



## Town of Natick

### Department: Employee Fringe

#### Appropriation Summary

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019 vs. 2020 \$ (+/-)      % (+/-)	
Other Personnel Services						
Worker's Compensation	\$ 671,051	\$ 611,342	\$ 630,414	\$ 676,678	\$ 46,264	7%
Unemployment	\$ 94,120	\$ 45,873	\$ 65,000	\$ 65,000	\$ -	0%
Medicare (All)	\$ 1,022,178	\$ 1,109,148	\$ 1,172,252	\$ 1,223,797	\$ 51,545	4%
Drug & Alcohol testing	\$ 9,278	\$ 5,636	\$ 12,500	\$ 12,500	\$ -	0%
Public Safety Medical (111F)	\$ 122,074	\$ 112,656	\$ 147,593	\$ 115,400	\$ (32,193)	-22%
LIUNA/Mass Lab. Pension	\$ 262,096	\$ 287,125	\$ 295,994	\$ 334,443	\$ 38,449	13%
Benefits Reserve	\$ -	\$ 1,805	\$ 50,000	\$ 55,000	\$ 5,000	10%
Long-Term Disability	\$ 20,574	\$ 2,177	\$ 22,000	\$ 22,000	\$ -	0%
Retirement Buy-Out Program	\$ 170,910	\$ 227,207	\$ 165,000	\$ 265,000	\$ 100,000	61%
Total Other Personnel Services	\$ 2,372,281	\$ 2,402,969	\$ 2,560,753	\$ 2,769,819	\$ 209,066	8%

<b>Merit &amp; Performance Increases*</b>	\$ 26,000	\$ 143,935	\$ 175,000	\$ 300,000	\$ 125,000	71%
<b>Total Performance Plan</b>	<b>\$ 26,000</b>	<b>\$ 143,935</b>	<b>\$ 175,000</b>	<b>\$ 300,000</b>	<b>\$ 125,000</b>	<b>71%</b>

\*FY20 budget is planned for \$150,000; the \$300,000 is placeholder accounting for FY19 departmental adjustments

#### Health Benefits

Health Care Benefits*	\$ 13,149,662	\$ 12,641,344	\$ 13,115,833	\$ 13,968,362	\$ 852,529	6%
<b>Total Health Benefits</b>	<b>\$13,149,662</b>	<b>\$12,641,344</b>	<b>\$13,115,833</b>	<b>\$13,968,362</b>	<b>\$ 852,529</b>	<b>6%</b>

\*Additional health care detail will be provided upon revised rates from WSHG

<b>Total Employee &amp; Retiree Benefits</b>	<b>\$ 15,547,943</b>	<b>\$ 15,188,248</b>	<b>\$ 15,851,586</b>	<b>\$ 17,038,181</b>	<b>\$ 1,186,595</b>	<b>7.49%</b>
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#### Budget Overview:

This budget covers all fringe benefits, insurances, testing's and non-retirement system related pension contributions for all employees of the Town of Natick funded through the General Fund. It includes the following budget allocations: Unemployment - Worker's Compensation - Medicare (payroll taxes) - Health Insurance - Life Insurance - LIUNA/Massachusetts's Laborers' Pension Contributions - Retirement Buy-Outs - Drug & Alcohol Testing



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Department: Employee Fringe

Line-Item Detail

### Workers Compensation:

Line item contains the amount based on a premium assessed by our carrier MEGA as well as a portion for employees who are currently on long term disability due to an injury during the performance of their job. This line item is anticipating an increase in premiums for FY2020.

### Unemployment Insurance:

Line item is set aside for any unforeseen lay offs or reduction in the work force. This amount is for both the School Department and the Municipal Departments. *Please see the following pages for more detail.*

### Medicare (Payroll):

The Consolidated Omnibus Budget Reconciliation Act of 1985 amended the Internal Revenue Code so that the hospital insurance (Medicare) portion of the Federal Insurance Contributions Act (FICA) applies to wages paid for services rendered after 3/31/86 by employees hired after 3/31/86. The tax is equal to 1.45% of the employee's pay. The employer is required to contribute an amount equal to that deducted from the employee's pay, an additional 1.45%. *Please see the following pages for more detail.*

### DOT Testing:

Drug and alcohol testing done on a random basis for certain departments who operate Motor Vehicles (excludes uniformed personnel) this is performed on a monthly basis.

