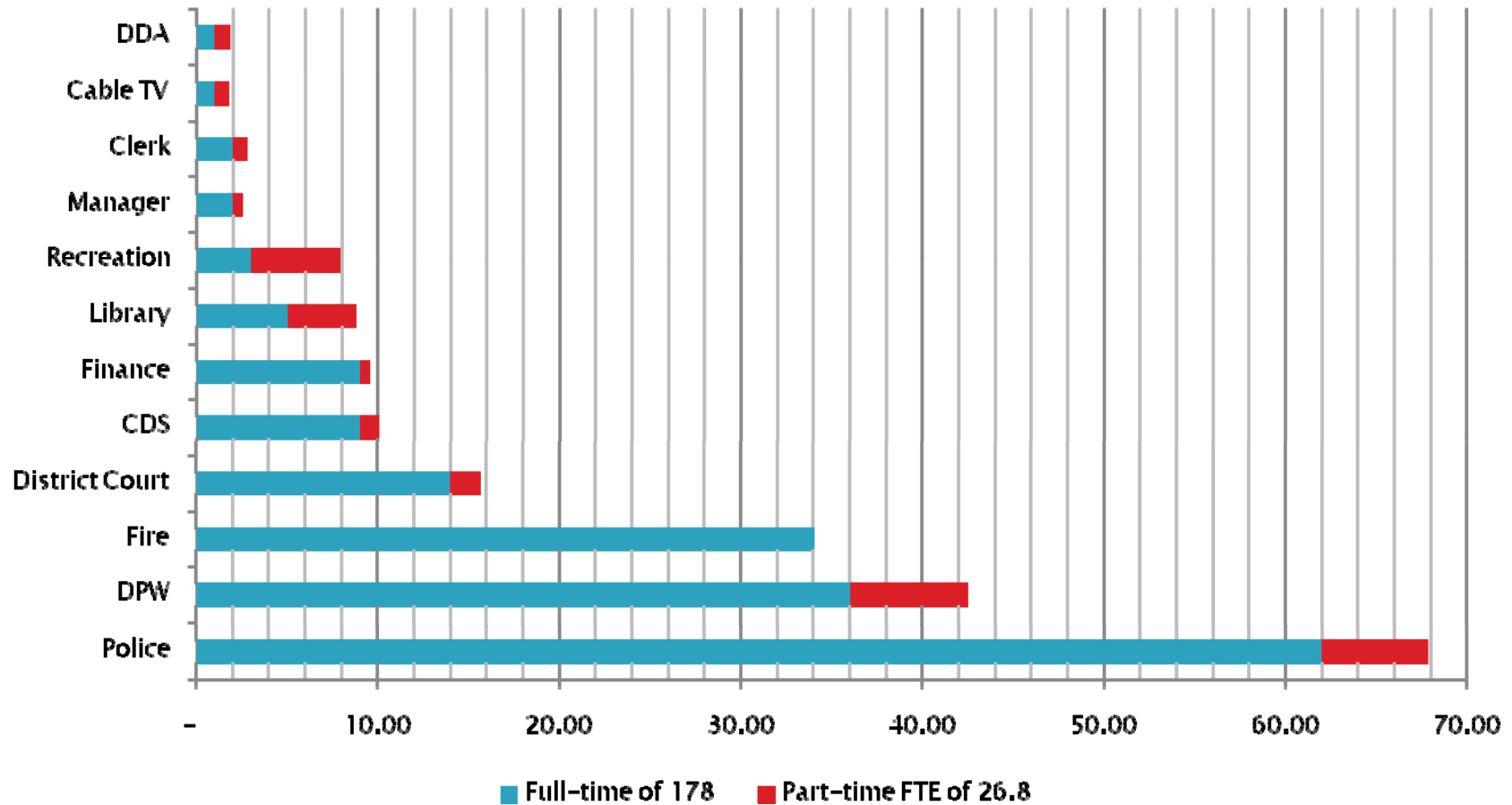


# Management and Purpose

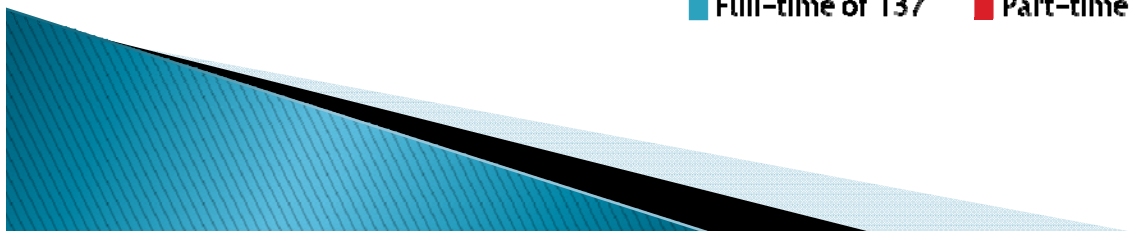
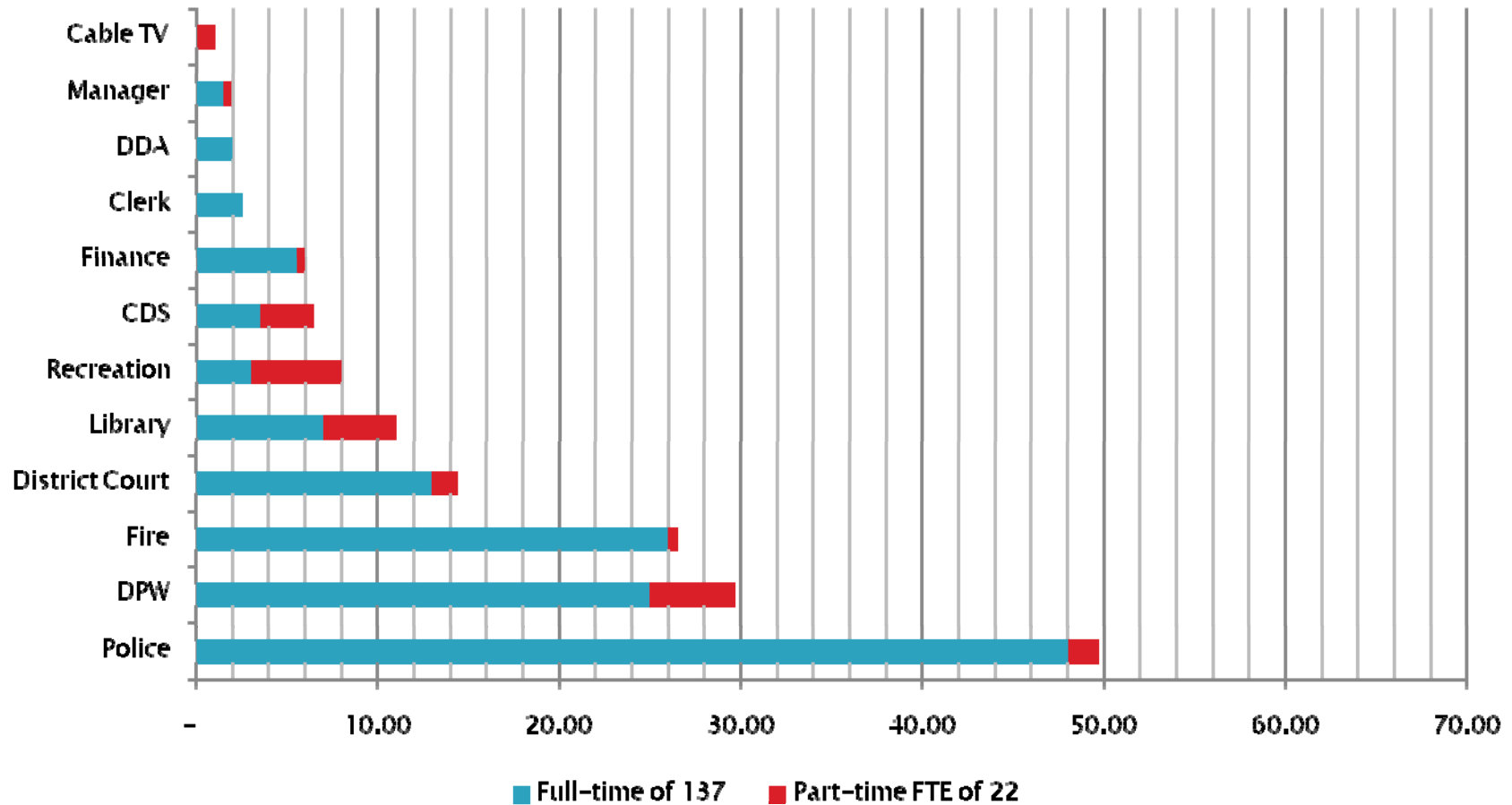
- ▶ Staffing levels are set by Council based on their funding priorities and the recommendations of the City Manager
- ▶ The related Fringe Benefits fall under the management responsibility of the City Manager's office
- ▶ The purpose of the pooled Fringe Benefit account is to collect all non-base wage payments to and on behalf of employees and retirees for allocation back to the Funds and Departments with personnel costs, including:
  - Health, Dental, and Optical insurance
  - Defined Contribution and Defined Benefit Pension plans
  - Employer-paid FICA and Medicare taxes
  - Special Pays - including Holiday, EMT/ALS, Shift, and other pays
  - Payments for Waiving Health coverage



