



COUNTY ROAD ASSOCIATION OF MICHIGAN

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To: Senate Transportation Infrastructure Task Force
From: John D. Niemela, Director
Date: October 2, 2012
Subject: Road Commission Administrative Reforms

In both 2011 and 2012, CRAM surveyed our membership on changes made to road commission operations in recent years. Sample administrative reforms from this survey are attached.

When asked what reform or efficiencies have been implemented to reduce administrative expenses, 70 county road agencies provided examples of health insurance reforms and 48 provided examples of pension reform.

At least 84% of county road agencies have implemented health insurance reforms and 58% have implemented pension reforms.

When asked if positions had been eliminated in recent years, 80 of 83 county road agencies replied that they have reduced staff levels; some by more than 50 percent.

At least 96% of county road agencies have reduced staffing levels.

| County | Administrative Reforms Implemented in 2011 - January 2012 CRAM Survey |
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| Alcona | We have a defined contribution plan, 457 plan, no defined benefit or retiree health care. |
| Alger | We have less full-time employees and more temporary workers |
| Allegan | We reduced the number of people in the office and offered a high deductible health care plan. |
| Alpena | We reduced retirement benefit for new hires, and have health care cost participation. |
| Antrim | We negotiated health care concessions with union and staff, and reduced our health care cost below the new law cap before it was passed. |
| Arenac | We have a cap on pension contributions and the union took over employee health insurance. |
| Baraga | We have changed health insurance plans several times, reducing premiums. We are also one of two counties to change to enhanced Microsoft Great Plains software system. We are in compliance with PA 152 of 2011. |
| Barry | We have zero OPEB liability and a defined contribution 401K. |
| Bay | We negotiated both the local union and administrative contracts last year. Each is paying a portion of their pension and has taken a healthcare plan that has higher deductibles and co-pays. |
| Benzie | Our wages have been frozen for 3 years. We require a 20 percent contribution to our health insurance from all employees. |
| Berrien | We recently experienced a reorganization of management which resulted in the elimination of two positions. |
| Branch | We continue to work with a reduced administrative staff, from 8 to 6 employees. |
| Calhoun | We require a cost share on insurance premiums and have not filled vacancies. |
| Cass | Our employees pay 20 percent of health care premiums. We have moved retiree health care to a yearly stipend, and eliminated early retirement option for employees hired after 2000. |
| Charlevoix | We are using part time office help rather than filling vacant positions. |
| Cheboygan | We have reduced administrative staff. When CCRC had a payroll clerk resign, we did not fill from outside but moved an internal position to fill the need, as well as the clerk picking up more duties. |
| Chippewa | We restructured the health insurance plan for administrative personnel, increasing costs passed on to the employees by 500 percent. |
| Clare | Clare CRC has capped insurance costs and employees pay anything above the cap. Employees pay 5 percent toward pension. The full-time workforce has been downsized, and we acquired the ability to use part-time employees with less restrictions. Contractors are being utilized more often. We have also installed a new high-efficiency lighting system, and made boiler upgrades for increased efficiency. |
| Clinton | We use electronic time keeping, have less administrative staff, and new hires have less post-retirement benefits (DC plans and retiree health insurance). |
| Delta | Benefit levels are decreasing with partial employee contributions. We have also reduced retirement benefit levels for new hires. |
| Dickinson | We had to layoff one staff person, and hired a new manager-superintendent at a reduced salary. We have also reduced insurance levels for new administrative staff hires. |

