

6.2 MONETARY VALUE OF STATE BENEFITS

As discussed in **Chapter 4.0**, there are essentially three categories of benefits that are clearly quantifiable in determining the overall value of benefits to the total compensation received by FDOT employees. These include:

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

Using the calculated average salaries for Selected Exempt Service (SES - \$124,738), Senior Management Service (SMS - \$107,029), and Career Service employees (employees in FDOT's Professional Engineer (CS - \$46,940) Training Program only), 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 in **Chapter 4.0**.

The total benefits values for SMS, SES, and P.E. employees were calculated based on the average employee salary for each employee type (**Exhibit 6-3**).

EXHIBIT 6-3: 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, 31 percent of total employee compensation (SMS: 29.3%, SES: 29.5%, and P.E.: 32.6%). Based upon private sector survey data, employee benefits on average comprise 27 percent of total compensation.
- Benefits have been considered by many as a modifier to offset the lower state salaries when compared to salaries in the private sector. However, many interviewees believed that this benefit is eroding as employees are now being required to pay more for their benefits, and vesting rules for new executive level employees who select the FRS defined benefit model have increased to 8 years the amount of seniority needed (6 years for employees hired before July 1, 2011).
- Employees hired into the executive management ranks are presumably less likely to vest under the 8-year FRS requirement. For those coming in with retirement plans already in place (military, for example), this is less of an issue. For those who do not enter executive management with vested retirement, the perceived value of the state pension benefit is eroded.

- The stability of state agency employment has been considered a plus for recruitment and retention, especially in a poor market economy. However, as the market improves, there is fear that without higher salaries, the State benefits package will not offset the difference in salaries, especially across the engineering occupations.
- The Investment Plan provides for 1-year vesting to offset the longer vesting period under the FRS Pension Plan (8 years for new hires), and is more comparable to what is available in the private sector. However, the Defined Benefit Plan has historically been considered a more favorable option.