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Presentation to Pension Task Force, July 22, 2020



The source data for much of this presentation is from the State of Vermont Workforce Report Data for FY20, and can be found on the State of Vermont Human Resources Website:

https://humanresources.vermont.gov/sites/humanresources/files/documents/DHR-Workforce_Report.pdf

Executive Branch at a Glance – Fiscal Year 2020

[page 4 Workforce Report]

Workforce Characteristics	Classified	Exempt	Total
Number of Employees	7,675	642	8,317
FTEs (Full-Time Equivalents)	7,635.3	632	8,267.3
Full-Time Employees (FTE = 1) /Part-Time Employees (FTE <1)	7,548 / 127	609/ 33	8,157 / 160
Average Age	45.3	47.7	45.5
Percent Pre-Baby Boom	0.2%	0.3%	0.2%
Percent Baby Boom	23.7%	29.0%	24.1%
Percent Generation X	40.9%	42.2%	44.0%
Percent Millennial	33.3%	28.5%	33.0%
Percent Generation Z	1.9%	0.0%	1.7%
Average Years of Service	10.8	9.1	10.7
Percent Represented by a Bargaining Unit	92.3%	4.2%	85.4%
Talent Acquisition			
Number of Hires	880	58	938
Percent of Hires Female	48.8%	48.3%	48.7%
Percent of Hires Minority	8.9%	5.2%	8.6%
Average Age of Hires	34.4	41.7	34.9
Percent Pre-Baby Boom	0.0%	0.0%	0.0%
Percent Baby Boom	7.4%	8.6%	7.5%
Percent Generation X	21.9%	53.4%	23.9%
Percent Millennial	55.1%	37.9%	54.1%
Percent Generation Z	15.6%	0.0%	14.6%

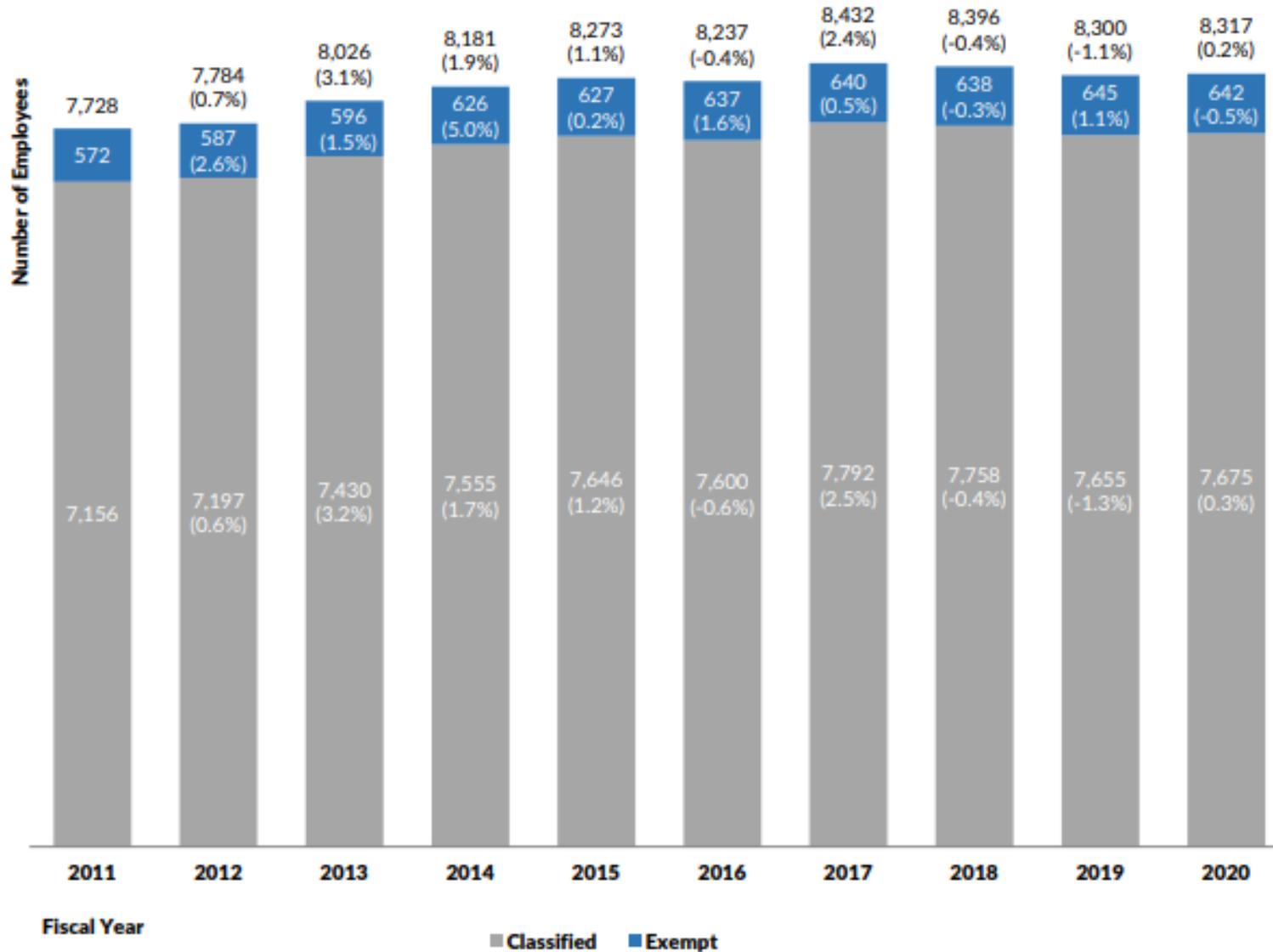
Executive Branch at a Glance – Fiscal Year 2020

[page 4 Workforce Report - continued]

Turnover			
Turnover Rate	11.1%	9.5%	11.0%
Number of Employees Separated	851	61	912
Percent Voluntary Terminations	63.3%	75.4%	64.1%
Percent Retirements	28.2%	23.0%	27.9%
Percent Involuntary Terminations	6.9%	1.6%	6.6%
Retirement Eligibility			
Percent Eligible End of Fiscal Year 2020	10.8%	n/a	n/a
Number Eligible End of Fiscal Year 2020	828	n/a	n/a
Percent Eligible within Five Years (End of Fiscal Year 2025)	24.5%	n/a	n/a
Number Eligible within Five Years (End of Fiscal Year 2025)	1,878	n/a	n/a
Compensation			
Average Annual Salary (Full-time, base rate only)	\$63,858	\$88,250	\$65,679
Total Cash Overtime Costs	\$24,810,141	\$21,640	\$24,831,782
Total Compensatory Hours Earned for Overtime	177,365	385	177,750
Average Total Compensation (Total Pay Plus Benefits) per Employee	\$102,845	\$121,281	\$104,317
Average Benefits Paid as a Percent of Total Compensation	34.4%	31.3%	32.7%
Equal Employment Opportunity			
Minority Representation	4.3%	3.0%	4.2%
Female Representation	51.2%	52.0%	51.3%

Source: The State's Human Resource Information System (VTHR). Data include all Executive Branch employees (classified and exempt) for Fiscal Year 2020.

