

2023 Benefit Enhancements Recommendations

LES Administrative Board Meeting
Trish Owen, VP Corporate Operations
November 18, 2022

Benefit Recommendation Process

- LES benchmarks its benefits on an ongoing basis through information sharing groups, such as the regional utility HR group and the American Public Power Association's HR List-Serve.
- Every two years, the regional utility HR group formally benchmarks benefit offerings through a comprehensive benefits survey.
- LES' HR department received this year's benchmarking information at the end of August and completed an analysis of LES' benefit offerings versus other utilities.
- These enhancement recommendations are a direct result of that analysis and are being proposed to ensure we remain competitive in recruiting and retention.
- The proposed effective date for the benefit changes would be 1/1/2023.

Supplemental Life Insurance

(Employee Paid)

Current Supplemental Life:

- Employee- Up to \$250,000 with guarantee issue up to \$100,000
- Spouse- Up to \$50,000 with guarantee issue up to \$30,000

Proposed Changes:

- Employee- Up to \$300,000 with guarantee issue up to \$150,000
- Spouse- Up to \$100,000 with guarantee issue up to \$50,000

Tuition Reimbursement Changes

(Union and Non-Union)

- Removing the requirement to complete probation prior to entering the program.
- Increasing annual reimbursement to the IRS non-taxable limit of \$5,250 from LES' current \$4,000.
- Eliminating current lifetime caps. The reimbursement still only applies to expenses actually incurred as part of an approved degree program.
- 9 out of 10 utilities reimburse at least \$5,000 annually.

Personal Leave Recommendations (Non-Union only)

- **Retention- Increase accrual rate tiers based on tenure.**
 - LES ranks 5th out of ten utilities for vacation accrual levels.
 - Vacation and time off benefits, next to flexible scheduling, is the second most asked question from candidates.
- **Recruiting- New hires get a 40-hour vacation bank added to their personal leave balance.**
 - Vacation and time off benefits, next to flexible scheduling, is the number two most frequent question asked by candidates.
- **Recruiting- Expansion of current accrual rate tier placement (1 year credit for 2 years relevant external experience)**
 - Employees rehired within five years of their termination date will get a 1:1 credit for each year they worked at LES as part of this assessment.
 - Five out of every ten utilities offers a bank of time upon hire date and two complete a related work experience assessment.

Personal Leave Accruals Comparison

Anniversary Tiers	Current Full-time Accruals	Proposed Accruals
First Four years	9 hours per month	10 hours per month
After four-year anniversary to 9-year anniversary	11 hours per month	12 hours per month
After 9-year anniversary to 14-year anniversary	13 hours per month	14 hours per month
After 14-year anniversary to 19 - year anniversary	15 hours per month	16 hours per month
After 19-year anniversary to 24-year anniversary	16 hours per month	18 hours per month
After 24 years	18 hours per month	20 hours per month

Part-time employees accrue one-half that of full-time employees

Holiday Recommendations

- Include an additional personal holiday increasing the number of personal holidays to four. (Non-Union)
- Add Christmas Eve as an LES recognized Holiday (Union & Non-Union)
 - 8 out of 10 utilities include Christmas Eve as a paid holiday

Funeral Leave Enhancement (Non-Union only)

Current Language:

- **Up to three days for the employee's:**
 - Spouse;
 - Parent or step-parent;
 - Sibling or step-sibling;
 - Child or step-child;
 - Placed foster child;
 - Mother-in-law or father-in-law; or
 - Relative residing in the employee's home.
- **Up to two days for the employee or current spouse's:**
 - Grandparent or step-grandparent;
 - Grandchild or step-grandchild; or
 - Daughter-in-law or son-in-law.
- **Up to one day for the employee or current spouse's:**
 - Sister-in-law or brother-in-law;
 - Aunt or uncle;
 - Niece or nephew; or
 - First cousin.

NOTE: If more than one hundred miles is traveled each way from the employee's residence to attend the funeral, two days of funeral leave with regular pay will be allowed.

Proposed Language:

- **Up to five days for the employee's:**
 - Spouse;
 - Parent or step-parent;
 - Child or step-child;
 - Placed foster child;
 - Relative residing in the employee's home; or
 - Mother-in-law or father-in-law.
- **Up to three days for the employee or current spouse's:**
 - Sibling or step-sibling;
 - Daughter-in-law or son-in-law;
 - Grandparent or step-grandparent;
 - Grandchild or step-grandchild;
 - Sister-in-law or brother-in-law;
 - Aunt or uncle;
 - Niece or nephew; or
 - First cousin.
- **Remove 100 miles requirement.**
- **5 out of 10 utilities allow 40 hours of funeral leave for an immediate family member.**

Financial impacts

Leave:

Immaterial budget/cash impacts. Mostly this is a loss in productivity as these would be normal working days in which the employee would be paid their salary or hourly wage for the hours worked. The only time personal leave is paid out is at separation.

