



2027 Staffing, Wage, and Benefit Plan Proposal

presented to the Board of Trustees October 26, 2026

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Methodology

Putting together the annual Salary and Benefit Plan each year requires balancing three items:

- 1 **Projected Inflation Rate.** I use several sources to estimate what the projected inflation rate will be for the coming year. Adjusting wages to cover inflationary increases preserves employee purchasing power. I try to be about 1.0% above the minimum inflation rate to move employees horizontally along their scale.
- 2 **Projected Aggregate Salary increases.** We survey multiple sources to get an average of projected salary increases for the coming year.
- 3 **Projected Cost of Benefits.** Our benefit package includes all insurance, other, and retirement benefits. This typically accounts for about 1/3rd of our total package. The Blue Cross Blue Shield / KECHIT coming years increases are published in September. Retirement benefit changes are estimated based on enrollment, but we will not know the NRECA RS contribution amount until December.

First: Determine inputs.

Projected Inflation rate

US Inflation Rate - 2027 Forecasted (Congressional Budget Office)	4/1/2026	2.30%
The Economy Forecast Agency - 2027 average		2.75%
Morningstar: "What's ahead in 2027 and Beyond...."	9/17/2026	2.50%
The Cleveland Fed's Inflation Expectations Model	8/12/2026	2.49%
avg.		2.51%

2027 Salary-only budget projections

Conference Board	US Salary Budgets 2026-2027	Sep-26	3.50%
Sunflower	2026 Payroll Budget presentation to SEPC Board	Aug-26	3.50%
KEC	2027 Budget: Salary increases	Jun-26	3.50%
PayScale	2026-2027 Salary Budget Survey	Jul-25	3.50%
	sectors: cooperative	1/14/3417	3.70%
	midwest		3.50%
Willis Towers Watson	Employers shift from bigger pay budgets to smarter strategies	15-Jul	3.40%
World at Work	2026-2027 Salary Budget Survey	16-Jul	3.60%
avg.			3.53%

Projected Cost of Benefits

	2026	2027 est	
KECHIT	518,726	558,775	7.72%
Other	874,523	940,011	7.49%
	1,393,249	1,498,787	7.57%

<u>Ratio of Wages to Benefits</u>	<u>2026</u>	
Salary + overtime:	2,536,301	61.5%
Total Benefits:	1,393,249	33.8%
Taxes:	194,027	4.7%
2026 Total Compensation Package:	4,123,577	

Second: Determine the Range.

Range Projection

				Inflation Rate plus 1.0%:	3.51%	bottom
	proj. change		weight			
Salary + taxes:	3.53%	x	66.21%	=	2.33%	
Benefits Projection:	7.57%	x	33.79%	=	2.56%	4.89%
Inflation Rate plus projected increases:					7.40%	top

Midpoint Goal:

5.46%

Third: Estimate 2027 COLA.

I start by matching what KEC and Sunflower are budgeting:

