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St. Cloud, Minnesota 56301  
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**Board of Trustees Personnel Committee Meeting**  
**Tuesday, September 20, 2016, 5:30 p.m.**  
**Holiday Inn Hotel & Suites**  
**75 South 37<sup>th</sup> Avenue, St. Cloud, MN 56301**  
**Agenda**

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|---|------|
| 1. Call to Order  | 5:30 |
| 2. Adoption/Amendment of Agenda   | 5:31 |
| 3. Approval of Minutes from July 19, 2016, Meeting (Requested action – Approve) | 5:32 |
| 4. Health Reimbursement Account Elimination (Requested action – Approve)        | 5:33 |
| 5. Fair Labor Standards Act Recommendation (Requested action – Approve)         | 5:10 |
| 6. Next Meeting: November 15, 2016, at 5:00 p.m.                                |      |
| 7. Adjournment  | 5:55 |

**GREAT RIVER REGIONAL LIBRARY  
PERSONNEL COMMITTEE MINUTES  
July 19, 2016**

A regular meeting of the Great River Regional Library (GRRL) Personnel Committee was called to order on Tuesday evening, July 19, 2016, at 5:32 p.m. in the St. Cloud Public Library Mississippi Room with Board Chairperson Rachel Leonard presiding.

Members Present:

Bernice Berns  
Laura Hayes  
Dave Kircher  
Rachel Leonard  
Michael Potter  
Jim Shovelain

Members Excused:

Jeff Bertram

GRRL Staff Present:

Brandi Canter  
Julie Henne  
Ryan McCormick  
Aron Murphy  
Karen Pundsack  
Jay Roos  
Julie Schmitz  
Rachel Thomas  
Jami Trenam  
Patricia Waletzko

GRRL Staff Excused:

**ADOPTION OF AGENDA**

Jim Shovelain made a motion to adopt the agenda as presented. Seconded by Bernice Berns, the motion carried unanimously.

**APPROVAL OF MINUTES**

Laura Hayes made a motion to approve the May 17, 2016, Personnel Committee meeting minutes as presented. Seconded by Bernice Berns, the motion carried unanimously.

**MINIMUM WAGE INCREASE AND PAY RANGE CHANGE**

Associate Director – Human Resources Julie Schmitz informed the Committee of the August 1, 2016, minimum wage increase to \$9.50 per hour and how it will impact GRRL. Library Aides in Pay Grade 4 of the 2016 Pay Range are affected. It is proposed to move all aides to Pay Grade 5 which is an open grade and eliminate Pay Grade 4.

Jim Shovelain made a motion to approve the minimum wage increase and pay range change as presented. Seconded by Bernice Berns, the motion carried unanimously.

**FAIR LABOR STANDARDS ACT UPDATE**

Julie Schmitz explained to the Committee the Department of Labor is changing salary thresholds for employees with an exempt status. The Fair Labor Standards Act will affect nine (9) GRRL positions in Pay Grade 22. Management is working to understand the impact to GRRL and considering options for those positions. A plan proposal will be brought to the Personnel Committee in September as the issue will need to be addressed prior to December 1, 2016.

**GRRL PERSONNEL POLICIES ANNUAL REVIEW**

The proposed GRRL Personnel Policy revisions were reviewed by Julie Schmitz. A motion was made by Jim Shovelain to approve the revisions as presented. Seconded by Michael Potter, the motion carried unanimously.

**HUMAN RESOURCES AND ACCOUNTING STAFF CHANGES EVALUATION**

Background information was given for the Human Resources and Accounting Departments staffing changes implemented in early 2014. An evaluation was requested following ADP implementation and training; however, it was postponed due to staff turnover in 2015. Julie Schmitz stated current workloads are adequate, payroll cross-training has taken place and other duties are able to be completed as a result. Her recommendation is to continue the structure as is.

**NEXT REGULAR MEETING**

The next Great River Regional Library Personnel Committee meeting will be Tuesday, September 20, 2016, at 5:30 p.m. in the St. Cloud Public Library Mississippi Room.