Table 2 **Number of Executive Branch Employees by Fiscal Year**



FY 2021:

7,236 Classified
650 Exempt
 8,012 Total

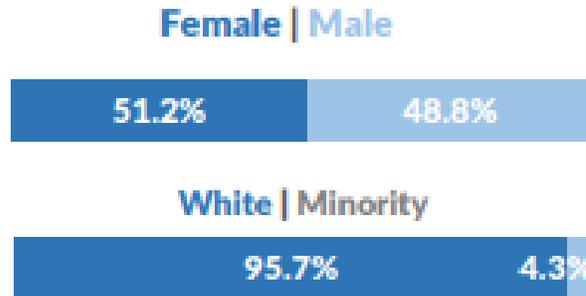
Note: pandemic/hiring freeze

Expect the number of employees to bounce back and likely increase in FY22 with end of hiring freeze and infusion of ARPA Funding

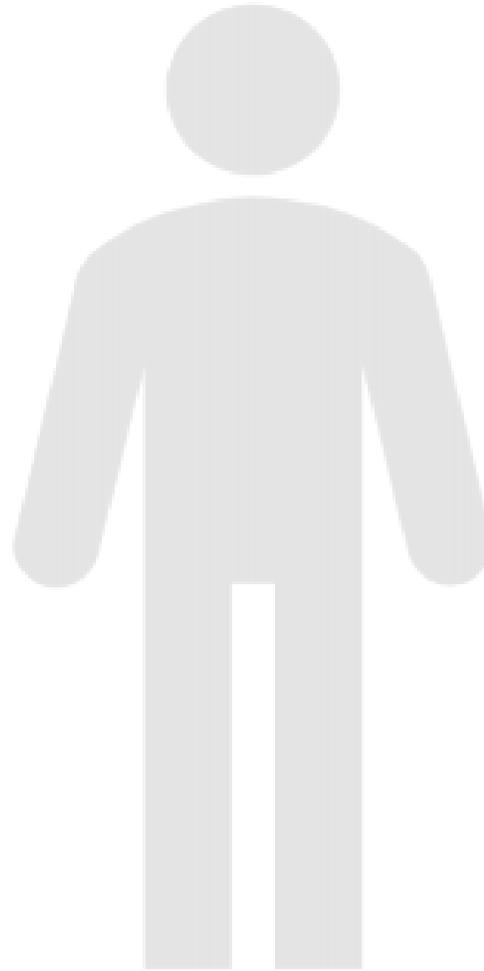
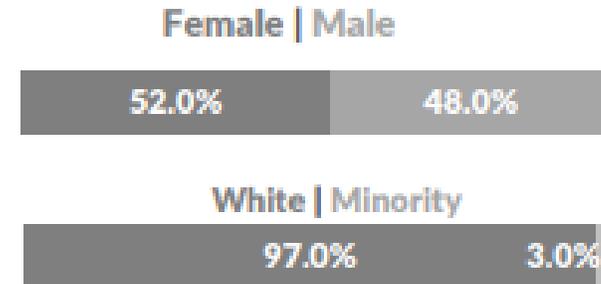
Source: The State's Human Resource Information System (VTHR). Data include all Executive Branch employees (classified and exempt) for Fiscal Years 2011 to 2020. The percentages noted in parentheses reflect the percent change from the previous fiscal year.

Table 7 Executive Branch Employee Profile

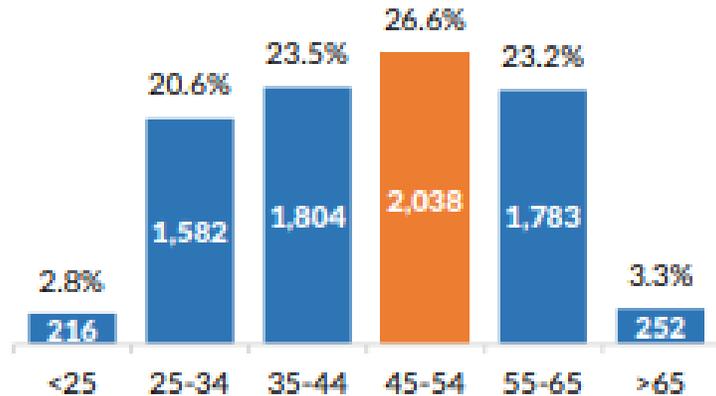
92.3% of the workforce (7,675) are **Classified Employees**



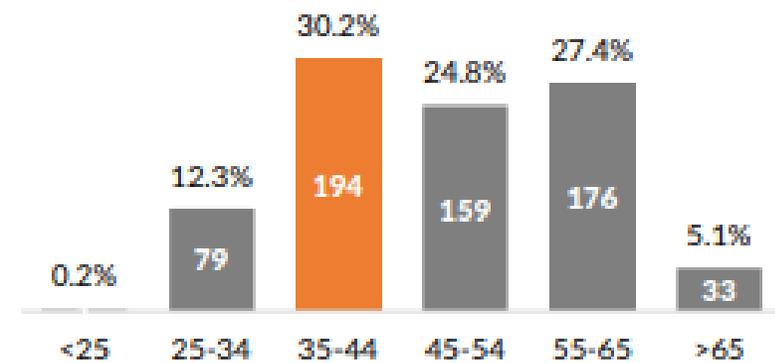
7.7% of the workforce (642) are **Exempt Employees**