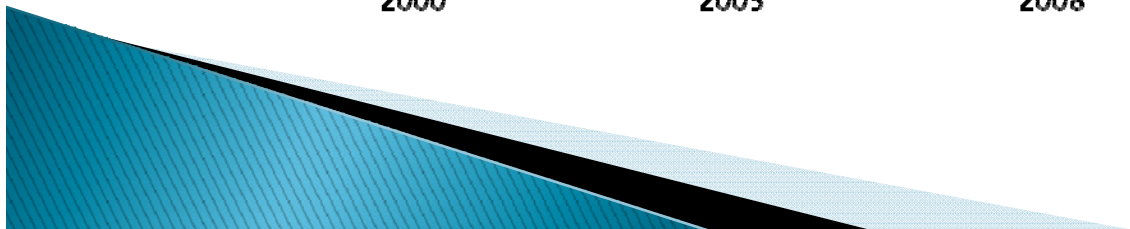
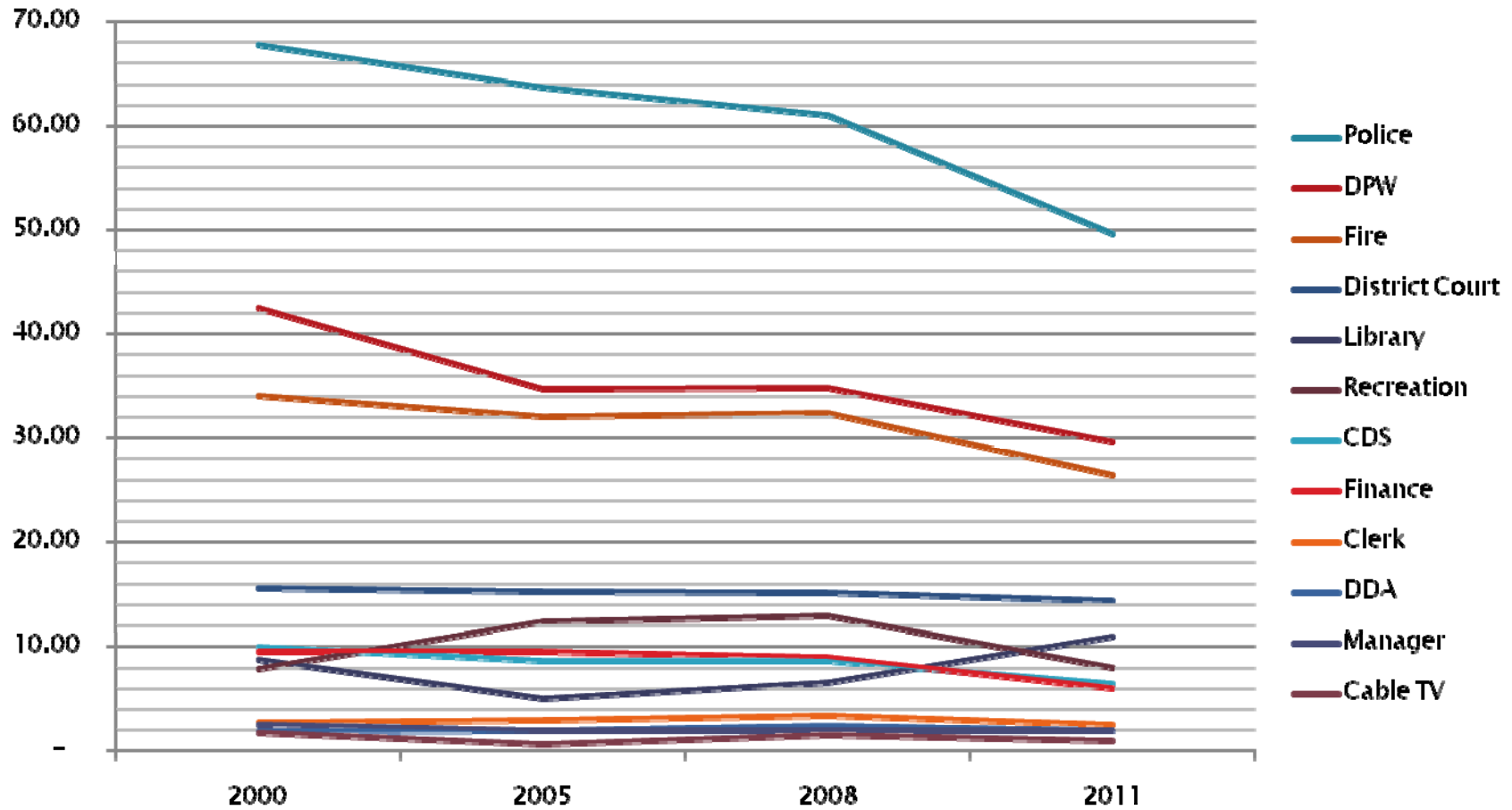
# 2001 Staffing Levels