3.50%

2026-27 Summary of Employee Compensation

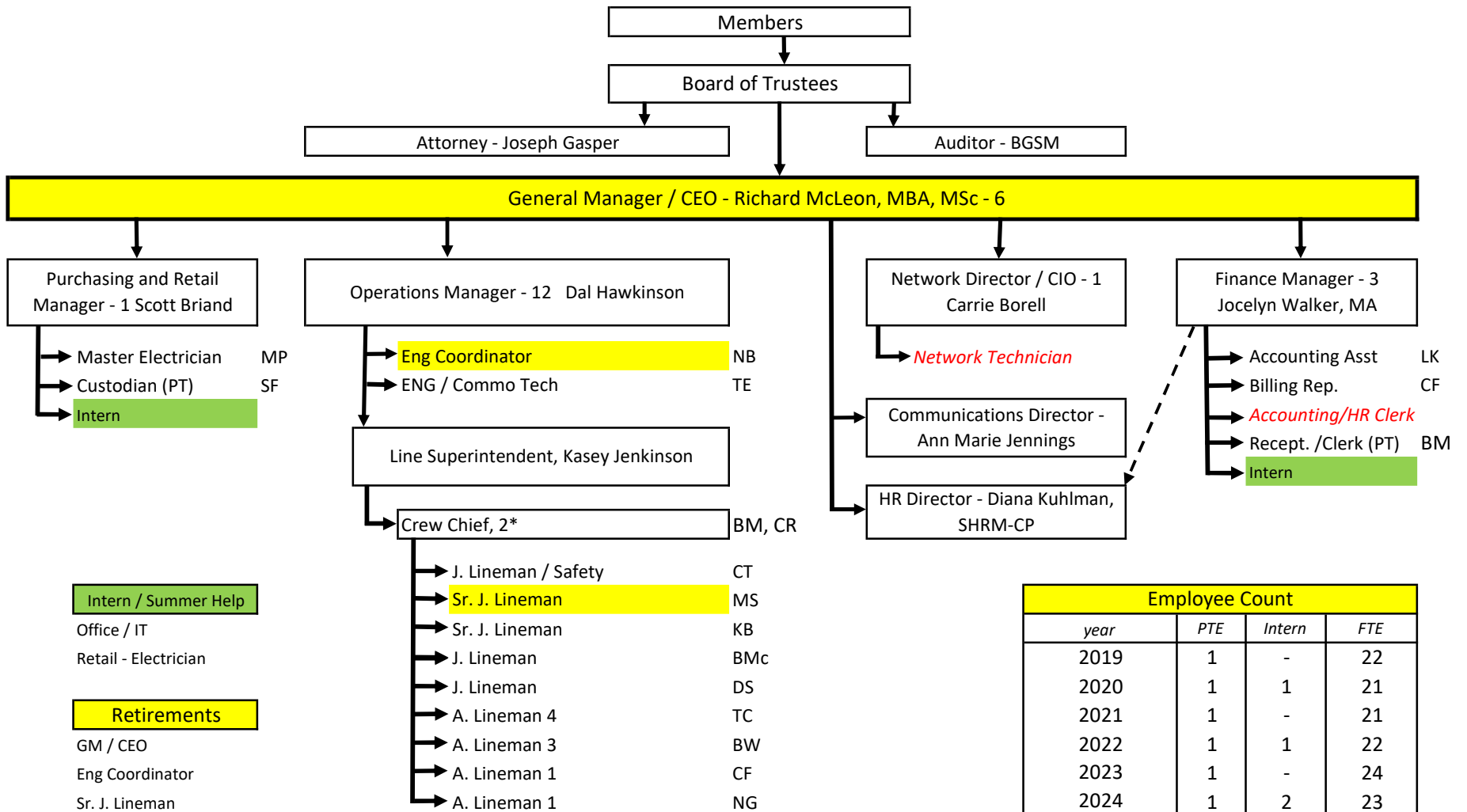
Group Insurance

Coverage / Plan	number in plan		Total / Projected costs per month				Change	
	2026	2027 est	2026 Unit (\$)	2026 Total	2027 Unit (\$)	2027 Total	dollars	percent
Major Medical (KECHIT)								
Option 5 - 500/1000								
Employee	4	4	836.18	3,344.72	902.89	3,611.56	266.84	7.98%
EE/Child	1	1	1,641.17	1,641.17	1,769.03	1,769.03	127.86	7.79%
EE/Spouse	2	2	1,729.24	3,458.48	1,864.56	3,729.12	270.64	7.83%
Family	13	13	2,534.73	32,951.49	2,730.72	35,499.36	2,547.87	7.73%
Employee Contribution - 10%								
Employee	4	4	83.62	334.48	90.29	361.16	26.68	7.98%
EE/Child	1	1	164.12	164.12	176.90	176.90	12.78	7.79%
EE/Spouse	2	2	172.92	345.84	186.46	372.91	27.07	7.83%
Family	13	13	253.47	3,295.11	273.07	3,549.94	254.83	7.73%
Option 8 - 2800/5600								
Employee	-	-	-	-	-	-	-	0.00%
EE/Child	-	-	-	-	-	-	-	0.00%
EE/Spouse	1	1	1,499.66	1,499.66	1,624.34	1,624.34	124.68	8.31%
Family	-	-	-	-	-	-	-	0.00%
HSA Payment	-	-	-	-	-	-	-	0.00%
NRECA								
AD&D (per \$1,000)	8	8	0.0214	1.71	0.211	1.69	(0.02)	-1.40%
Business Travel Accident			27.00	324.00	27.00	324.00	-	0.00%
Life Insurance Plan								
Basic Life (per \$1,000)	22	21	0.214	4.71	0.211	4.43	(0.28)	-5.88%
LT Disability (per \$100)	22	21	0.0548	1.21	0.0521	1.09	(0.11)	-9.25%
Total Benefits/mo.				\$ 43,227.15		\$ 46,564.62	3,337.48	7.72%
Total Annual Cost				\$ 518,725.75		\$ 558,775.48	40,049.73	7.72%