Age Distribution Average Age = 45.3

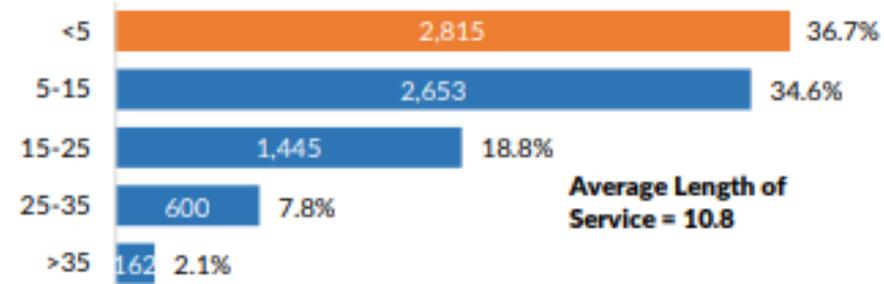


Age Distribution Average Age = 47.7

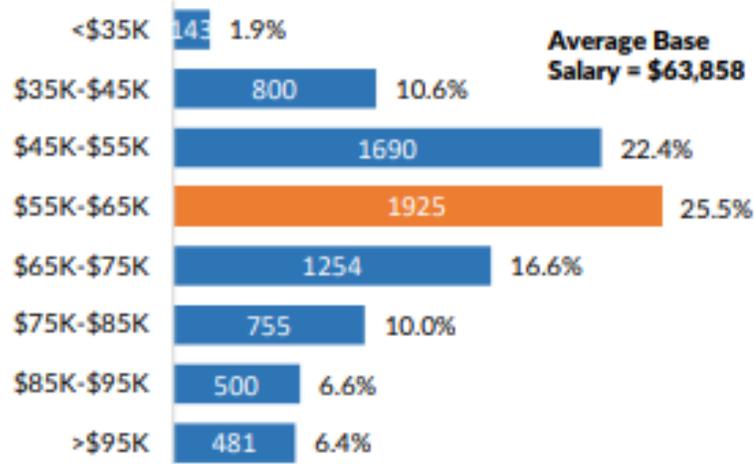


Classified Employees

Length of Service Distribution

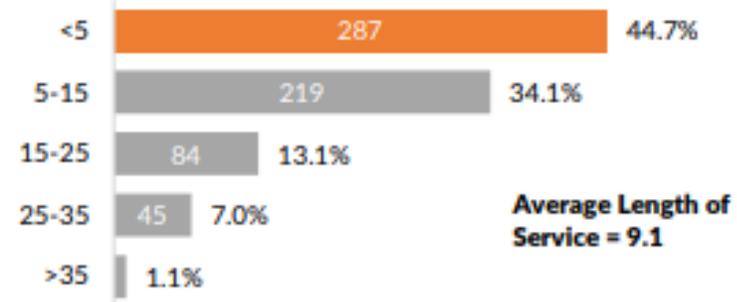


Annual Base Salary Distribution



Exempt Employees

Length of Service Distribution



Annual Base Salary Distribution

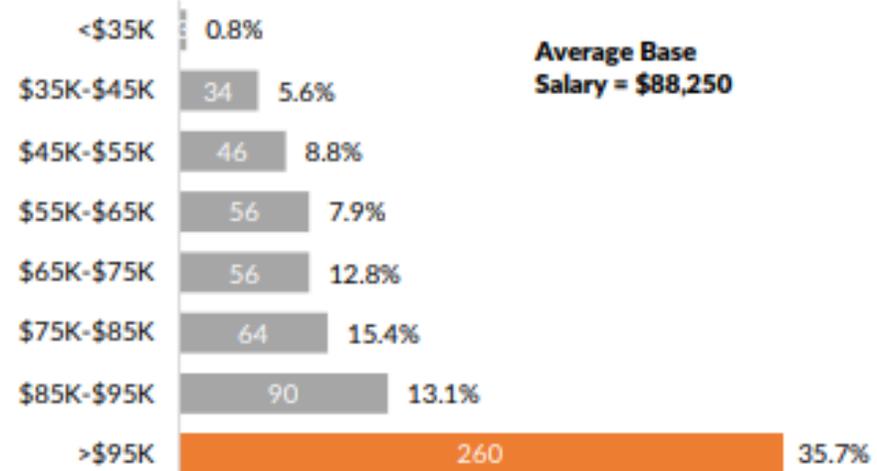
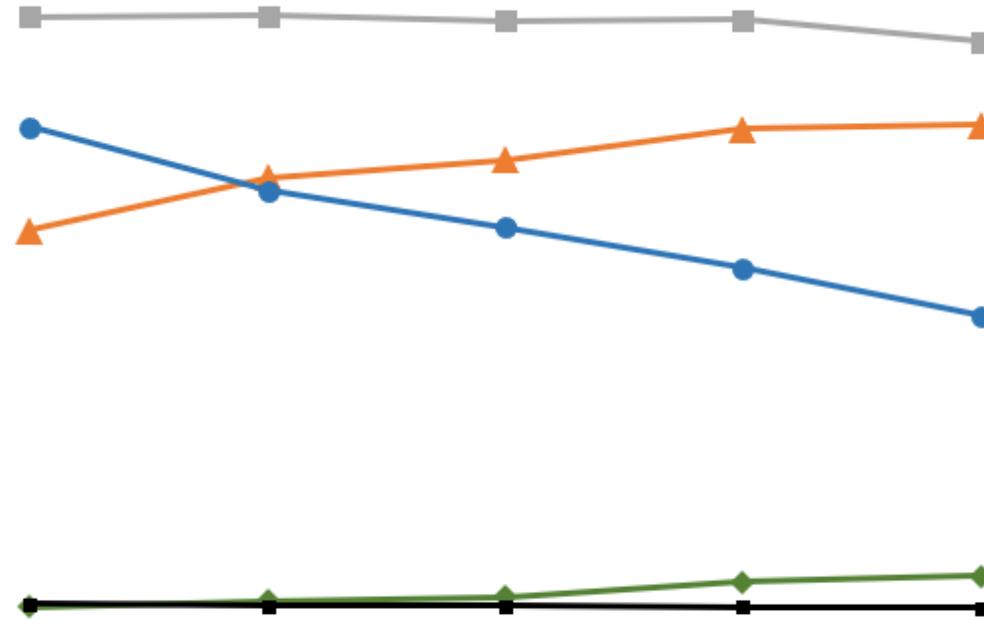


Table 16b Generational Shift – Fiscal Year 2017 to Fiscal Year 2021 (Updated with FY 21)

