



# **Item 8: Human Resources Operations Reports**

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Human Resources and Governance Committee Meeting

February 10, 2014

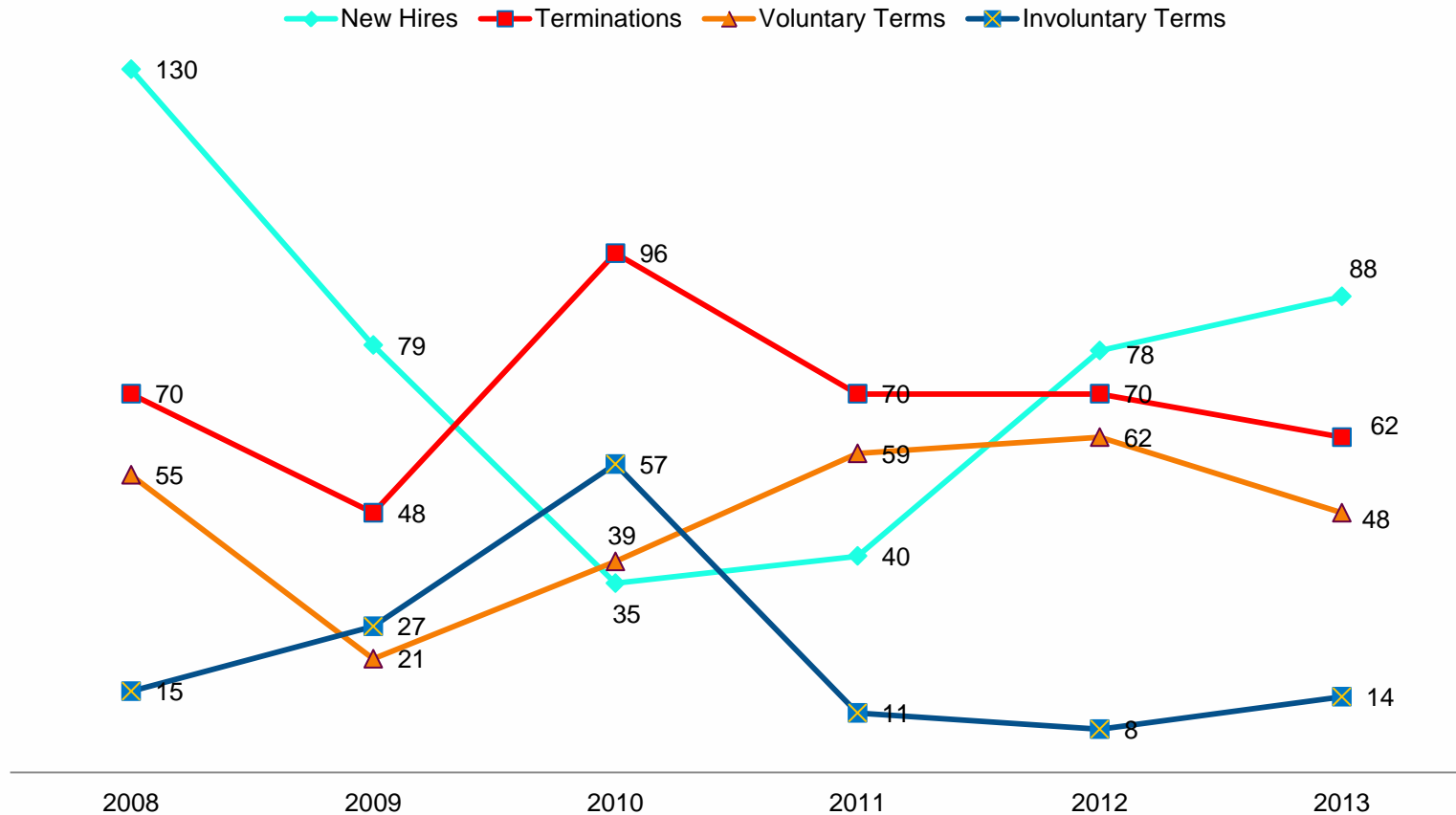
ERCOT Public

## Agenda

- **2013 Year End Summary**
- **Employee Tenure Initial Analysis**
- **ERCOT Employee Benefits Analysis**
- **ERCOT Compensation Program Update**
- **Affordable Care Act Update**