**ADJOURNMENT**

Rachel Leonard adjourned the meeting at 5:55 p.m.

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Rachel Leonard, Personnel Committee Chair



## Health Reimbursement Account (HRA) Elimination

Submitted by Julie Schmitz

Associate Director – Human Resources

### BOARD ACTION REQUESTED

Information

Discussion

Approve/Accept

### RECOMMENDATION

- Eliminate the HRA plan as a benefit option beginning in 2017. Full-time employees continue to have the option of using the benefit credit to pay for other benefit options including health, dental, life, FSA, disability and deferred compensation.
- Provide GRRL Board direction on future offering of cash-in-lieu of benefits to be incorporated into Personnel Policy.

### BACKGROUND INFORMATION

#### HRA

- In November 2013 the Executive Committee of the GRRL Board reviewed the HRA benefit option in response to the Affordable Care Act (ACA). Changes were made as a temporary solution with direction to re-evaluate for 2015 budget planning. In order to comply with ACA mandates, at the time it was determined that HRA-eligible employees would receive a flat dollar amount into an HRA account.
- There are currently only two employees participating in the HRA plan. The amount of administrative work involved in maintaining the plan is not supported by the low participation.
- The ACA market reforms regarding HRA plans have become increasingly complex and restrictive. For example:
  - Under the ACA, stand-alone HRA plans are now prohibited. An HRA plan must be integrated with a group health plan in order to comply with ACA market reforms including annual limit prohibition and preventive care requirements. We cannot integrate the HRA plan with our group health insurance plan because our health insurance plan is already integrated with the HSA plan.
  - If the HRA plan is considered to be integrated with another group health insurance plan, for example, a spouse's plan, GRRL is required to verify that the other plan meets the ACA market reform requirements and must

also verify the employee's continued coverage whenever the employee submits a claim for reimbursement.

- The HRA balances are elected but not expended until a claim is submitted.
- Sponsors of HRAs that do not comply with ACA market reform mandates may be subject to significant tax penalties.
- With elimination of the HRA plan, eligible employees who have funds in the plan will still have access to their accounts for reimbursement.

#### **Cash in Lieu of Benefits**

- At the November 2013 meeting it was determined that employees who are HRA eligible can receive unspent benefit credit money as taxable income once they have made their benefit elections.
- During that discussion, it was also determined that employees who are HSA eligible cannot receive any unspent benefit credit money as taxable earnings once they have made their benefit elections.
- Furthermore, it was determined that employees who are neither HSA nor HRA eligible can receive unspent benefit credit money as taxable earnings once they have made their benefit elections.
- In July the IRS issued regulations related to the ACA which may make the process of providing opt-out payments (cash in lieu of benefits) more complex. The regulations are yet to be finalized.

#### **FINANCIAL IMPLICATIONS**

Estimated Cost: \$ Undetermined

Funding Source:

Budgeted:  Yes

No

#### **ACTION**

Passed

Failed

Tabled



## Fair Labor Standards Act

Submitted by Julie Schmitz

Associate Director – Human Resources

### BOARD ACTION REQUESTED

Information

Discussion

Approve/Accept

### RECOMMENDATION

- Move the following positions to Grade 23 and maintain their exempt status: Collection Development Librarian, Patron Services Librarian, and Technical Services Librarian.
- Change the minimum of Grade 23 from \$47,162.96 to \$47,476.00.
- Increase the pay for the current Patron Services Librarian (and the new hire) to the salary threshold of \$47,476 per year effective 12/1/16.
- Move the Patron Services Specialist from Grade 22 to Grade 23 and change from non-exempt to exempt.
- Change the Payroll & Benefits Coordinator from exempt to non-exempt and maintain in Grade 22.