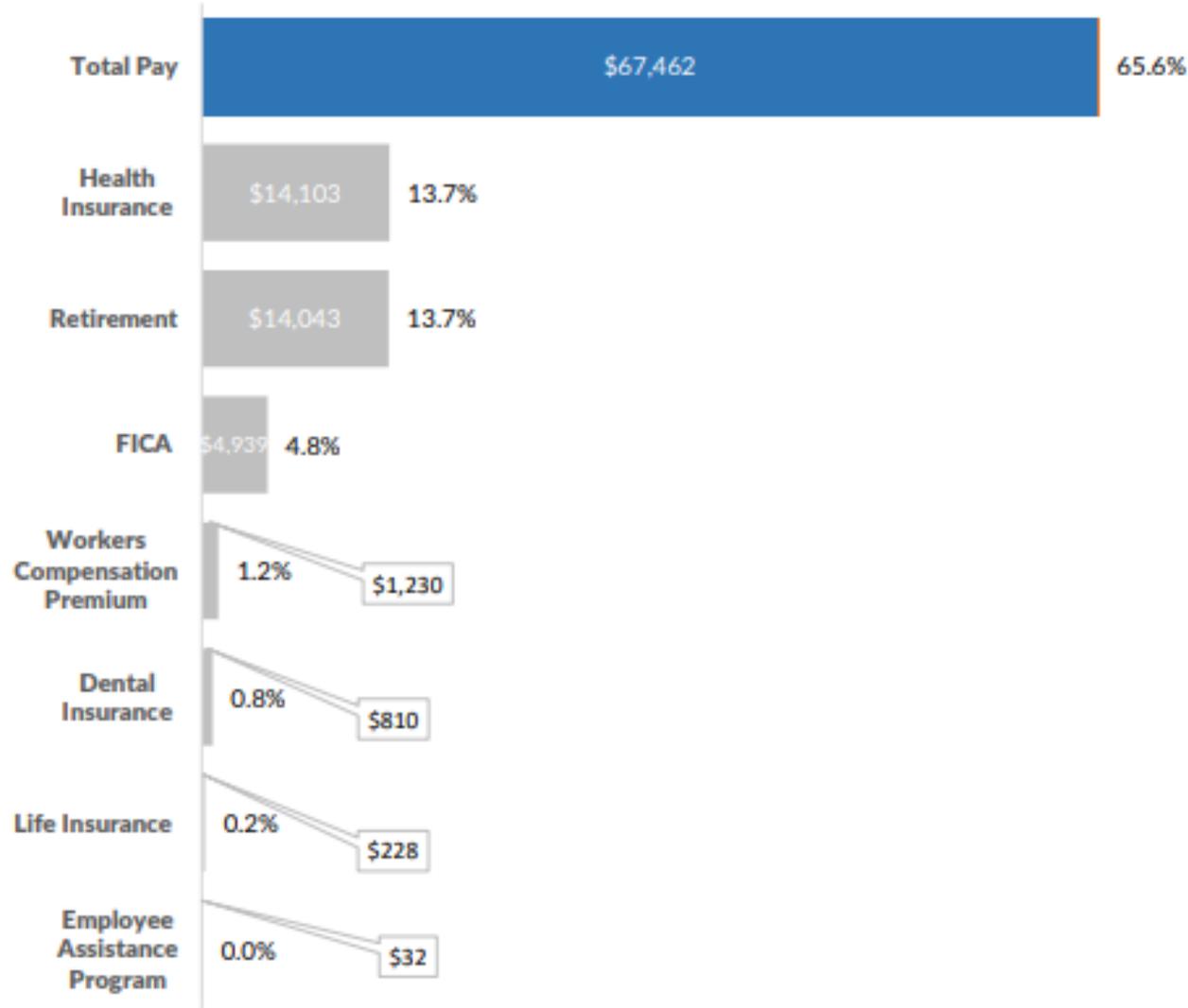


Contrary to common belief the State of Vermont workforce is not “graying” – the average age is decreasing, and Millennials and Generation Z are rapidly growing as a percentage of the workforce, while Baby Boomers are rapidly leaving the workforce.

	2017	2018	2019	2020	2021
■ Generation X	41%	41%	40%	40%	39%
▲ Millennial	26%	30%	31%	33%	33%
● Baby Boom	33%	29%	26%	23%	20%
◆ Generation Z	0.1%	0.5%	0.8%	1.9%	2.3%
■ Pre-Baby Boom	0.4%	0.2%	0.2%	0.2%	0.1%

Note: Generation Z are those born 1997 and later (age 24 or younger in 2021); Millennials are those born from 1981 to 1996 (age 25 to 40 in 2021); Generation X are those born from 1965 to 1980 (age 41 to 56 in 2021); the Baby Boom are those born from 1946 to 1964 (age 57 to 75 in 2021); and Pre-Baby Boom (or The Silent Generation) are those born from 1945 or earlier (age 76 or older in 2021). Source: <http://www.pewresearch.org/fact-tank/>

Table 47 Total Compensation for Classified Executive Branch Employees – Fiscal Year 2020



Average total compensation for classified Executive Branch employees for Fiscal Year 2020 was \$102,845.

On average, employer-paid benefits represent 34.4% of total compensation.

Detail of Total Compensation - Executive Branch Classified ¹ Employees Fiscal Year 2020

Pay	Total	Cost per Employee ³	% of Total Compensation
Total Pay ²	\$512,439,891	\$67,462	65.6%
Subtotal	\$512,439,891	\$67,462	65.6%
Employer Paid Benefits			
FICA (Social Security and Medicare Deductions)	\$37,514,499	\$4,939	4.8%
Workers Compensation Premium ⁴	\$9,344,338	\$1,230	1.2%
Retirement (State share of retirement contribution)	\$106,669,722	\$14,043	13.7%
Health Insurance (State 80% share)	\$107,124,825	\$14,103	13.7%
Dental Insurance (State 100% share)	\$6,150,345	\$810	0.8%
Life Insurance (State 75% share)	\$1,730,182	\$228	0.2%
Employee Assistance Program	\$240,358	\$32	0.0%
Subtotal	\$268,774,269	\$35,384	34.4%
Total Compensation (Pay + Benefits)	\$781,214,160	\$102,845	100.0%

¹ Includes bargaining unit and non-bargaining unit employees.

² Includes all categories in which employees were paid: salary, leave, overtime, shift differential, etc. Does not include expense reimbursements, such as for mileage.