# 2011 Staffing Levels

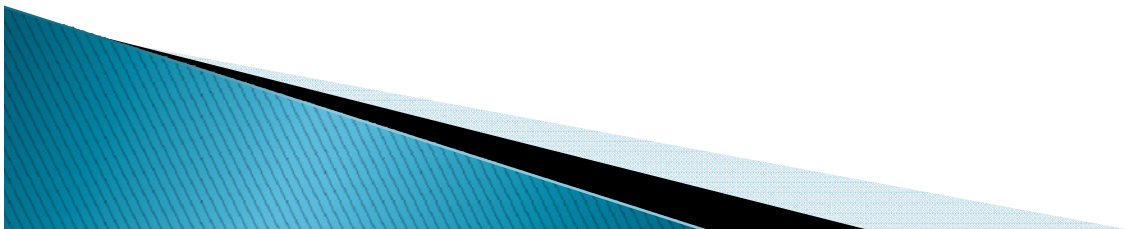


# Staffing Levels 2000 to 2011



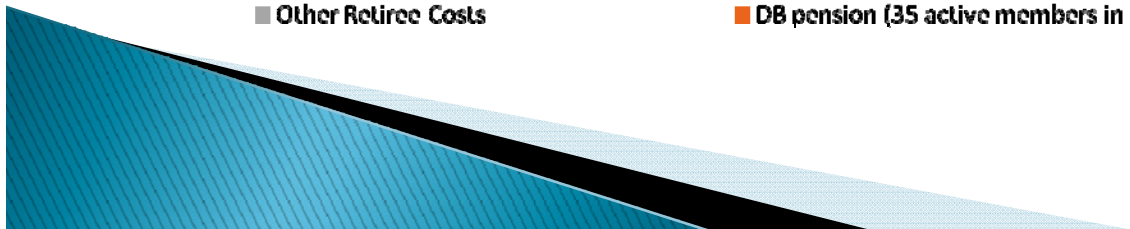
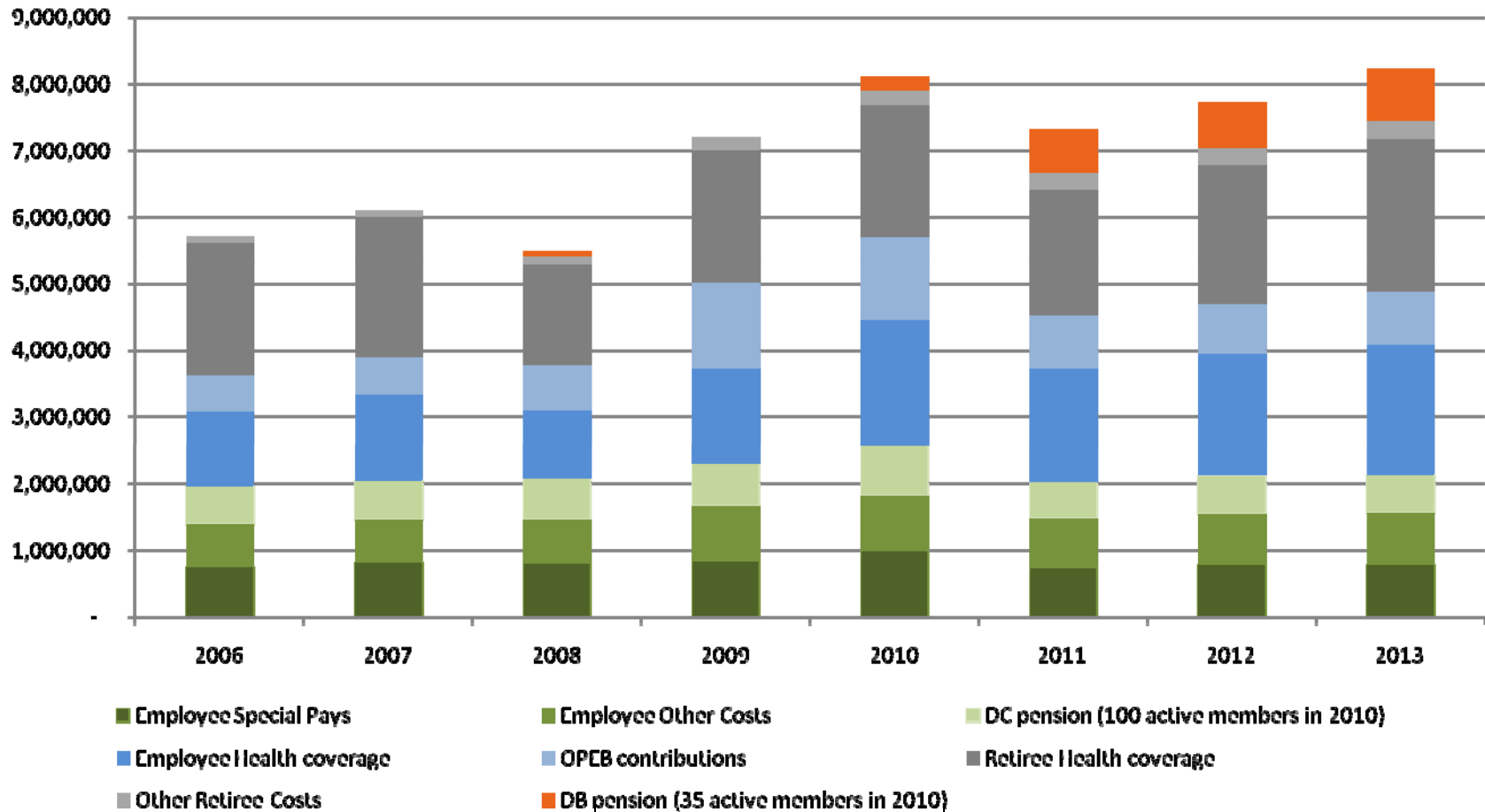
# Fringe Benefit Budget at a Glance

- ▶ Total Expenditures are expected to increase from \$7.3M per the 2011 revised estimates, to \$7.7M for 2012, and \$8.2M for 2013
- ▶ Increase due primarily to:
  - Increase in Health coverage costs - from \$3.3M, to \$3.8M and \$4.2M in 2012 and 2013, respectively
  - Increase in Pension cost - from \$1.2M to \$1.3M by 2013, as employee numbers have decreased