### Insurance Group Health & Life:

Coverage for all town employees both currently employed and retirees of the town both school and municipal departments who work greater than 20 hours on a regular basis. Percentages paid by the town vary from plan to plan from a low of 50% to a high of 75% depending on the coverage selected by the employee. Estimates for FY 2020 are based upon FY 2019 actual plan rates from the West Suburban Health Group with a projected 6.5% increase. *Please see the following pages for more detail.*

### Public Safety Chapter 41 Section 111F:

This coverage is paid on a premium basis for the uniformed members of the Town of Natick's Police & Fire workforce who become injured while on duty. This pays hospital and medical bills for the injured officer. The Town does receive reimbursement from insurance companies for expenses incurred under this line-item, up to 75% of the total claim. *Please see the following pages for more detail.*

### LIUNA/Mass. Laborers' Pensions:

Laborers' International Union of North America National (Industrial) Pension Fund., a pension provided to the following units of the Town of Natick's workforce:

- Laborers Local 1116
- Clerical Workers
- Supervisors & Administrators (Public Works)
- School Custodial
- Librarian's of the Morse Library (Massachusetts Laborers Benefits).

The contribution rate is set by the collective bargaining agreement or other agreement between the Employer and the Union. The rate must fall within the range of rates accepted by the Pension Fund. The rate may be cents, or dollars-and-cents, for each hour for which a covered employee is paid, or a fixed daily, weekly or monthly amount for each covered employee. The rate ranges. This provides these workers with an additional pension or annuity upon retirement. *Please see the following pages for more detail.*

### Retirement Buyout:

This accounts for the provision in multiple contracts allowing retiring employees to buy-back accrued sick leave. It is only paid out if an individual declares and chooses to retire.



# Town of Natick

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## Unemployment Estimates

Unemployment Insurance is available for any employee who has worked for the Town of Natick - either as a result of being laid off or reduced hours. Historically, the Town of Natick averaged less than \$100,000 and while annual expenses spiked close to \$200,000 during economic downturns, FY2020 should continue the trend of payments below the \$100,000 mark. Natick has been fortunate that wholesale reductions in force have not been necessary; and at this time we do not anticipate any changes to Federal unemployment laws that will increase the pay outs.

### Fiscal Year 2019 Unemployment

<b>Original Appropriation</b>		\$	<b>65,000</b>
<i>Amount Spent through November 2018</i>		\$	<i>27,846</i>
<b>Balance</b>		\$	<b>37,154</b>
School Department expenses through November 2018	\$	19,070	
Town expenses through November 2018	\$	7,776	
Service Fees	\$	1,000	
Average Monthly Expenses (07/01/2017 to 11/30/2017)	\$	5,369	
Amount Needed through end of year based upon case load		\$	37,583
<b>Estimated Unspent Balance @ 6/30/19</b>		\$	<b>(429)</b>

The Town of Natick is self-insured for purposes of unemployment insurance. The Town receives monthly invoices from the Commonwealth as to who has filed claims, the value of those claims and the duration of those claims. The Town pays those invoices to the state directly, who distributes unemployment checks to those who have filed and qualified for U/I benefits. Current unemployment laws allow for maximum benefit of 26 weeks. Additional 'emergency' or 'extended' benefits can be passed by the Congress at any time forcing the municipality (and any business) to continue providing the unemployed with extended benefits. The Town also employs a third party vendor, to handle direct claims between unemployed individuals and the Town of Natick, as well as reviews the claim requests from the state and assists in management of the Town's liability.

### Estimate for FY 2020

**\$65,000**

At this time, we are proposing that \$65,000 be budgeted for unemployment benefits for FY 2020. Based upon claims analysis for FY18 and FY19 through the end of November 2017 and projected claims for the next fiscal year this expense account should be similar to FY20 appropriated amount of \$65,000.