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| Eaton | We are using a Health Reimbursement Account in conjunction with a medical insurance plan with higher deductibles and co-pays to help control health care costs. Dental and prescription insurance have been seperated from the BCBS health insurance and is shopped annually for cost savings. Retiree health insuranace was seperated from the active employees plans for an estimated savings of over \$360,000 over the next three years. |
| Emmet | Pensions were changed, adopting the defined contribution (MERS) plan for those hired after 5/15/98. We have used a health insurance HRA for the past 7 years. The road commission pays the least costly BCBS plan then reimburses the employee to the PPO-2 plan. This has saved hundreds of thousands of dollars over the years. |
| Genesee | We offer a health care package that is self-funded and keep our increases significantly below industry averages. |
| Gogebic | We have capped the health insurance costs paid by the road commission, paying the same rate for last 6 years. We have also reduced administration size by 20 percent over the last 3 years. |
| Grand Traverse | We recently eliminated co-pay reimbursement. |
| Gratiot | We are not replacing some positions, but this increases everyone elses workload. Efficiency is not cutting an employees pension and benefits, efficiency is doing more with less. |
| Hillsdale | We have switched to a high deductible health insurance using a health savings account. |
| Huron | Huron CRC changed the management of our health insurance plan. |
| Ingham | Health care premium sharing has been increased to 10 percent from 3 percent for union employees. Supervisors and non-bargaining now pay 20 percent under new PA 152 of 2011. |
| Ionia | We are partnering with the county's health insurance program, and do not offer retiree health care for new hires. |
| Iosco | We changed from a defined benefit plan to a defined contribution plan for both union and non-union employees. We have reduced administrative staffing from 12 employees in 2009 to 8 in 2012. |
| Isabella | We are currently looking at a lower cost insurance policies for our non-union employees. Even though all of our employees are under contract until 2014, we are hoping to transfer policies for non-union employees in hopes that the union will follow. We have a fixed BCBS amount to \$250/monthly between ages 60-65. After age 65 there are no health benefits. We have a 2-year pay freeze for all employees. The pay freeze can be lifted if the employees switch to a lower cost insurance policy that would result in a substantial savings for the CRC. The union has given our manager the ability to hire part-time employees (non- benefit employee) on an as needed basis now. We have implemented an automated time card system to eliminate duplicated entry of payroll data. |
| Jackson | Hard caps were implemented 1-1-12. Employees pay 50 percent of all pension expenses. |
| Kalamazoo | We have implemented benefit cost sharing increases/HRA; reitree cost sharing increases; performance based incentives vs. across the board pay increases (no across the board increases since 2009); and technology advances. |

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| Kalkaska | The road commission is currently negotiating with our unions. Contract language ratified in 2011 reduced wages for new hires, reduced health care benefits and changed the retirement plan for new hires to a hybrid plan. Retirees eligible for Medigap insurance now receive Medigap insurance instead of traditional BCBS plans and reimburse deductibles to make retiree whole to the contract in which he or she retired under. |
| Kent | The Kent CRC switched from a defined benefit plan to a defined contribution plan (401k). |
| Keweenaw | We are already staffed at our smallest possible level. Any new future employees would have a defined contribution pension and reduced benefit package as would any new truck drivers. |
| Lake | We cut the number of hours for some clerical staff; employees are paying a portion of healthcare benefits; and we have reduced travel expenses. |
| Lapeer | Lapeer CRC has made changes in negotiated contracts: pay increase tied to increase in MTF with a cap percent; eliminated lifetime healthcare to retirees; and added a deductible to health insurance. |
| Leelanau | Our operations are bare bones now. We have a manager/superintendent; engineer, clerk, and deputy clerk. We eliminated the assistant manager position in 2007. |
| Lenawee | We reduced health insurance benefits in Feb 2011 contract negotiations with union and reorganized administrative positions to reduce staffing levels. |
| Livingston | We have changed to a B-1 for new employees and implemented caps on health care. |
| Luce | eliminated health insurance for retirees upon becoming medicare eligible. Using HRA for employee health insurance |
| Mackinac | We have implemented PA 152. |
| Macomb | For employees hired after 1/1/12: increased vesting period from 8 to 15 years; no spouse medical benefits after retirement; increased minimum retirement age from 50 to 55; and must be employed 20 years to get medical coverage upon retirement. |
| Manistee | All new hires are required to contribute 5 percent into MERS. |
| Marquette | Employees are contributing more to MERS; we are continuing to administer health care plan through high-deductible/co-pay plan with HRA in place to maintain negotiated benefit level. |
| Mason | Revised benefit packages to existing employees reducing benefits. |
| Mecosta | We have implemented significant changes with no wage increases since 2008; B2 retirement-MERS; have required cost share for health care since pre-1997; no dental or vision; and we have combined positions and not replaced office staff. |
| Menominee | MCRC changed health insurance plans several years ago. The current plan provides premium rates for up to four years in advance, this allows the CRC improved cost projections for the organization. In addition, the current health plan offers more cost efficient rates than our previous plan. A wage freeze was in effect for all employees in 2009 and 2010. In 2011, a lump sum payment was given to employees in lieu of any increase in wages. |
| Missaukee | We have had no wage increases and adjusted insurance programs. |
| Monroe | We have reduced the administrative and engineering staff by 13 employees saving more than \$1,000,000 annually. We negotiated cheaper health insurance including implementing a prescription drug advantage plan that saved more than \$200,000 annually both for the actives and retirees. |
| Muskegon | Since 1992, MCRC has had a defined contribution plan for our health, dental, life, and short term disability insurances. Employees are responsible for all costs in excess of our contribution. |