Other Compensation

	number of employees		2026 Annualized cost	2027 Projected	Change	
	2026	2027			dollars	percent
NRECA R&S Contribution	22	20	\$ 748,728.71	\$ 739,433.00	\$ (9,295.71)	-1.24%
NRECA 401(k)	22	20	\$ 102,640.54	\$ 96,894.00	\$ (5,746.54)	-5.60%
Retirement Vacation Payments	0	3		\$ 77,461.75	\$ 77,461.75	0.00%
Clothing Allowance						
Operations	\$ 1,534.31	\$ 1,917.89				
# employees	13	12	19,946.03	23,014.65	\$ 3,068.62	15.38%
Warehouse	\$ 729.00	\$ 729.00				
# of employees	2	2	1,458.00	1,458.00	\$ -	0.00%
Office - BP 513	\$ 250.00	\$ 250.00				
# employees	7	7	1,750.00	1,750.00	\$ -	0.00%
Total Annual Cost			\$ 874,523.28	\$ 940,011.40	\$ 65,488.12	7.49%
<i>Benefits per employee</i>			\$ 39,751.06	\$ 42,727.79	\$ 2,976.73	7.49%

notes: 1. These figures came from the KECHIT and NRECA projections for LSEC 2027.



*additional duties:

CR Fleet Manager

BM Substation Technician

Employee Count			
year	PTE	Intern	FTE
2019	1	-	22
2020	1	1	21
2021	1	-	21
2022	1	1	22
2023	1	-	24
2024	1	2	23
2025	1	1	23
2026	2	2	23
2027	2	2	24

Staffing / Succession Planning - GM Discretionary Funds

Retirements	employee	milestone	department	notes
2027	Richard McLeon	past age 62 & 31 yrs svc	General Manager / CEO	13-Jul
	Nate Burns	31 years service	Engineering Coordinator	6-Jan
	Myron Seib	age 62	Sr. Lineman Ness City	6-Jan
2028	Kasey Jenkins	31 years service	Line Superintendent	neither is expected to reire in 2028.
	Diana Kuhlman	age 62	Human Resources	
2029-30				
2031	Ben Mann	31 years service	Crew Foreman / Substations	
2032-33				

Potential FT Hires/Promotions - 2027 (wages only)

retirements

expected wage savings			
Sr. Journeyman Linemen retirement	110,696.98	11 months:	(106,084.60)
Engineering Coordinator retirement	102,322.58	11 months:	(98,059.14)
General Manager / CEO retirement	289,798.40	6 months:	(144,899.20)
			(349,042.95)

expected wage increases

Cost of Living Adjustment

86,714.14

promotions

Journeyman Lineman to Sr. Journeyman Lineman - 10 years	12 months:	4,737.79
Apprentice Lineman 4 to Journeyman Lineman	6 months:	7,970.04
Apprentice Lineman 3 to AL4	7 months:	6,198.92
Apprentice Lineman 1 to AL2	8 months:	7,084.48
Apprentice Lineman 1 to AL2	6 months:	5,313.36
		28,946.47

merit adjustments

new hires

General Manager / CEO	300,000.00	6 months:	150,000.00
Network Technician (\$0.00 if internal)	110,000.00	9 months	82,500.00
			379,465.20

2027 net Staffing changes: 30,422

GM Discretionary hires

Accounting /HR Clerk	50,000.00	6 months	25,000.00
Intern - Office	\$20.00 per hour	3 months:	10,400.00
Intern - Electrician	\$20.00 per hour	4 months:	13,866.67

GM Discretionary funds: \$ 49,266.67

Overtime:

data from RUS Form 7, Part H.

	Payroll				Hours			Overtime as a % of payroll
	Expensed <i>H.4.</i>	Capitalized <i>H.5.</i>	Other <i>H.6.</i>	Total	Regular <i>H.2.</i>	overtime <i>H.3.</i>	%	
2009	967,751	340,530	364,303	1,672,584	57,493	2,568	4.47%	74,708.15
2010	996,035	248,064	424,071	1,668,170	54,547	1,779	3.26%	54,405.82
2011	1,088,368	275,838	376,897	1,741,103	53,492	1,941	3.63%	63,177.31
2012	951,303	315,624	421,501	1,688,428	49,940	1,804	3.61%	60,991.67
2013	985,111	377,429	454,016	1,816,556	51,462	1,496	2.91%	52,807.27
2014	949,564	410,568	469,910	1,830,042	50,057	1,783	3.56%	65,184.99
2015	966,124	422,086	474,878	1,863,088	49,610	1,888	3.81%	70,903.25
2016	918,017	514,810	497,656	1,930,483	48,406	2,413	4.98%	96,233.02
2017	968,735	420,907	512,200	1,901,842	47,438	1,867	3.94%	74,850.10
2018	970,929	407,711	509,660	1,888,300	45,003	1,772	3.94%	74,352.10
2019	979,328	426,681	497,658	1,903,667	45,745	1,776	3.88%	73,907.81
2020	1,087,093	439,102	454,028	1,980,223	46,474	1,874	4.03%	79,849.76
2021	1,196,069	367,378	507,066	2,070,513	46,373	2,236	4.82%	99,835.40
2022	1,182,651	411,489	509,854	2,103,994	44,920	2,663	5.93%	124,731.43
2023	1,400,615	391,102	472,549	2,264,266	41,662	2,038	4.89%	110,762.18
2024	1,557,435	448,650	383,823	2,389,908	40,827	3,364	8.24%	196,919.94
2025	1,582,736	505,004	438,693	2,526,433	42,405	2,279	5.37%	135,779.76
<i>last 5 yrs:</i>	1,383,901	424,725	462,397	2,271,023	43,237	2,516	5.85%	133,606

THE LANE-SCOTT ELECTRIC COOPERATIVE, INC.