## Town of Natick

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### Town & School Medicare - contribution for FY 2020

<b>Preliminary Payroll Budget</b>	<b>\$</b>	<b>84,399,823</b>
<b>Department</b>	<b>Preliminary FY 2020 Payroll</b>	
BD SELECTMEN/TN ADMINISTRATOR	1,026,616	
COMPTROLLER	372,960	
FINANCE DEPARTMENT	70,000	
ASSESSORS	381,979	
COLLECTOR/TREASURER	314,136	
INFORMATION SYSTEMS	350,576	
TOWN CLERK	26,422	
BOARD OF REGISTRARS	55,400	
COMMUNITY DEVELOPMENT	931,287	
POLICE DEPARTMENT	7,142,452	
FIRE DEPARTMENT	8,696,106	
WEIGHTS & MEASURES	30,400	
PARKING ENFORCEMENT	54,144	
EMERGENCY MANAGEMENT	5,000	
PUBLIC WORKS ENGINEERING	567,000	
PUBLIC WORKS - ADMIN	338,607	
PUBLIC WORKS EQUIP MAINT	605,402	
PUBLIC WORKS LFNR	631,162	
PUB WKS HWY MAINT/SANT/RECY	1,754,771	
FACILITIES MANAGEMENT	2,764,268	
BOARD OF HEALTH	569,377	
HUMAN SERVICES	128,032	
COMMUNITY SERVICES ADMIN	228,747	
COUNCIL ON AGING	321,034	
VETERANS SERVICES	128,013	
COMM ORGANIC FARM	175,734	
MORSE INSTITUTE LIBRARY	1,924,764	
BACON FREE LIBRARY	160,975	
RECREATIONS AND PARKS	415,979	
SCHOOLS	54,228,480	
	<b>\$</b>	<b>84,399,823 @ '1.45%</b>
		<b>\$ 1,223,797</b>

### Enterprise Funds Medicare - contribution for FY 2020

#### Enterprise Accounts

<b>Department</b>	<b>Preliminary FY 2020 Payroll</b>	
WATER & SEWER BILLING EXP	115,755	
SEWER	816,363	
WATER	1,282,726	
GOLF	315,986	
	<b>\$</b>	<b>2,530,830 @ '1.45%</b>
		<b>\$ 36,697</b>



# Town of Natick

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Department: Contributory Retirement

## Appropriation Summary

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019 vs. 2020 \$ (+/-) % (+/-)	
<b>Operating Expenses</b>						
Funding Schedule - Completion 2030	\$ 8,194,354	\$ 8,764,621	\$ 9,393,294	\$10,050,826	\$ 657,532	7.0%
<b>Total Operating Expenses</b>	<b>\$ 8,194,354</b>	<b>\$ 8,764,621</b>	<b>\$ 9,393,294</b>	<b>\$10,050,826</b>	<b>\$ 657,532</b>	<b>7.0%</b>
<b>Total Contributory Retirement</b>	<b>\$ 8,194,354</b>	<b>\$ 8,764,621</b>	<b>\$ 9,393,294</b>	<b>\$10,050,826</b>	<b>\$ 657,532</b>	<b>7.0%</b>

Budget Overview:

### I. Main Purpose of the Department

The Natick Retirement System provides pension benefits for many retired employees of the Town of Natick. Established under M.G.L. Chapter 32, the Natick Retirement System is funded via an annual appropriation at Town Meeting. As of 2015, there were 1117 participants in the Natick Retirement System - 620 active, 114 inactive and 383 retired participants and beneficiaries. Eligibility in the system is determined upon your employment status with the Town. If an employee is employed on a permanent basis and works 20 or more hours a week, then that employee is eligible. Enrollment is mandatory for all employees who qualify.

Employees who became members prior to April 1, 2012 are eligible to apply for a pension benefit when they have completed either ten years of creditable service and have reached the age of 55, or have 20 years of creditable service regardless of your age. Employees who became members on or after April 1, 2012 are eligible to apply for a benefit when they have reached age 60 with ten or more years of creditable service or have 20 years of service at any age. Recipients receive a defined benefit plan. The pension allowance is calculated using an employee's years of creditable service, their age at retirement and their highest average salary for either 36 or 60 consecutive months, depending upon their date of hire. Employees are required by M.G.L. Ch. 32 to contribute a set percentage of their salary and an additional 2% on any salary over \$30,000 by regular payroll deductions. The rate of contribution is determined by the date on which an employee first became eligible for membership in a Massachusetts Contributory Retirement System and maintained their funds on deposit.