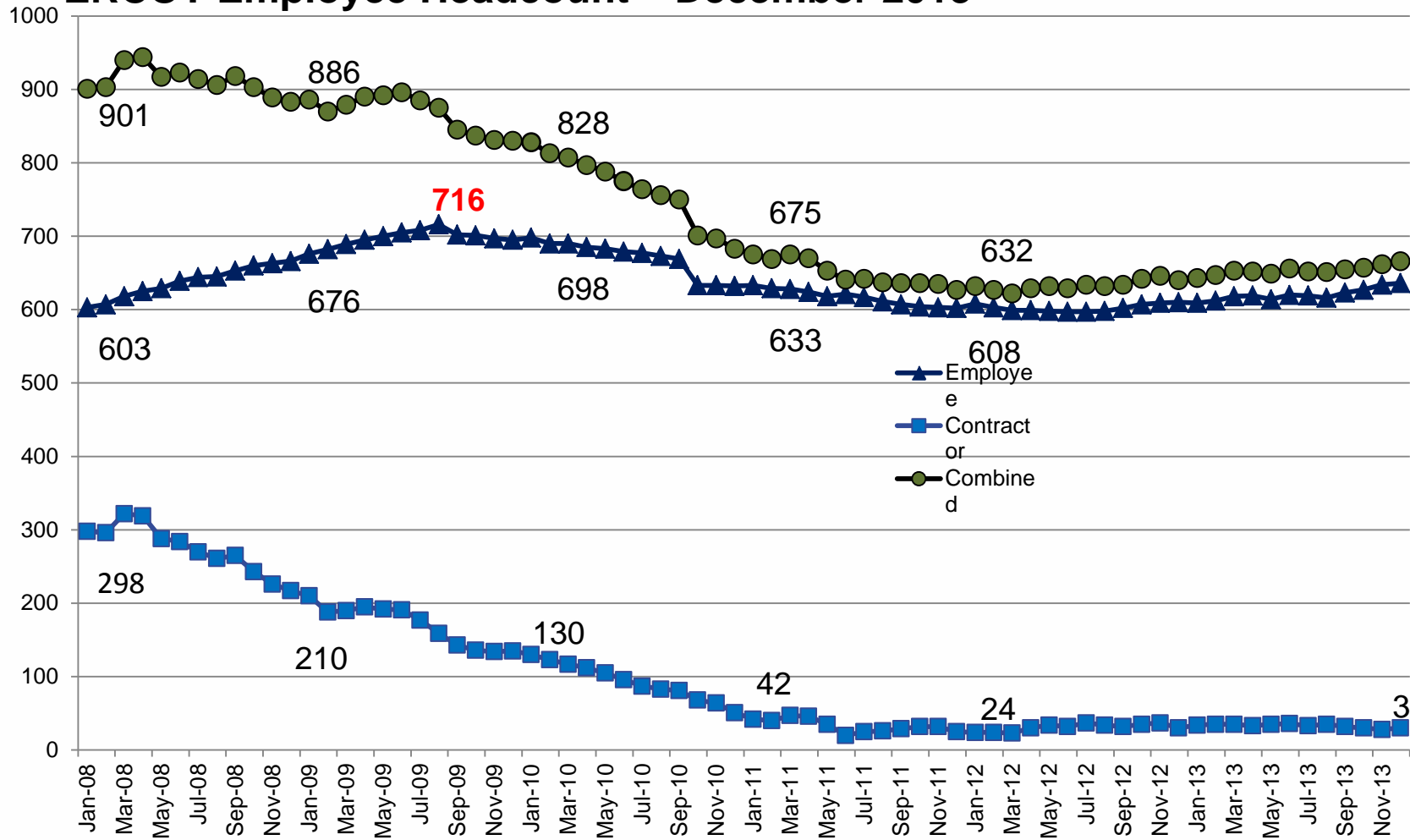
# HR Operations Report – 2013 Year End Summary

## ERCOT - Employee New Hires/Terminations



# HR Operations Report – 2013 Year End Summary cont'd

## ERCOT Employee Headcount – December 2013



# HR Operations Report – 2013 Year End Summary cont'd

## ERCOT Contractor Report

CONTRACTORS as of 12/31/13	
Capital Projects	11.5
Base - Staff Augmentation	17.5
DoE Grant	1
	30

