

4.2 VALUATION OF BENEFITS

There are essentially three categories of benefits that are quantified in determining the overall value of benefits to the “total compensation” received by employees. These include:

1. Leave and Holidays
2. Social Security, Medicare, and Retirement
3. Health, Life, and Disability Insurance

As part of the study, the Project Team reviewed the State of Florida’s benefits package and related values. To determine a monetary value to FDOT employees included in this study, FDOT’s Selected Exempt Service (SES) and Senior Management Service (SMS) employees’ average salaries were calculated. An average salary was calculated for Career Service (CS) employees – which includes only those employees in FDOT’s Professional Engineer (P.E.) Training Program for this study, to use for calculating benefits valuation.

The resulting FDOT calculated average salaries are:

- Senior Management Service: \$124,738.
- Selected Exempt Service: Bureau Level: \$107,029.
- Career Service (P.E. Training Program participants): \$46,940.

Using these calculated average salaries, monetary values were assigned to the following state benefits afforded FDOT staff:

- Annual Leave
- Sick Leave
- Holidays
- Social Security/Medicare (FICA)
- Florida Retirement System, Pension Plan or Investment Plan (FRS)
- Health/Life/Disability Insurance

Once the benefit value was determined, the value was added to the annual salary figures of SMS, SES, and CS (P.E. Training Program participants) employees to determine total compensation amounts. The calculations utilized by the State of Florida and those used in this study for determining the value of benefits are outlined below.

Leave and Holidays. The value of this benefit is calculated using the average hourly rate by pay plan. However, it should be noted that face value of this benefit is less than the value would be if the employee chose not to utilize the benefit and carry over sick and annual leave credit. For information on the

calculation of accumulation and payout caps at time of separation, see **Appendix I**.

Social Security/Medicare (FICA) and Florida Retirement System (FRS). The value of the FICA benefit is calculated as 7.65 percent of the average salary of the employment category (CS – P.E. Program participants only, SMS, and SES).

The value of the FRS benefit is calculated as the full employer rate, minus the funding of the health insurance subsidy that retirees get with their pension, a small administrative fee, and the employer's portion of the unfunded liability that is currently being paid down on the FRS trust fund. These values were not used for employee valuation purposes so as not to overvalue the direct benefit to an individual employee by including contributions that do not directly fund the pension benefit and the health insurance subsidy.

To reflect a more accurate *value to employee* calculation, MGT used a value of 3.53 percent for Regular Class (P.E. and SES) and 4.80 percent for SMS employees. (See **Appendix J** for FRS Contribution Rates, effective July 1st, 2014 to June 30th, 2015).

Health/Life/Disability Insurance. The value of this benefit is based upon the total premium costs that are covered by the state employing agency. This is reported by FDOT as a monthly expenditure of \$1,222.86 per SMS employee, \$1,196.65 per SES employee, and \$910.94 per P.E. employee.

Based on the average employee salary for each employee type listed above, the Project Team calculated the total benefits values for SMS, SES, and P.E. employees, as shown in **Exhibit 4-5**. Values for leave time are calculated by using the average hourly rate for each employee type and multiplying by the total hours of leave time offered, as noted in **Exhibit 4-5's** footnote. The FICA benefit value is calculated as the combined total employer contribution share. The Health/Life/Disability benefit value is based on the total premium costs (as of June 2014).

EXHIBIT 4-5: ANNUAL BENEFIT VALUES BY EMPLOYEE TYPE

BENEFITS	BENEFIT VALUE		
	SMS	SES	P.E. Trainees
AVERAGE SALARY:	\$ 124,738	\$ 107,029	\$ 46,940
HOLIDAYS, ANNUAL/SICK LEAVE*	\$ 21,588	\$ 18,524	\$ 6,499
FICA	\$ 9,542	\$ 8,188	\$ 3,591
HEALTH/LIFE/DISABILITY	\$ 14,647	\$ 14,360	\$ 10,931
RETIREMENT**	\$ 5,987	\$ 3,778	\$ 1,657
ANNUAL BENEFIT VALUE:	\$ 51,765	\$ 44,850	\$ 22,678
TOTAL COMPENSATION VALUE:	\$ 176,503	\$ 151,879	\$ 69,618

Source: MGT of America, Inc., 2014.

* SMS/SES Holiday Leave: 10 holidays = 80 hours; Annual Leave = 176 hours; Sick Leave = 104 hours. P.E. Trainee Holiday Leave: 10 holidays = 80 hours, Annual Leave = 104 hours, Sick Leave = 104 hours.

** Percentage of compensation: SMS (4.80%), SES and P.E. (3.53%).

FDOT’s total benefits for SMS, SES, and P.E. employees comprise, on average, 30.5 percent of total employee compensation (SMS: 29.3%, SES: 29.5%, and P.E.: 32.6%). In the private sector, discussed in **Section 4.4** of this chapter, employee benefits on average comprise 27.4 percent of total compensation.