Tuition Reimbursement:

<i>Benefit</i>	<i>All Employees</i>
Tuition Reimbursement Increase - Annual Impact	\$18,750

Budgetary Impact:

These additions will not result in a recalculation of the payroll adder used for the 2023 payroll budget.



Lincoln Electric System

LES RESOLUTION 2022-10

WHEREAS, Lincoln Electric System (LES) Policy No. 101 provides that the LES Administrative Board shall approve material employee benefit program changes;

WHEREAS, LES, on a periodic basis, uses informal and formal benefit surveys to benchmark LES' current benefit offerings against those offered by other regional utilities with whom LES competes for talent;

WHEREAS, LES strives to offer competitive benefits to be able to recruit and retain a world class workforce and maintain a reputation of being a destination employer;

WHEREAS, LES is experiencing new recruiting and retention challenges in the post-COVID era, including factors such as unprecedented labor shortages and evolving candidate expectations;

WHEREAS, LES reviewed with the Personnel and Organization Committee proposals for benefit changes that will aid in LES' recruiting and retention efforts for non-union employees, to be effective on January 1, 2023, including the following changes that require LES Administrative Board approval:

- Education Reimbursement Changes (for both union and non-union employees):
 - Increase annual reimbursement maximum to \$5,250;
 - Elimination of lifetime caps; and
- Leave and Holiday changes:
 - Increase all personal leave accrual tiers for all non-union employees;
 - Providing non-union employees hired on or after January 1, 2023, a forty-hour personal leave balance immediately upon hire;
 - Adding one additional personal holiday for all non-union employees;
 - Adding Christmas Eve as an LES observed holiday for both union and non-union employees; and
 - Increasing funeral leave for all non-union employees based on the death of eligible family members (e.g., increase funeral leave for loss of spouse from three days to five days).

WHEREAS, staff thoroughly reviewed the proposed employee benefit changes with the Board Personnel & Organization Committee;

WHEREAS, the Personnel & Organization Committee recommends approval by the full Board of the proposed employee benefit changes;

NOW, THEREFORE, BE IT RESOLVED that the LES Administrative Board approves the recommended benefit changes listed herein and summarized in Attachment A to be effective on and after January 1, 2023.

BE IT FURTHER RESOLVED, that the LES Administrative Board directs and authorizes staff to take all actions necessary to implement the terms and conditions of the change.

Chair

Adopted: _____

DRAFT

2023 Proposed Benefit Enhancements

Leave Benefit Changes:

- Increase accruals as follows:

• <i>Anniversary Tiers</i>	• <i>Current Full-time Accruals</i>	• <i>Proposed Accruals</i>
• <i>First Four years</i>	• <i>9 hours per month</i>	• <i>10 hours per month</i>
• <i>After four-year anniversary to 9-year anniversary</i>	• <i>11 hours per month</i>	• <i>12 hours per month</i>
• <i>After 9-year anniversary to 14-year anniversary</i>	• <i>13 hours per month</i>	• <i>14 hours per month</i>
• <i>After 14-year anniversary to 19-year anniversary</i>	• <i>15 hours per month</i>	• <i>16 hours per month</i>
• <i>After 19-year anniversary to 24-year anniversary</i>	• <i>16 hours per month</i>	• <i>18 hours per month</i>
• <i>After 24 years</i>	• <i>18 hours per month</i>	• <i>20 hours per month</i>

- Add a 40-hour balance to all new hire personal leave banks immediately upon hire
- Include Christmas Eve as an LES observed holiday for all employees*
- Increase Personal Holidays to four from three
- Keep the related work experience assessment for new hires personal leave seniority. Modify process to include 1:1 year recognition of LES experience if rehired within five years.
- Increase funeral leave:
 - Up to five days for the employee's:
 - Spouse;
 - Parent or step-parent;
 - Child or step-child;
 - Placed foster child;
 - Relative residing in the employee's home; or
 - Mother-in-law or father-in-law.
 - Up to three days for the employee or current spouse's:
 - Sibling or step-sibling;
 - Daughter-in-law or son-in-law;
 - Grandparent or step-grandparent;

- Grandchild or step-grandchild;
 - Sister-in-law or brother-in-law;
 - Aunt or uncle;
 - Niece or nephew; or
 - First cousin.
- Remove 100 miles requirement.

Tuition Reimbursement* (effective for all employees):

- Increase annual reimbursement to the IRS non-taxable limit of \$5,250 from \$4,000-
- Eliminating current lifetime caps. The reimbursement still only applies to expenses actually incurred as part of an approved degree program.

*Christmas Eve observed holiday and Tuition Reimbursement policy changes will be extended to the Trades and Crafts and Rokeby Generating Station bargaining units.