### BACKGROUND INFORMATION

#### X Supporting Documents Attached – Applicable Pay Grades

- Effective 12/1/16, the Fair Labor Standards Act will raise the salary threshold eligibility to be exempt from overtime pay from \$455/week to \$913 (**\$47,476 per year**). This affects the following positions in Grade 22 of the GRRL pay range who are currently exempt: Collection Development Librarian, Patron Services Librarian, Patron Services Specialist, Payroll & Benefits Coordinator, Technical Services Librarian. The current minimum of Grade 22 is \$44,907.20, which is below the new salary threshold for exempt status. There is currently one employee in Grade 22 whose pay is below the new salary threshold and there is one position vacancy for a Patron Services Librarian in Grade 22 that would be hired below the new salary threshold.
- To comply with the new salary threshold, the following options were considered:
  - Move positions in Grade 22 to Grade 23 which is a vacant grade with a minimum salary of \$47,162.96. This involves increasing the minimum of Grade 23 to the new salary threshold of \$47,476.00, increasing the pay for the current Patron Services Librarian who is below the new salary threshold and paying the

new employee who is hired for the vacant Patron Services Librarian position at the new salary threshold.

- Increase the pay for the two Patron Services Librarians in Grade 22 to the new salary threshold and keep all Librarian positions in Grade 22 as exempt. The minimum of Grade 22 would no longer reflect the actual minimum pay that employees hired in Librarian position receive in that grade. It would also mean there are some exempt and some non-exempt positions in Grade 22.
- Change employees in Grade 22 to non-exempt.
- In order to analyze the cost of converting the Librarian positions from exempt to non-exempt, Librarians in Grade 22 completed a work activities log for a five -week period. Based on the analysis, the cost of paying overtime is comparable to the cost of increasing the salaries for two Librarian positions. However, there is a greater benefit to GRRL with the flexibility of scheduling and productivity that is gained by the Librarians being classified as exempt.
- The Payroll & Benefits Coordinator is currently exempt in Grade 22. Based on an analysis of the Administrative exemption test which is required in addition to the salary threshold for exempt status, it has been determined that the Payroll & Benefits Coordinator position does not qualify for exempt status. Therefore, it is recommended that this position be changed to non-exempt. This position does not typically work over 40 hours per week, therefore, it is not anticipated that there will be additional cost.

## FINANCIAL IMPLICATIONS

Estimated Cost: \$ 4,431.60    Funding Source: 2017 Operating Budget    Budgeted:  Yes     No

Cost is to increase two Patron Service Librarian positions to the new salary threshold. It is likely this change could be absorbed into the existing 2017 budget through normal staff turnover in 2017.

## ACTION

Passed

Failed

Tabled

## Proposed Pay Scale

24	Patron Services Coordinator	<i>Annually</i>	\$49,504.00	\$57,054.40	\$64,604.80
	Technical Services Coordinator	<i>Hourly</i>	\$23.80	\$27.43	\$31.06
	Computer Systems Analyst				
	Web Developer				
23	Collection Development Librarian	<i>Annually</i>	\$47,476.00	\$54,326.69	\$61,511.42
	Patron Services Librarian	<i>Hourly</i>	\$22.67	\$26.12	\$29.57
	Patron Services Specialist Technical Services Librarian				
22	Payroll & Benefit Coordinator	<i>Annually</i>	\$44,907.20	\$51,771.20	\$58,593.60
		<i>Hourly</i>	\$21.59	\$24.89	\$28.17

## Current Pay Scale

24	Patron Services Coordinator	<i>Annually</i>	\$49,504.00	\$57,054.40	\$64,604.80
	Technical Services Coordinator	<i>Hourly</i>	\$23.80	\$27.43	\$31.06
	Computer Systems Analyst				
	Web Developer				
23	Vacant Range	<i>Annually</i>	\$47,162.96	\$54,326.69	\$61,511.42
		<i>Hourly</i>	\$22.67	\$26.12	\$29.57
22	Collection Development Librarian	<i>Annually</i>	\$44,907.20	\$51,771.20	\$58,593.60
	Patron Services Librarian	<i>Hourly</i>	\$21.59	\$24.89	\$28.17
	Patron Services Specialist				
	Payroll & Benefit Coordinator				
	Technical Services Librarian				