



# Personnel Sub-Committee Standard Operating Procedures

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## **Introduction**

In every conversation we have, every initiative we explore, and every action we take, we must hold them up against PRISM's Mission, Vision and Core Values. Together, the Mission, Vision and Core Values are our strategic framework and clarify why PRISM exists and what we aim to be. As you review this document, please keep these in mind:

### **Mission:**

PRISM is a member-directed risk sharing pool of public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency, and best practices.

### **Vision:**

PRISM will continue to be internationally recognized as a leading risk sharing pool for its member-directed operating philosophy and commitment to member fiscal sustainability. PRISM will continue to influence and shape the future of the risk management profession.

### **Core Values:**

PRISM is dedicated to preserving a member-directed culture, defining standards for quality and performance throughout the industry, and ensuring programs and services are:

- **C**ompetitive in scope and price over the long term
- **A**daptable and customized to meet member needs, based on high-quality standards
- **R**esolute in delivering timely solutions that address present and emerging risks
- **E**quitable in allocating costs and services between various members in a fair and consistent manner
- **S**table in supporting cost-effective, fiscally prudent operations *and* long-term solvency, and in building long-term relationships with members and program/service partners.

## **Composition**

The Personnel Sub-Committee (PSC) consists of 5 members, including the President, Vice President, Past President, and 2 representatives appointed by the Executive Committee. For continuity, the 2 representatives appointed by the Executive Committee do not have expiring terms. The Executive Committee has clarified that the past President position is intended to be filled by the most immediate past President who is available to fulfill the role (11/20/14 Executive Committee Minute Order, item 5.C.).

Reference: [Committee Composition](#)

Reference: [11/20/14 Executive Committee Minute Order](#)

## **Roles**

### **Committee:**

The PSC serves in an advisory capacity to the Executive Committee in all matters relating to personnel of PRISM. They review and make recommendations on matters including salary and benefits, job classifications, staffing levels, CEO performance evaluation, and are responsible for negotiation of the CEO's contract. For reference, the PSC was officially formed as a standing sub-committee by the Executive Committee at their February 4, 1993 meeting.

### **President:**

- Serves as the Chair of the PSC
- Call/Authorize non-regularly scheduled meetings, as needed
  - Staff will contact the President to arrange date, time, location (in-person or WebEx)
  - Once authorized, staff will notify the PSC members via e-mail
- Call the meeting to order
- Orchestrate agenda items
- Recognize members to facilitate orderly debate
- Preside over voting
- Enforce rules of the group
- Expedite the business of the group
- Declare meeting adjournment

### **Staff:**

- Assist the President in facilitating meetings, prepare agendas, and prepares a summary of meetings
- Advisory to the Committee
- Will make recommendations to assist the Committee
- The staff liason for the PSC is [Gina Dean](#)

### **Legal Advisor:**

EIA's Chief Legal Counsel, Mike Pott, will provide legal advice to the Sub-Committee as needed or requested. In addition, PRISM contracts with Steve Underwood for legal services, on an as-needed basis.

Reference: [Steve Underwood Contract](#)

### **Consultants:**

PRISM utilizes consultants for various services including, but not limited to, employment advice. As a member of PRISM's Programs, consultation advice is obtained through the Evers Law Group on an as-needed basis.

### **Personnel Responsibilities**

Personnel policies have been summarized and presented to employees through the Employee Handbook. Each employee has acknowledged that they have received the Employee Handbook.

Reference: [Employee Handbook 2020](#)

### **Classifications:**

There are four classes of employees with corresponding levels of benefits. The four classes are: Executive Management, Senior Management, Management, and Support Staff. Executive and Senior Management classes receive slightly higher contributions for the Cafeteria Plan and are able to cash-out slightly more unused Cafeteria Plan benefits.

### **Staff Changes:**

Below is the distinction between the various types of position changes that can take place at PRISM.

***New Position*** – This is a new position in a new classification or an existing classification. The person hired in the new position will have the standard one year introductory/probationary period.

