

# Executive Summary

Board of Governors Meeting, September 22, 2021

## SB-76 Salary Increase Approval Process

### Topic

This SB-76 Salary Increase Approval Process Action Item will be presented at the September 22, 2021, Citizens Board of Governors Meeting.

### History

SB-76 contains the following statutory language:

Section 627.351(6)(jj) provides “The corporation’s budget allocation for the compensation of all corporation employees and any proposed raise for an individual employee exceeding 10 percent of that employee’s current salary must be approved by the board of governors. The corporation must have an overall employee compensation plan approved by the board of governors.”

Citizens’ Management manages employee compensation to meet the needs of policyholders while maintaining a skilled, competent, and engaged staff. As such and in order to maintain an effective commercial operation, Management may find it necessary and desirable to award salary increases in excess of 10% of an employee’s current salary. Salary increases of this degree are infrequent and most often occur when employees take on more complex roles with higher levels of responsibility. When such cases are warranted, SB-76 requires that Management receive the Board’s approval, which may be on an ad hoc basis or via a recurring agenda item of the Board’s quarterly meeting.

The proposed approval process begins when Management has concluded its normal due diligence of considering such situations:

- Management communicates the intended salary increase to the affected employee and specifies that the amounts in excess of 10% are subject to further Board approval
- Management initiates the portion of the salary change up to 10%; the date of this action serves as the effective date for any subsequent Board approval
- Management provides appropriate reporting and supporting materials during its Board Briefing sessions or in other ad hoc meetings
- Board provides its approval decision for each employee salary increase situation with respect to the portion in excess of 10%<sup>1</sup>
- Management applies Board-approved amounts on a retro-active basis

<sup>1</sup> The Chair reviews and approves proposed salary increases in accordance with Citizens Plan of Operation, Section 7, (F): *In addition to the other powers and functions of the Chair as herein provided, the Chair shall supervise and review the performance of the Executive Director and establish annually the compensation of the Executive Director. The Executive Director will establish the compensation for all Senior Managers who directly report to the Executive Director with the written concurrence of the Chair.*

Proposed salary increases for the Executive Director and Senior Managers greater than 10% will follow the above process following the Chair’s initial approval.

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## Supporting Materials

- Details of each promotion case to be provided within Board prep materials (see example)
- CHRO available to each Board member at prep-sessions for questions about specific cases

New Salary Effective Date	Division	Previous Position Title	Previous Annual Salary	New Position Title	New Position Market Median	New Annual Salary	Salary Difference	% Change
01-25-21	Claims	Claims Assistant I	\$34,279	Business Analyst - I	\$58,790	\$45,697	\$11,418	33%
06-27-21	Claims	Claims Adjuster - Sr (Field)	\$76,875	Claims Principal (Field)	\$86,071	\$86,100	\$9,225	12%
06-14-21	Consumer & Policy Services	Customer Care Rep I	\$37,246	Policy Services Rep	\$47,838	\$42,848	\$5,601	15%
04-19-21	Enterprise Operations	Intern - IT	\$41,600	Developer - I	\$62,886	\$50,003	\$8,403	20%

## Recommendation

It is recommended that the Board of Governors:

- Approve the SB-76 Salary Increase Approval Process as defined; and
- Authorize staff to take any appropriate or necessary action consistent with this Action Item.

# ACTION ITEM

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|---|---|
| <input type="checkbox"/> Contract – New                         | <input type="checkbox"/> Committee or Board Minutes |
| <input type="checkbox"/> Contract – Amendment of Contract Terms | <input type="checkbox"/> Product Changes            |
| <input type="checkbox"/> Contract – Additional Spend            | <input checked="" type="checkbox"/> Other           |

<b>Contract ID</b>	<b>SB-76 Salary Increase Approval Process</b>
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No funding required
<b>Procurement Method</b>	N/A
<b>Contract Amounts</b>	No contract required
<b>Contract Term(s)</b>	No contract required
<b>Purpose/Scope</b>	<p>Effective since July 1, 2021, Senate Bill No. 76 requires the Board of Governors to approve any proposed salary increase exceeding 10%. This Action Item requests approval for a formal approval process for these infrequent, but important, cases.</p> <p>Management will continue to utilize existing processes and procedures to determine the appropriateness of a salary increase in excess of 10% and will communicate intended increase to employee and initiate only a portion of the proposed increase, up to 10% of the employee's current base salary.</p> <p>Management will provide the Board important details of each potential salary increase in excess of 10%, and upon the Board's approval, will then process the remaining portions of the salary increase in excess of 10%. The Board may provide its approval on an ad hoc basis or through a recurring agenda item of the Board's quarterly meeting, both of which will be publicly noticed.</p> <p>All such approved cases will be actioned and communicated with the same effective date as the portion previously actioned.</p>

# ACTION ITEM

<b>Recommendation</b>	This <b>SB-76 Salary Increase Approval Process</b> Action Item will be presented at the September 22, 2021, Citizens Board of Governors' meeting. Recommendation: a) Approve the process as defined; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
<b>CONTACTS</b>	Violet Bloom, Chief Human Resources Officer James Taylor, Director, Total Rewards