# HR Operations Report – 2013 Year End Summary cont'd

## 17 ERCOT Contractor Conversions in 2013

January	Unix Administrator Sr	IT
February	Desk Side Support Tech	IT
February	Database Admin Sr	IT
April	Client Platform Architect	IT
April	Unix Admin 2	IT
April	Executive Assistant	IT
April	Systems Architect Sr	IT
July	EMMS App Architect Sr	IT
July	Linux Admin w	IT
August	Data Center Tech 2	Facilities
September	Windows Admin 2	IT
September	IT Corp Systems Analyst	IT
October	Accounting Specialist	Finance
October	Accountant	Finance
November	Systems Analyst Sr	Credit
December	Database Admin Sr	IT
December	Client Platform Architect	IT

# HR Operations Report – 2013 Year End Summary cont'd

## ERCOT 2013 Attrition – December

- YTD 2013 Total Attrition Rate: 10.0%
- YTD 2013 Voluntary Attrition Rate: 7.8%
  - December 2012 Total Attrition Rate: 11.6%
  - December 2012 Voluntary Attrition Rate: 10.3%
- 2013 Terminations – 62 Employees
  - 48 Voluntary
  - 14 Involuntary
- Voluntary Reasons:
  - 25 Promotional Opportunity
  - 12 Family
  - 08 Personal
  - 02 Retirement
  - 01 Location of Facility

# HR Operations Report – 2013 Year End Summary cont'd

## ERCOT 2013 Key Talent Attrition – December

- Year-End 2013 Talent Attrition Rate: 6.21%
- 2013 Terminations: 10 Employees
- Reasons:
  - 04 Promotional Opportunity
  - 03 Family
  - 01 Personal
  - 01 Location of Facility
  - 01 Position Elimination

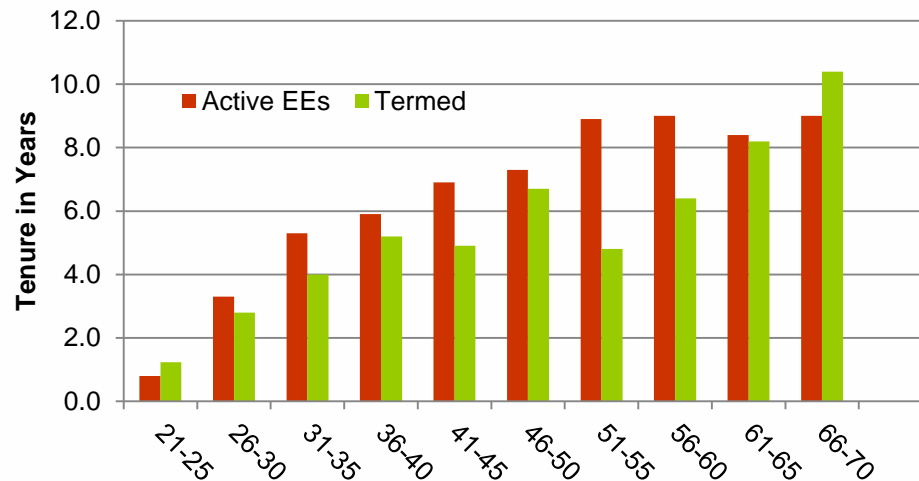


# HR Operations Reports – 2013 Year End Summary cont'd

	Year-End 2011		Year-End 2012		Year-End 2013		Current
Business Area	Attrition	Hired	Attrition	Hired	Attrition	Hired	Recruiting
Business Integration/Market Rules	3	1	2	3	2	4	7
Client Services	1		4	2	4	4	1
Settlements & Retail Operations	6	2	3	5	2	4	
Compliance	1	2	1		4	1	
Executive			1	1			
Corp Communication			1	2	1	1	
Facilities	1	1			1	2	
Finance	2	4	7	1	3	8	
Grid Ops & Sys Plan	12	9	13	19	12	22	11
HR	1		2	2		2	
IT	31	14	24	27	23	29	15
Legal	2	1		3		2	1
Operations	1	1			1	1	
Risk/Credit Mgt	3	3	3	1		2	
Security	2	1	5	4	2	3	
Whls Mkt Ops	3	1	4	7	6	3	5
Training & Development	1			1	1		
	70	40	70	78	62	88	40