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| Newaygo | We have implemented an HRA plan. This allowed us to continue to provide a good health insurance plan for our employees while saving money. All new hires effective 6-1-10 have a significantly reduced benefit level for pension and health insurance. |
| Oakland | RCOC has implemented many changes including sharing of staff: traffic safety shifts to maintenance for winter months and maintenance shifts to traffic safety for summer months (re-lamping program); construction has shifted inspectors around to assist other departments during winter months and when not working on construction projects during summer months. We have increased co-pays, and decreased retirement benefits. |
| Oceana | We now have Priority Health (HSA). |
| Ogemaw | We changed healthcare plans to a 80-20 cost share. Additional charges for co-pays and deductibles are 100 percent the employee responsibility. Reduced pension plan from defined benefit to a hybrid plan for new hires. Downsized the office and supervisory positions. |
| Ontonagon | We have replaced one full time position with one part time position. No pension or benefits for the part-time position. |
| Osceola | Administrative staff went from B4 to B3 and implemented caps on health insurance. |
| Oscoda | We went to a high deductible plan. |
| Otsego | We are currently in contract negotiations which will have an impact on these very issues. We combined two positions into one in 2010. |
| Ottawa | We are requiring more employee contributions to health and retirement benefits. |
| Presque Isle | We raised BCBS deductibles and copays; and cross-trained office staff, using office staff to order parts for equipment. |
| Roscommon | We have changed insurance carriers; increased deductibles and co-pays; future employees receive three percent for post retirement insurance. |
| Saginaw | We have eliminated benefits for future hires; reduced pension for future hires; changed to a bi-weekly payroll with electronic deposit; and transitioned to a high deductible health care plan. |
| Sanilac | We have experienced a reduction in Blue Cross benefits; an increase in employee contributions; and reductions in staff. |
| Shiawassee | Employees participate in retirement cost. We have eliminated retirement health benefits for new employees as of 1-1-99. |
| St. Clair | We negotiated an increase in the employee pension contribution rate; higher medical deductibles and co-pays; higher RX copays; implemented step therapy; and tied any wage increases to MTF increases (for five years employees did not receive a raise). |
| St. Joseph | Negotiating 20 percent share on health care. |
| Tuscola | TCRC effective 1-1-12 changed the health insurance plan by increasing copays and deductibles for cost savings. |
| Van Buren | We have increased the employee's portion of health insurance premium to 15 percent. |
| Washtenaw | We changed our health insurance to follow the new state law with hard caps, pension changes for new hires, and increased employee contribution from 5 percent to 8 percent. |
| Wexford | We have changed pension and health care for new hires. |
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