³ Based on the average number of classified employees during FY '20 (7,596).

⁴ Premium allocation estimated based on data from the Department of Finance & Management, the Risk Management division of the Agency of Administration, and the State's Human Resource Information (VTHR).

Retirement contribution allocated as a percentage of pay for **Defined Benefits Plan (Pension + OPEB):**

State Share

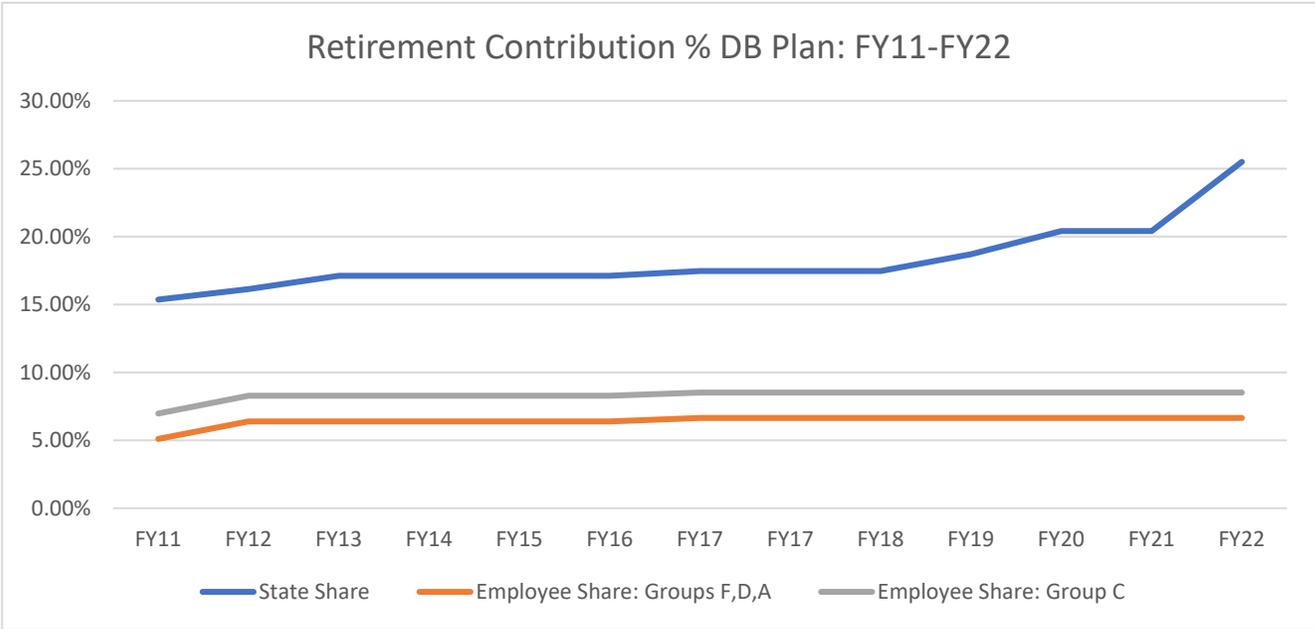
FY21 = 21.4%  FY22 = 25.5%

Employee Share:

FY21 = 6.65%  FY21 = 6.65%

Increased the employer contribution rate (percentage of payroll) by 4.1% from FY21 to FY22

If started to pay down OPEB, need to add additional 9% on top of payroll



Defined Compensation Plan
 (Option for Exempt Employees):
 State Share: 11% (7% Ret; 4% OPEB pay go)
 Employee Share: 2.85%

Deferred Compensation Plan (457 (b))
 Additional Optional Savings for all employees

State of Vermont Employee Value Proposition

An employee value proposition (EVP) is the unique set of benefits that an employee receives in return for the skills, capabilities, and experience they bring to an organization. It is a GIVE and a GET.

Stable Employer

We offer stable employment. We're not going to go out of business in five years or be bought up by some larger company. Government isn't going to go away, and people value that stability.

Work with a Purpose

We are public employees and in the business of serving all Vermonters. To hold a job that "makes a difference" is a compelling and attractive component of our EVP.

Decent Pay

We generally lag or are at market; However, there is consistent salary progression (steps). Highly competitive pay is not a strong component of our EVP.

Opportunity

Opportunities for Training, Professional Development, and Career Progression (Opportunities for lateral and upward movement across the agencies/ departments)

Superior Health Benefits

One of the hallmarks of our value proposition is a superior medical benefits plan.

Retirement Plan

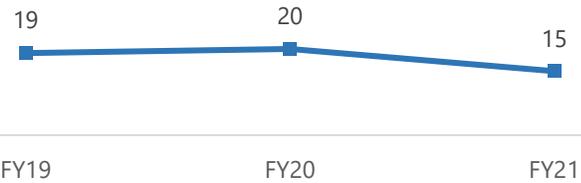
Our defined benefit pension plan is a strong component of our EVP. There are differences based on occupational groups and various demographics.

As of 7/19/21:

- 674 active job openings
- 255 of these are posted on our website for application. The others are in the selection process.
- The statewide Executive Branch vacancy rate is 12% (1,058 positions)

We're seeing intense competition and fewer applicants per job opening.

Average Number of Qualified Applicants per Requisition



Percentage of Requisitions with 5 or Fewer Qualified Applicants



A Sampling of Hard to Fill Jobs

Business Analysts	VR Counselors
System Developers	Family Service Workers
Information Security Analysts	Public Health Analysts
Systems Administrators	Correctional Officers
PSAP Dispatchers	AOT Maintenance Workers
Troopers	Higher level Engineering/Technician positions
Registered Nurses	Custodians
Cooks & Food Service Workers (VPCH & VVH)	Building maintenance positions
Mental Health Specialists	

Table 34 Turnover Rate by Reason by Fiscal Year (Updated with FY 21)