# Employee Tenure Initial Analysis

**Average Tenure by Age Group 2010-2013**



Age Group	# EEs	Tenure Years				
		0-5	5+ - 10	10+ - 14	15+ - 20	20+ -25
21-25	11	11	0	0	0	0
26-30	49	36	13	0	0	0
31-35	83	37	35	11	0	0
36-40	112	46	52	13	1	0
41-45	106	35	47	22	2	0
46-50	91	31	32	23	5	0
51-55	100	25	28	41	6	0
56-60	53	10	18	23	2	0
61-65	28	8	11	7	1	1
66-70	11	1	6	4	0	0
Total	644	240	242	144	17	1

- Current employees in most age groups tend to have longer careers at ERCOT than former employees, especially in the 51-60 age group.
- No looming retirement crisis at the corporate level: only 14% of ERCOT workers are older than 55. Each major department will be reviewed.
- Retirement benefits will likely continue to be a highly valued factor in our total rewards strategy.
- Employee training, development and retention programs will target specific employee groups

# ERCOT Competitive Benefits Analysis

## **New Benefit for 2014:**

- PTO Conversion Option allows staff to make an annual election to forego sick leave accruals and receive 6 PTO days
- 47% of ERCOT employees have chosen elective PTO

## **Detailed Analysis of the Following Benefits:**

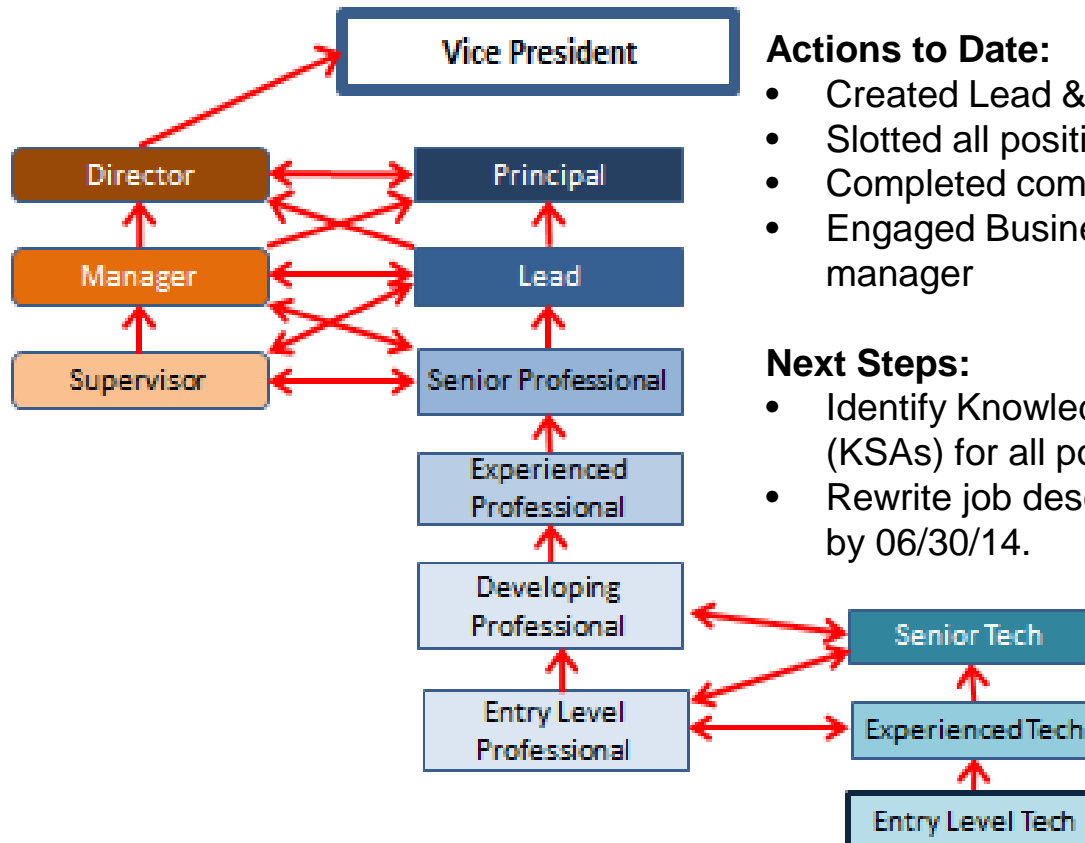
- Retirement Income (matched savings and non-matching)
- Death (pre-retirement and post-retirement, group life insurance)
- Disability (STD and LTD)
- Pre-retirement Health Care (medical, dental, vision, accounts/credits)
- Post-retirement Health Care (pre- and post Medicare)
- Time Off with Pay (holidays, sick leave, vacation/PTO, “special” time off provisions)