***Reclassification*** – This is a new position in a different classification, and the existing position is eliminated. Although there may be some new responsibilities, the employee is generally already performing most of the duties of the new position. There is no new introductory/probationary period and generally no change to the employee's salary (except for movement to the bottom of the new range if applicable). The employee is eligible for a merit increase. The new position will not be advertised since the existing position is being eliminated.

**Upgrade** – This is a new position in a different classification, and the existing position is eliminated. There are significant new responsibilities, so there is a new one-year introductory/probationary period. The new position will not be advertised since the existing position is being eliminated.

### **Salary Ranges:**

The Executive Committee has adopted a Performance Incentive Pay Plan, which was last amended in 2000. Salary ranges are established for each staff position based on the position classification, with the exception of the CEO, whose salary is based on the negotiated contract. PRISM has endeavored to keep salaries at a level that is competitive with the job market in order to attract and retain employees. To ensure salaries are competitive, salary surveys have been performed periodically, approximately once every three years. When a salary survey is not conducted, the CPI has been used as a cost of living index as a guide.

Reference: [2021/22 Publicly Available Pay Schedule](#)

Reference: [Performance Incentive Pay Plan](#)

### **Pay for Performance System:**

In 1994, the Executive Committee determined to eliminate the 5-step salary ranges, as well as automatic salary increases (including a COLA). The purpose for eliminating these was to discourage marginal performance. Instead, a Pay-For-Performance Compensation System was implemented with the following goals:

- Reward good performance, partially reward average performance, and do not reward unsatisfactory performance;
- Provide motivation to all employees to improve performance; and
- Maintain a competitive compensation system designed to retain valuable employees.

The Pay-For-Performance System provides potential salary adjustments depending on each employee's level of performance. Annually, the PSC recommends to the Executive Committee a maximum merit pool for the fiscal year, from which the CEO determines the amount of merit increase that will be provided to each employee. The total of all merit increases cannot exceed the amount of the approved merit pool.

Employees who are still within their introductory/probationary period are not eligible for a merit increase. Merit increases cannot exceed 10% of the employee's current salary. Performance and merit increases generally fall into the following ranges:

- Needs Improvement – 0% to 2%
- Meets Expectations – 2% to 4%
- Exceeds Expectations – 4% to 6%
- Outstanding – 6% to 10%

Merit increases are provided in two forms: base salary and performance incentive pay (PI Pay, or sometimes referred to as a bonus). Base salary adjustments cannot exceed the top of an employee's salary range. Employees are also eligible to earn PI Pay, which is like a bonus in that it is paid in quarterly or semi-annual installments and does not carry over to subsequent fiscal years. PI Pay may exceed the top of an employee's salary range by a maximum of 5%.

Reference: [5/5/94 Executive Committee Minute Order](#)

### **Market Adjustment:**

To ensure that compensation packages remain competitive, the Executive Committee annually considers whether a "Market Adjustment" is warranted and if so, the amount. The Market Adjustment is a percentage increase, which is applied to the mid-point of the salary range, and then the top and bottom of the range are re-calculated. If a Market Adjustment is made, it will be applied first, prior to consideration of merit pay increases.

The Market Adjustment is effective July 1<sup>st</sup> of each year, and only moves the salary ranges, not the employee's actual salary. However, if an employee's salary is below the bottom of the recalculated range, their salary will automatically be increased to the new bottom of the range. Such an adjustment is not considered a merit-based adjustment.

### **Insured Benefits:**

An IRC125 Cafeteria Plan is provided to allow employees to redirect salary for benefits on a pre-tax basis (12/9/93 Executive Committee meeting, item V.G.).