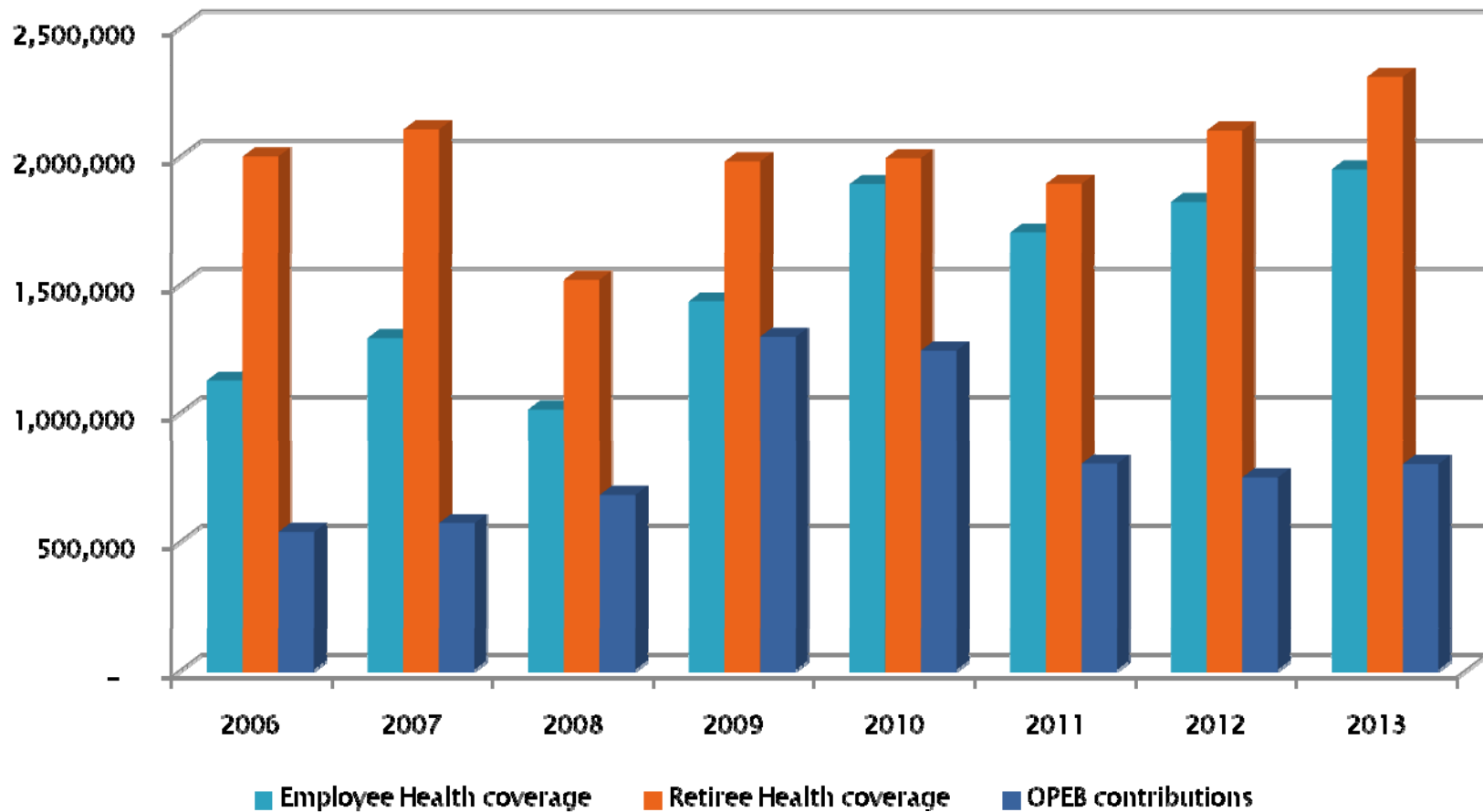


# Total Costs Trend

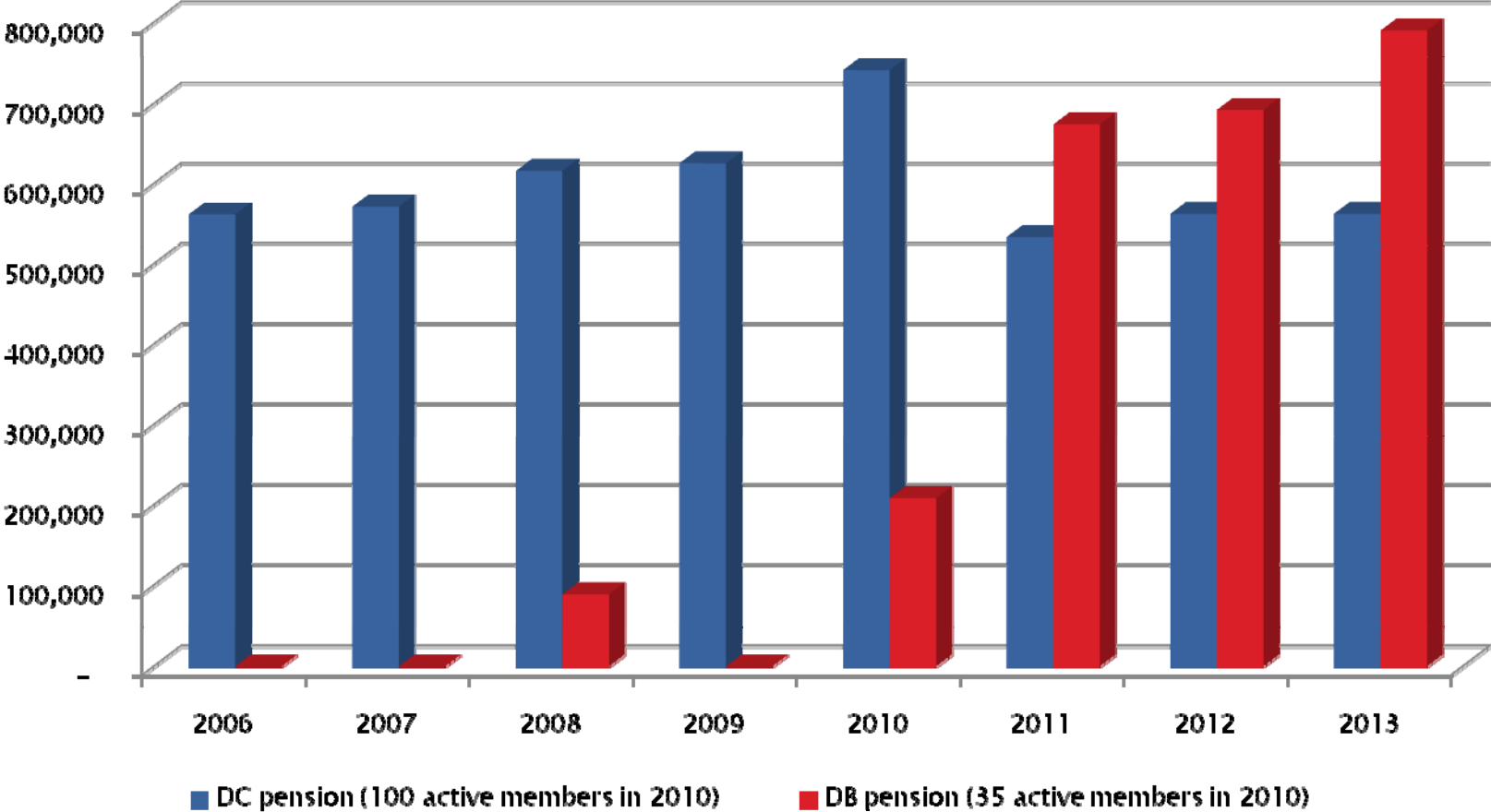
Voluntary Separation costs of \$395k for 2010 not included for comparability



# Health Care Costs Trend



# Pension Cost Trend



# Possible Budget Savings

- ▶ Provide a 6-month incentive window for reimbursement of co-pay(s) for employees and retirees switching from brand to generic drugs
- ▶ Add a closed formulary for all employees and retirees and eliminate lifestyle drugs
  - *Formulary – Defined: All managed-care prescription drug plans have a formulary that names the prescription drugs the program covers. Managed-care companies classify brand-name drugs for which generics exist as nonformulary drugs. Open formulary companies put nonformulary drugs in their formulary's top tier. You can buy a nonformulary drug from within an open formulary plan, but you will pay more for it.*
  - *Non-Formulary – Defined: The plan will not, without a special exemption, cover any part of the cost of nonformulary drugs.*
  - *Lifestyle Drugs – Defined: Medicines that treat conditions associated with lifestyle such as weight-loss tablets, anti-smoking agents, impotence therapies, and hair restorers. Drug companies have invested over \$20 billion in research into such drugs since the 1990s.*



# Possible Budget Savings, continued

- ▶ Require that all employees and retirees be paid by direct deposit
  - per the December 2010 amendment to the *Michigan Payment of Wages and Fringe Benefits Act*
- ▶ Reduce Police/Fire pension payments to once per month from twice per month