## **Areas for Further Evaluation:**

- Annual process for Stop Loss coverage
- Group Life employee premium cost
- Consumerism and wellness tools
- High deductible/HSA Option
- Vacation, Sick Leave and PTO in total
- 401(k) vesting schedule

# ERCOT Compensation Program Update

## Proposed Career Paths



### Actions to Date:

- Created Lead & Sr. Tech levels
- Slotted all positions into levels
- Completed competitive salary analysis
- Engaged Business Planning project manager

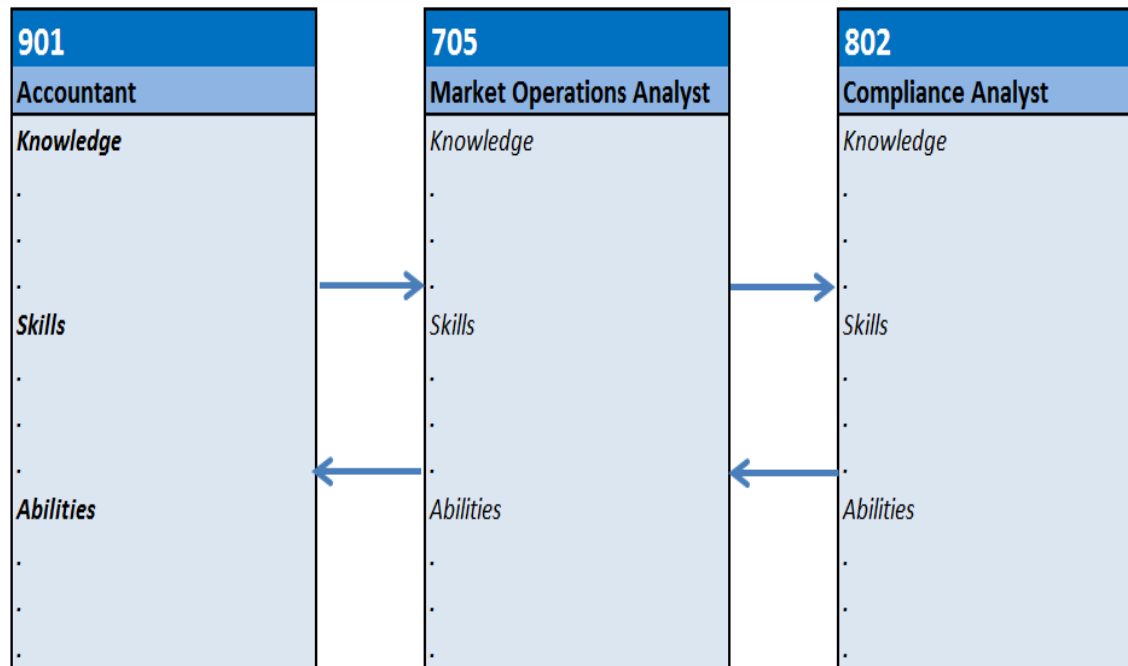
### Next Steps:

- Identify Knowledge, Skills and Abilities (KSAs) for all positions
- Rewrite job descriptions including KSAs by 06/30/14.

# ERCOT Compensation Program Update, cont'd

## Mobility Mapping

### *KSA's Purpose*



With our KSA's in place for each job, we can then look across the company for commonality among our jobs and determine which skill sets are interchangeable. From here, we can identify career paths, talent pools, and development needs for our employees