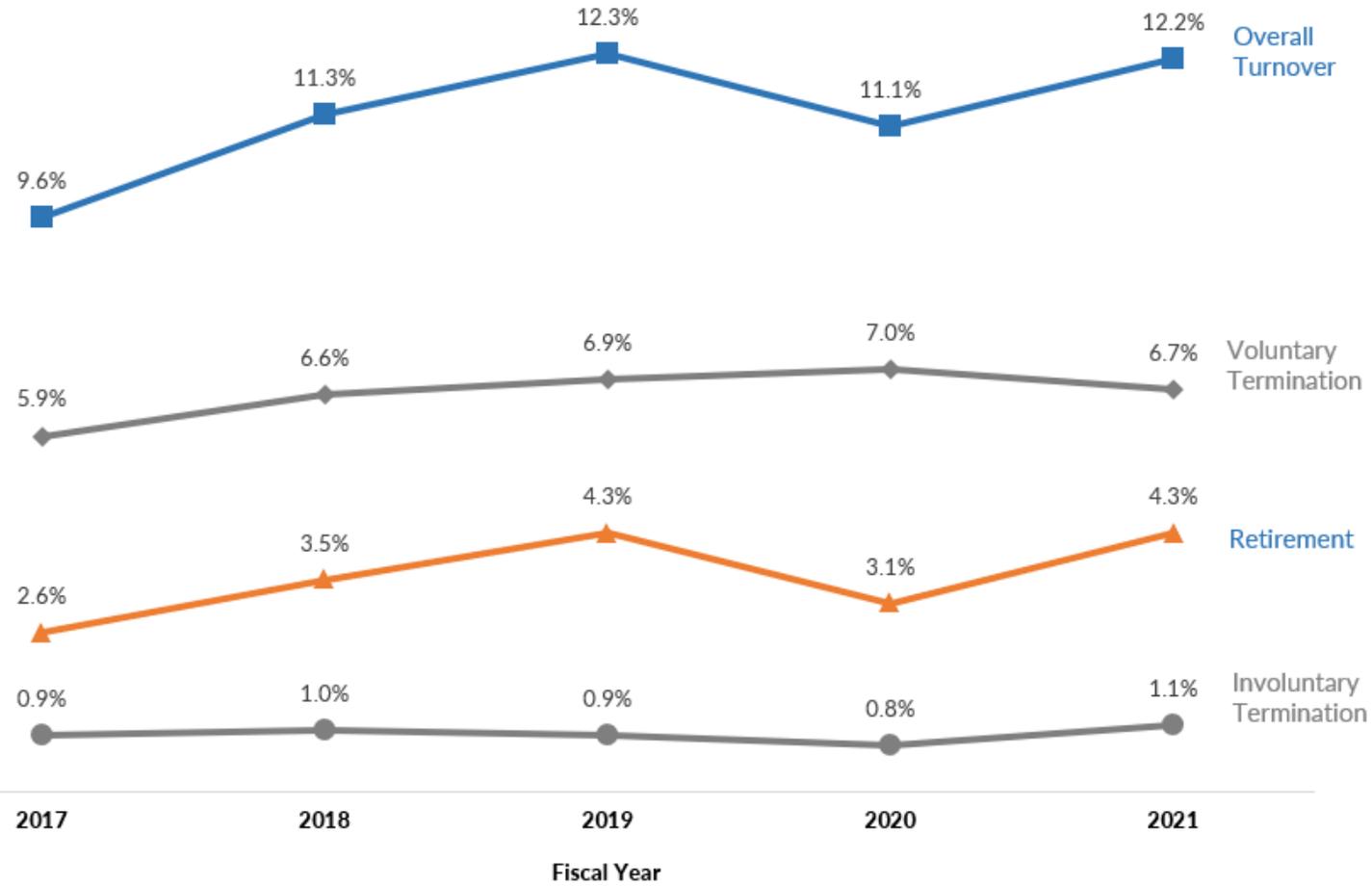


Table 35 Number of Separations by Reason by Fiscal Year (Updated with FY 21)