Over the years, the Executive Committee has approved additions and modifications to the benefits package provided for employees. Details on the benefits provided are included in the Employee Handbook. Some details not included in the Employee Handbook are:

- Initially, the amount of the allowance for the Cafeteria Plan was based on the average of the health benefit plans selected by the employees, and based on covering 100% of the employee cost and 75% of dependent costs. Starting in 2010, the formula was modified, so that future rate increases would be split 50/50 between the employee and PRISM (5/6/10 Executive Committee meeting, item 5.D.).
- As respects Dental and Vision Coverage, the calculation for the Cafeteria Allowance was based on PRISM paying for the employee cost and the employee paying for the cost for dependents (5/2/91 Executive Committee meeting, item V.A.). However, the formula was modified in 2010 so that future rate increases would be split 50/50 between the employee and PRISM (same as above for health benefits). Starting with 1/1/19 enrollment, employees were given an option to buy-up coverage (Vision: new glasses every 12 months instead of 24 months; Dental: increase annual max to \$2k instead of \$1.5k) at their expense.

- The PSC has indicated a desire to evaluate health benefits provided by CalPERS to PRISMHealth Program every 3 years. The last evaluation took place in Spring 2021, and the PSC concluded to remain with CalPERS because moving to EIAHealth would result in an increased cost to both PRISM and employees. Based on the coming changes to PERS rates, the PSC stated a desire to evaluate this again in spring 2022.
- Effective 6/1/13, retirees were added as a new eligible class under the Delta Dental and VSP contracts (5/2/13 Executive Committee meeting, item 5.E.).

Reference: [12/9/93 Executive Committee Minute Order](#)

Reference: [5/6/10 Executive Committee Minute Order](#)

Reference: [5/2/91 Executive Committee Minute Order](#)

Reference: [5/2/13 Executive Committee Minute Order](#)

### **Leave Benefits:**

Leave benefits include vacation time (number of days depends on number of years of service), sick time accrued at 8 hours per month, 13 holidays per year, and for employees who are exempt from overtime, administrative time off (10 days for Senior Management and 7 days for all other exempt personnel). Other leaves required by law are outlined in the Employee Handbook.

### **Retirement:**

PERS retirement benefits are provided for employees. The defined benefit plan was modified by the Executive Committee to 2% at age 55, effective 7/1/01 (4/18/01 meeting, item V.4.). More recently, the California Public Employees' Pension Reform Act (PEPRA) was passed, and became effective January 1, 2013. The retirement benefit for all employees hired after 1/1/13 is 2% at age 62. As respects all employees hired prior to 1/1/13, PEPRA "encourages", but does not mandate, a 50/50 sharing arrangement subject to a maximum of 8% employee share. The PSC has indicated a desire to move towards the 50/50 arrangement effective 7/1/15 (4/10/13 meeting).

In 1995, PRISM began the process to buy-out the employee PERS contribution for exempt personnel. This was done over a three-year period. As staff positions and responsibilities changed over the years, PRISM contribution was made for employees in a management position, not all exempt personnel. Then, in 2005, the contribution benefit was expanded to include all exempt employees with supervisory responsibilities (6/2/05 Executive Committee meeting, item 5.A.6). Due to pension reform and recommendations from PERS, it was determined to reverse this starting in 2012, again over a three-year period (Resolution E12-001). Employee contribution to PERS Retirement are made on a pre-tax basis (12/9/93 Executive Committee Meeting, item V.G.).

Executive and Senior Management staff receive a contribution, based on a percentage of base salary, to be contributed to a deferred compensation program, or any IRS approved retirement program (9/2/04 Executive Committee meeting, item 5.C.).

In March 2013, the Board took action to prefund PRISM's Other Post Employment Benefit Liability by participating in the CalPERS Post Employment Benefit Trust (Resolution B13-001).

In September 2017, the Executive Committee approved a Defined Contribution Policy to address employer contributions in excess of the pensionable limit. A similar policy was adopted as respects "Classic" employees at the May 3, 2018 Executive Committee meeting (Deferred Compensation Plans – Classic Employees). Once contributions to CalPERS reach the pensionable limit, employer contributions can continue into a defined contribution plan on a matching basis. In addition, approval was given to implement a second deferred compensation plan under IRS code 401(a) effective January 1, 2018, which will supplement the existing 457(b) plan. Both plans are administered by Nationwide.