# Affordable Care Act Update

## COMPLIANCE CALENDAR FOR HEALTH CARE REFORM (Excludes Requirements Not Applicable to ERCOT Plans)\*

Requirement	Due Date	Status
Automatic Enrollment for New Hires	TBD	No action required yet
Provide Coverage for Dependents	7/1/11	Compliant
Coverage for Adult Children to Age 26	7/1/11	Compliant
Eliminate Pre-Existing Condition Exclusion for Minors	7/1/11	Compliant
Eliminate Pre-Existing Condition Exclusion for All Participants	1/1/14	Compliant
Eliminate Lifetime Limits on “Essential Benefits”	7/1/11	Compliant
Eliminate the Right to Rescind Coverage Except in Cases of Fraud	7/1/11	Compliant
100% Coverage of Defined Preventive Health Services	7/1/11	Compliant
Eliminate Pre-authorization for Out-of-Network Emergency Care	7/1/11	Compliant
Establish Compliant Appeals Process	7/1/11	Compliant
Exclusion of OTC Drugs from Flex Plan Coverage	1/1/11	Compliant
Provide Uniform Summary of Benefits & Coverage	6/30/13	Compliant
Provide Notice of Material Modifications 60 Days Prior to Effective Date	7/1/13	No material changes identified
Provide Notice of Right to Coverage Under Exchanges, Potential Eligibility for Premium Tax Credit, Cost Sharing, and Loss of Employer Contribution if Coverage Purchased via Exchange	10/1/13	Compliant
Eliminate exclusions for participation in clinical trials	7/1/14	Will be addressed in 7/1/14 plan revision

\*Changes from the last updated are highlighted

# Affordable Care Act Update cont'd

## Additional Costs of Compliance

Requirement	Effective Dates	Estimated Annual Cost
Transitional Reinsurance Program Fee of \$63 per plan enrollee	2014-2016	\$101,000 First payment due 12/31/14 or 1/15/15
Comparative Effectiveness Research Fee of \$2 per plan enrollee	2013-2019	\$3,200 First payment due 7/31/14
"Shared Responsibility" penalty of \$2000 per FTE (minus the first 30) if any employee receives premium assistance or tax credit	2018 and beyond	Unable to determine
"Shared Responsibility" penalty of \$250 per FTE who qualifies for the premium tax credit if the plan pays less than 60% of the actuarial value of benefits	2014 and beyond	Unable to determine
"Cadillac Tax"	2018 and beyond	\$13,500 - \$1.1 million, depending on claims experience and health care cost inflation

## Cadillac Tax Risk Factors

- **Medical care cost increases**
- **Actual claims experience (drives increase in the cost of stop-loss coverage and resulting premium expense)**
- **Number of employees participating (employee migration to other risk pools would drive increases in premiums)**



## Cost Mitigation Strategies

- **Eliminate Buy-up Plan**  
Employee premium contribution increases started in 2011 have succeeded in driving more employees to the Base Plan. We currently anticipate eliminating the Buy-up plan by June 30, 2016.
- **Add High-deductible/HSA Plan**  
Employees bear a larger share of costs before coverage is available; use may be limited under the Affordable Care Act
- **Wellness Incentives**  
Promote healthy lifestyles and proactive treatment of chronic diseases that can reduce claims cost.
- **Increase employee premium contributions.**
- **Increase employee deductible, co-pays, and co-insurance.**
- **Eliminate the health plan.**

# Affordable Care Act Update cont'd

## The Cost of Mitigation

<b>Eliminate Buy-up Plan</b>	Slightly increased premium expense.
<b>Add high-deductible/HSA option</b>	Employer and employee contributions to HSA are included in plan cost for purpose of calculating Cadillac tax. Employer contributions to HSA may be required to meet minimum value requirements.
<b>Wellness Incentives</b>	Costs are completely within the employer's control. No immediate ROI. Incentives such as premium reductions can reduce Cadillac tax liability.
<b>Raise employee premium contributions</b>	Employee contribution (based on single coverage) exceeding 9.5% if household income triggers penalty equal to the lesser of (i) \$3,000 per employee receiving the premium tax credit or (ii) \$2,000 per year per FTE (minus first 30).
<b>Increase employee deductible, co-pays, and co-insurance.</b>	Increased employee cost-sharing may result in insufficient minimum value, triggers penalty equal to the lesser of (i) \$3,000 per employee receiving the premium tax credit or (ii) \$2,000 per year per FTE (minus first 30).
<b>Eliminate health plan</b>	\$2,000 per year per FTE (minus first 30) if at least one employee received the premium tax credit. Non-quantifiable impact on employee morale, recruiting and retention.