Lineman Apprenticeship Program

presented to the Board of Trustees 10/26/2026

This information is representative and does not constitute a contract for employment, guaranty of promotion, or job offer. ³

Position	pay grade	estimated starting Hourly Wage ¹	% of Journeyman pay	estimated total compensation package ²
Part-Time Help - No Line School Program	3	\$ 17.00		straight wages
Summer Intern - Student @ Certified Line School	4	\$ 20.29		straight wages
Starting Apprentice (6 month probation) (when employee begins work) ⁴	5	\$ 25.55	50%	\$ 76,416
First Year Apprentice - 55-6455 (after 6 mo. if good employee review; at discretion of foreman & management) ⁴	6	\$ 28.10	55%	\$ 105,012
Second Year Apprentice - 55-6456 (after they pass 1st year test & complete 1 year employment) ⁴	7	\$ 33.21	65%	\$ 158,366
Third Year Apprentice - 55-6457 (after they pass 2nd year test & complete 2 years employment) ⁴	8	\$ 38.32	75%	\$ 168,993
Fourth Year Apprentice - 55-6458 (after they pass 3rd year test & complete 3 years employment) ⁴	9	\$ 43.43	85%	\$ 179,620
Journeyman Lineman - 55-6433 (after they pass 4th year test & complete 4 years employment) ⁴	12	\$ 51.09		\$ 195,560
2027 Benefits (estimated)				
Health Insurance				\$ 46,564.62
Retirement				\$ 42,727.79

notes:

- Hourly wages shown represent a percentage of estimated starting Journeyman wages for the current year. They are applicable in the year the employee begins the Apprenticeship program.
- The Compensation package is subject to annual Board approval and is not guaranteed.
- All hires and promotions are subject to the approval of the General Manager / CEO.
- If a prospective employee has relevant post-secondary education or relevant work experience the General Manager /CEO may apply that experience towards advancement in starting Apprenticeship Program (i.e., If they start as a 2nd year apprentice in 2027, they would be a 3rd year apprentice in 2028, even though they have one year of actual LSEC employment).

The Lane-Scott Electric Cooperative is an equal opportunity employer.

2027 Lane-Scott Electric Cooperative Wages and Salary Plan Proposal

2026 Wages and Benfits:

2026 Projected Year End Base Payroll:			2,396,101
<i>plus:</i> overtime:		5.85%	140,200
<i>plus:</i> taxes:	Social Security Taxes	6.20%	157,251
	Medicare	1.45%	36,776
Projected YE Total Wages:			2,730,328
2026 Benefits	Group Insurance		518,726
	Retirement, etc.		874,523
	benefits subtotal:		1,393,249
2026 Projected Total Wages and Benefits*:			\$ 4,123,577

2027 Wages and Benefits:

2027 Projected Base Payroll (with COLA, promotions, and merit increases):			\$ 2,417,980
<i>plus:</i> overtime:		5.85%	141,480
<i>plus:</i> taxes:	Social Security Taxes	6.20%	158,687
	Medicare	1.45%	37,112
Projected YE Total Wages:		0.91%	2,755,259
2027 Benefits	Group Insurance		558,775
	Reirement, etc.		940,011
	benefits subtotal:		1,498,787
2027 GM/CEO Discretionary:			50,000
2027 Projected Total Wages and Benefits:			\$ 4,304,046
Proposed total Change:			4.38%
			\$ 180,469

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- notes:
- 1 Payroll typically represents about 13.5% of total revenue.
 - 2 The Base payroll increase is \$24,931 or 0.91%.
 - 3 Benefits costs increases add \$105,538 to total and represent 58.48% of the total increase.
 - 4 We are able to keep overall base payroll costs at a minimum by re-allocating funds from the retirements of the Engineering Coordinator and the Sr. Journeyman Lineman. This represents a savings of about \$204,000 in payroll alone.
 - 5 The proposed increase of 4.38% is about \$45,000 below the calculated midpoint of 5.46%.

**The GM/CEO requests that the Board approve the 2027 Wage and Benefit package of approx.
\$4,304,15,046.**