Reference: [4/18/01 Executive Committee Minute Order](#)

Reference: [6/2/05 Executive Committee Minute Order](#)

Reference: [Resolution E12-001](#)

Reference: [12/9/93 Executive Committee Minute Order](#)

Reference: [9/2/04 Executive Committee Minute Order](#)

Reference: [Resolution B13-001](#)

Reference: [Deferred Compensation Plans Policy – Classic Employees](#)

Reference: [Defined Contribution Plans – New Employees](#)

## **Policy Matters:**

The PSC will recommend personnel policies to the Executive Committee for approval. Some of the policies adopted include the following, which have been incorporated into PRISM's Employee Handbook, for reference by the PSC and staff:

- Introductory/Probation Period – All newly hired employees will have a one-year introductory/probationary period (9/7/89 Executive Committee meeting, item IV.A.).
- In 1990, the IRS determined that although PRISM did not pay into Social Security, PRISM was still obligated to pay for the Medicare Portion of the Social Security tax. The Executive Committee determined that going forward, the 1.45% tax would be paid by the employee through payroll deduction (12/6/90 Executive Committee meeting, item V.A.).
- CalPERS policy requires that all employees hired on or after 4/1/86 are subject to mandatory Medicare coverage if they were not already covered under Social Security. An exemption exists for employees hired before 4/1/86. The only employee who qualifies for this exemption is the CEO.
- The leave policy does not apply to the CEO, since leave is negotiated and documented in the CEO's contract (6/3/93 Executive Committee meeting, item V.F.).



- New employees may not be hired with a salary above the mid-point of their position's salary range without prior Executive Committee approval (5/5/94 Executive Committee meeting, item V.F.1.).
- Employees can buy-out vacation time. The employee must have taken at least 10 days off, and can sell as much time as they have taken in the past year. Admin or compensating time-off counts towards the eligibility requirement for qualifying for the buy-out option (4/30/04 Executive Committee meeting, item 5.F.).
- Tuition reimbursement is provided for employees who take courses to improve their knowledge and skills. The annual maximum is based on the cost of CSUS tuition fees for two six-unit semesters. As respects the tuition reimbursement benefit, any employee who terminates employment within one year of receiving the benefit must reimburse PRISM for the amount of the tuition reimbursement (3/3/05 Executive Committee meeting, item 5.D.).
- When an employee is on workers' compensation leave, employee benefit programs will continue beyond the 12 weeks protected by FMLA (11/30/06 Executive Committee meeting, item 5.B.).
- A policy has been established outlining how employees will be reimbursed for mileage when driving on EIA business. Mileage will be reimbursed from the point of origin to the point of destination. However, reimbursement is not provided for any deviations.
- A policy has been established delegating authority to the CEO to downgrade positions with essentially the same job function (5/7/15 Executive Committee meeting, item 6.D.).
- A Leave Donation Policy has been established allowing employees to donate vacation time to other employees under certain circumstances involving a critical injury or illness (8/6/15 Executive Committee meeting, item 3.C.).

Reference: [9/7/89 Executive Committee Minute Order](#)

Reference: [12/6/90 Executive Committee Minute Order](#)

Reference: [6/3/93 Executive Committee Minute Order](#)

Reference: [5/5/94 Executive Committee Minute Order](#)

Reference: [4/30/04 Executive Committee Minute Order](#)

Reference: [3/3/05 Executive Committee Minute Order](#)

Reference: [11/30/06 Executive Committee Minute Order](#)

Reference: [Mileage Reimbursement Policy 5/3/07](#)

Reference: [5/4/15 Executive Committee Minute Order](#)

Reference: [Leave Donation Policy](#)

## **Meetings**

Since the PSC is an advisory body, the requirements of the Brown Act do not apply. However, agendas are prepared and distributed to PSC members to help facilitate orderly meetings. Actions of the PSC are recommendations to the Executive Committee.

**Code of Conduct/Ethics Policy:**

The Board has adopted a Code of Conduct, which is applicable to all members, staff, committees and the Board.

Reference: [Code of Conduct](#)

**Scheduling:**

The PSC generally meets in the early spring, in advance of development of the proposed fiscal year budget. However, the PSC will meet as needed, and at the call of the President.