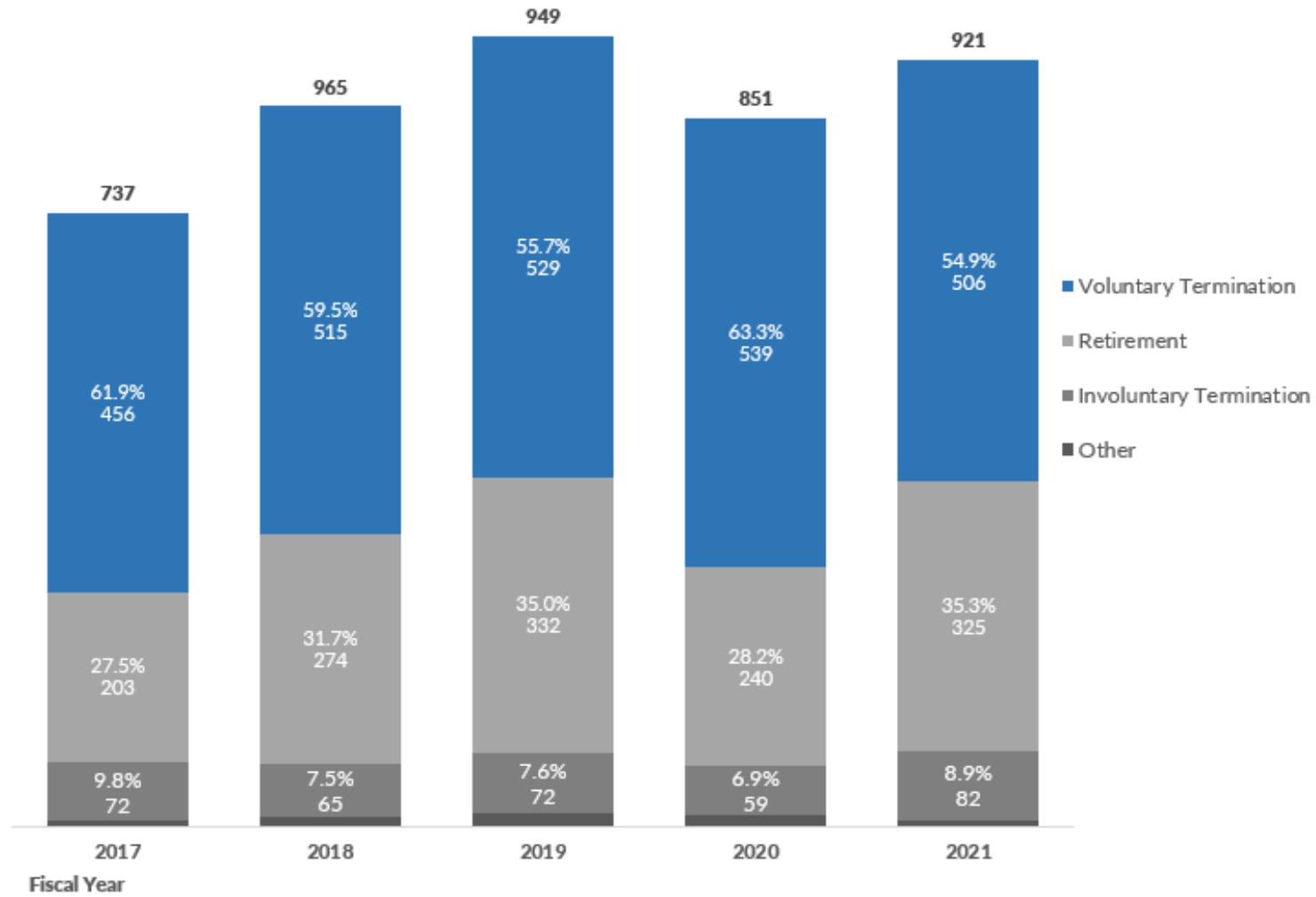


Table 31 Historical View of Turnover – Fiscal Years 1998 to 2021 (Updated with FY 21)

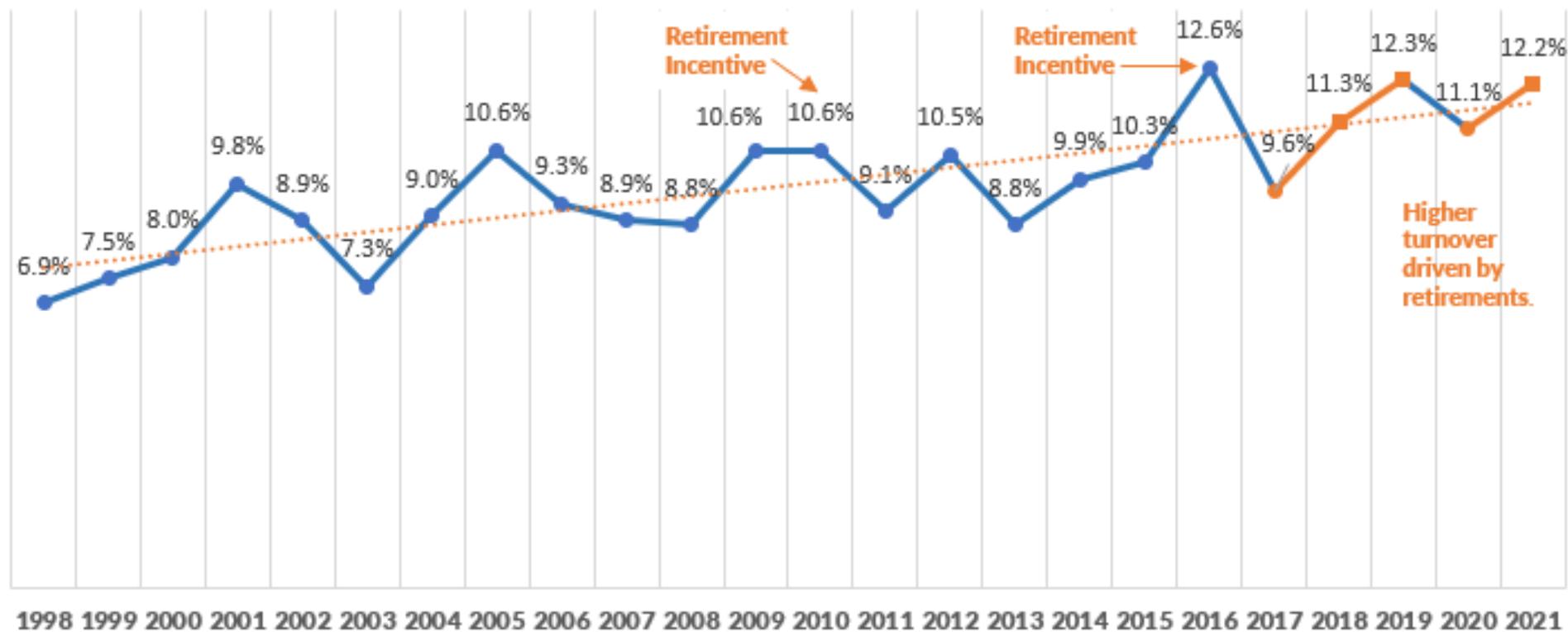
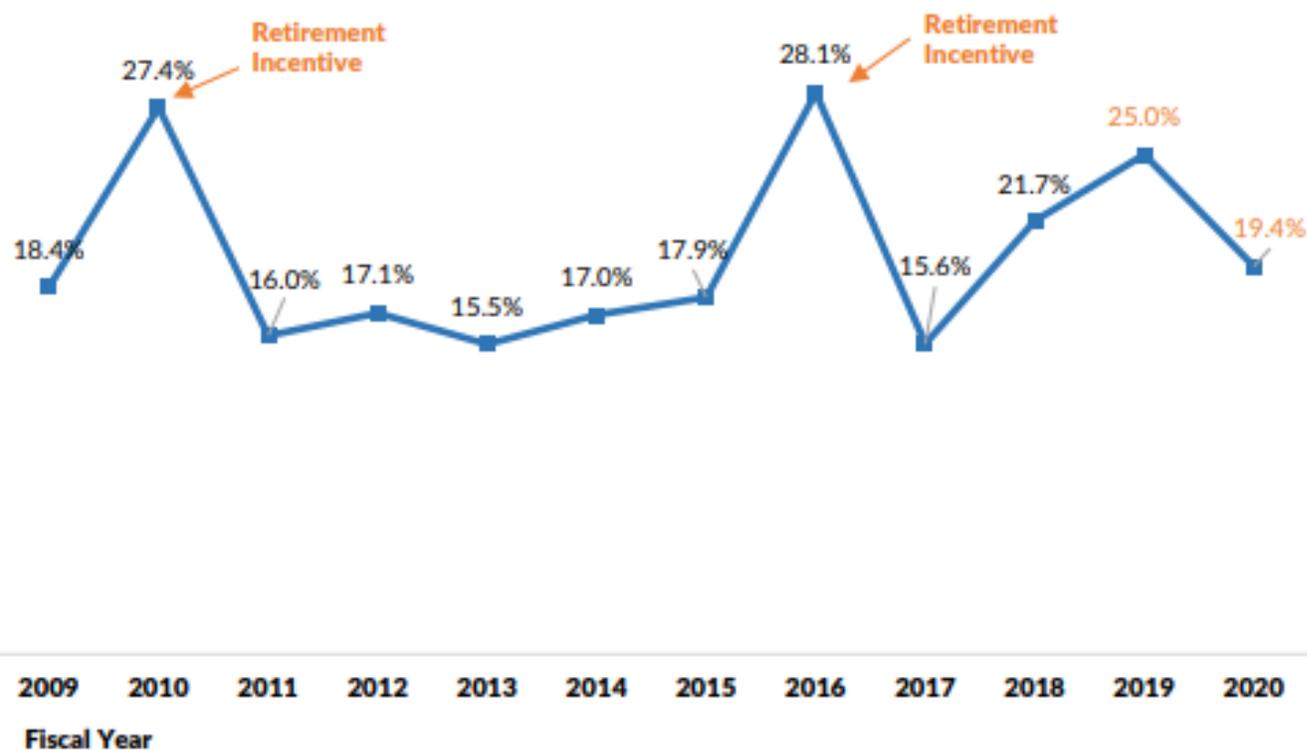


