

MODERNIZING BENEFITS

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GOAL

Reduce Annual Turnover Costs

- Turnover costs Missouri taxpayers approximately **\$200 million** annually, and this figure is expected to rise.
- A 1% reduction **saves \$2 million**.
- A 10% reduction in turnover **saves \$20 million**.

DATA

State Employee Survey

- Surveyed more than 24,000 employees.
- Received more than 5,600 responses.
- Found a direct link between benefit satisfaction and the likelihood of staying with state employment.

WHY

Generational Changes & Shifting Values

In the past, Missouri's workforce was dominated by Baby Boomers and Gen X, who value stability. Today's modern workforce is now majority Millennial and Gen Z. These younger generations value:

flexibility

mental health support

respect for their individuality

HOW

Values-Aligned Benefits

To retain and attract top talent, our benefit offerings must evolve to match changing generational values.

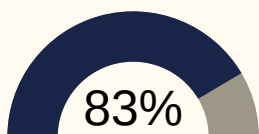
Modernizing benefits is essential for building a sustainable, competitive, and appealing workplace for both current and future employees.

The data shows that the more satisfied an employee is with their benefit package, the less likely they are to consider leaving state employment within the next year

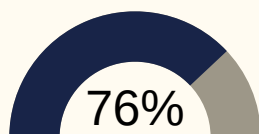
The recommended benefit modernizations below were informed by our survey data, research into evolving generational workplace values, and cost considerations.

RECOMMENDED BENEFIT MODERNIZATIONS

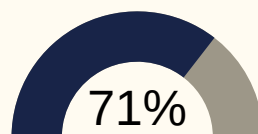
Percentages represent the share of employees who indicated that this modernized benefit would be an important factor in their decision to remain employed with the State of Missouri.



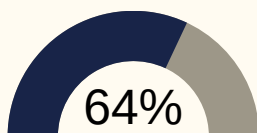
Alternate Work
Schedules



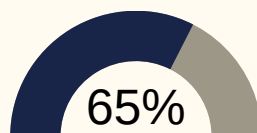
Birthday Leave



Floating Holidays

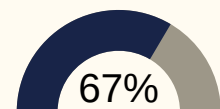


Cash Out Annual Leave

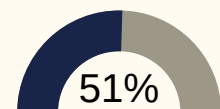


Expand Wellness Leave

Early Access to Benefits



0-5 years of service



5+ years of service

ADDITIONAL INFORMATION

Alternate Work Schedules

Work schedules other than a traditional Monday to Friday, 9 a.m. to 5 p.m. schedule.

Some examples:

- Four 10-hour days per week
- Four 9-hour days and one 4-hour day per week
- Three 12-hour days and one 4-hour day per week

Expanded Wellness Leave

Currently, state employees can use one hour of sick leave per month to participate in a wellness activity, such as taking a group fitness class or going for a hike. Our recommendation is to expand this to one hour per week, so employees can build healthy habits. Employees would still have to use sick leave, and would still be required to get supervisor approval.

Birthday Leave

We recommend allowing employees to take 8 hours of administrative leave on their birthday. To ensure coverage and allow for greatest flexibility, the window to take leave could be expanded to the week or even month of the employee's birthday. Arkansas has given state employees a day off for their birthday since 1983.

Early Access To Benefits

All employees start with a zero leave balance for both annual and sick leave, and earn 5 hours of each per pay period. We recommend frontloading 40 hours of both annual and sick leave on an employee's first day of employment. Additional leave accrual would not occur until the employee's 9th pay period begins. This benefit modernization is in line with three other states, Tennessee, North Dakota, and Michigan.

Leave balance would be part of the employee's 30, 60, and 90 day onboarding conversations.

If an employee quits before their 9th pay period begins, and they have used more leave than they would have accrued in that time, then an amount equal to the excess leave they used will be deducted from their final paycheck.

Floating Holidays

Several other states allow their employees to "float" 1 - 4 holidays per year. This means that instead of closing all state offices on a specific day each year, for example, Veterans Day, employees receive 8 hours of holiday in their leave accounts on January 1, which they can then use on any day that year. We recommend changing Lincoln's Birthday and Truman's Birthday to floating holidays. Under our proposal, employees would receive 16 hours of holiday pay every January 1. Any unused time would expire on December 31.

Cash Out Annual Leave

Allow employees to convert annual leave hours into a direct cash payout or a pre-tax rollover into their MO Deferred Compensation plan.

- Strict one payout per year policy, with a defined application window.
- Employees must maintain a minimum annual leave balance of 100 hours.
- Directly addresses early-career turnover and helps reduce turnover in 24-hour facilities where employees often have an excess of leave.

Proposed Cash Out Structure

Early Career 0-4 years	Up to 20 hours
Mid Career 5-9 years	Up to 30 hours
Advanced Career 10+ years	Up to 40 hours

Benefits Chatbot

In developing our Capstone Project, we discovered that many employees were unaware of all benefits currently available to them, specifically the Wellness Leave benefit. To address this information gap, our research indicated that a benefits chatbot could be effectively implemented to provide clear, accessible guidance for both new and tenured employees. Using a closed-system AI agent, the chatbot would pull information directly from existing benefits policy documents, ensuring employees have an easy way to understand all the benefits offered to them.