Table 43 **Percent of Retirement Eligible Classified Employees Who Actually Retire by Fiscal Year**

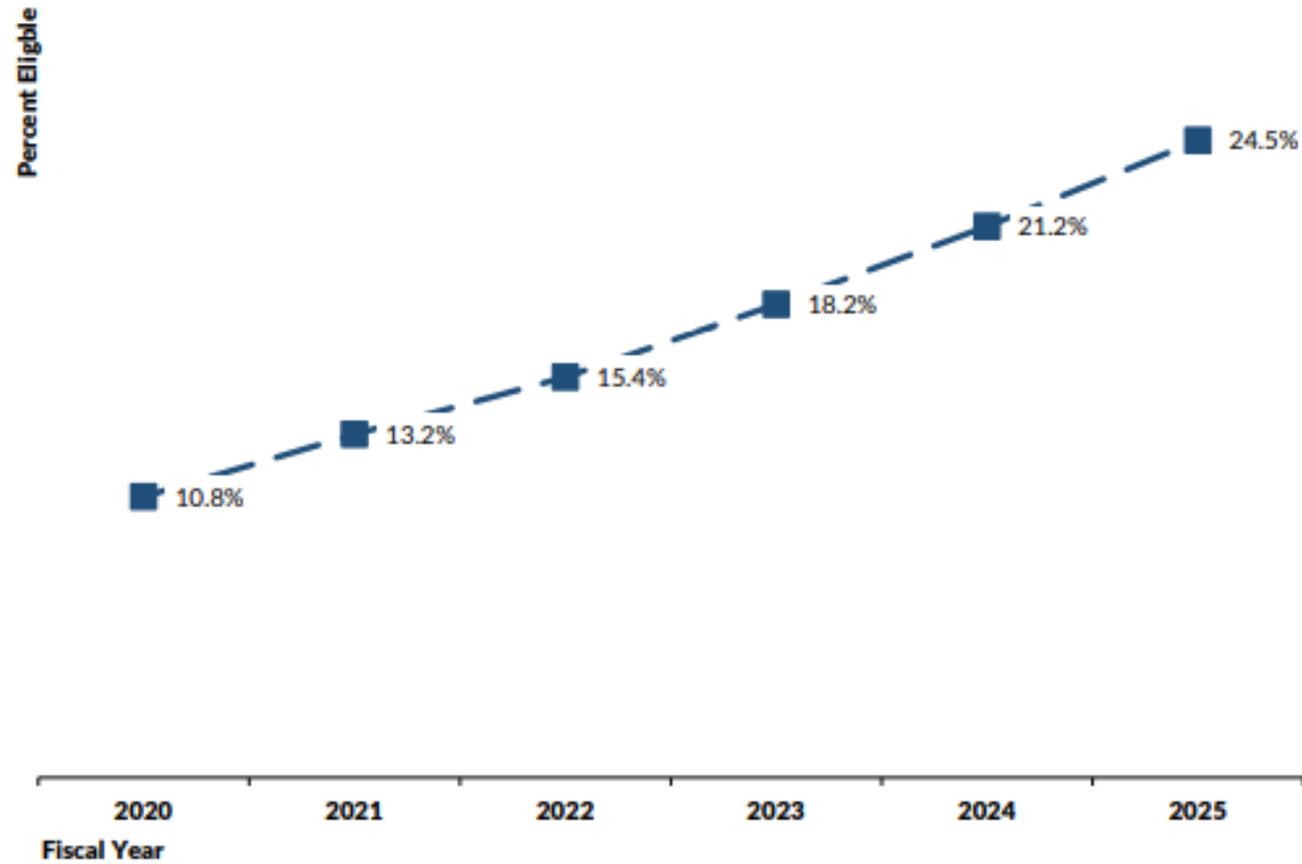


Fiscal Year 2020 again saw a higher percentage than average of employees who were eligible to retire actually retire.

This is following Fiscal Year 2019 when we saw the highest percent of employees who were eligible to retire actually retire - outside of a year with a retirement incentive.

Source: The State's Human Resource Information System (VTHR) and Office of the State Treasurer, Retirement Division. Data include only classified employees of the Executive Branch. Projections are based on employee's age and length of creditable service at the end of each fiscal year. Includes all classified employees eligible for normal retirement during each fiscal year. Does not include early retirements or disability retirements. Please see Appendix E for a description of the method used to produce the retirement projections.

Table 40 **Projected Retirement Eligibility by Fiscal Year**



	2020	2021	2022	2023	2024	2025
Male	386	472	572	677	804	930
Female	442	538	613	721	821	948
Total	828	1,010	1,185	1,398	1,625	1,878
% Change from Previous FY		22.0%	17.3%	18.0%	16.2%	15.6%
Additional Number Eligible		182	175	213	227	253

GROUP F- End FY20 data-Source: DHR	Number	Avg Age	Avg Service	Avg Base Salary
Retire-Eligible Age+Service	318	65	19	\$72,098
Retire-Eligible Max Benefit 30 years Service	429	60	35	\$80,400
Additional Retire- Eligible within 5 years	671	57	22	\$74,882
Not Eligible to Retire within 5 years	1,513	47	17	\$72,379
<u>F*- Started after June 2008</u>	<u>4,713</u>	<u>41</u>	<u>5</u>	<u>\$56,692</u>
Total	7,644	46	11	\$63,365

Questions?

