

FY 2018 Budget Development Employee Total Compensation

Board of Supervisors Budget Work Session

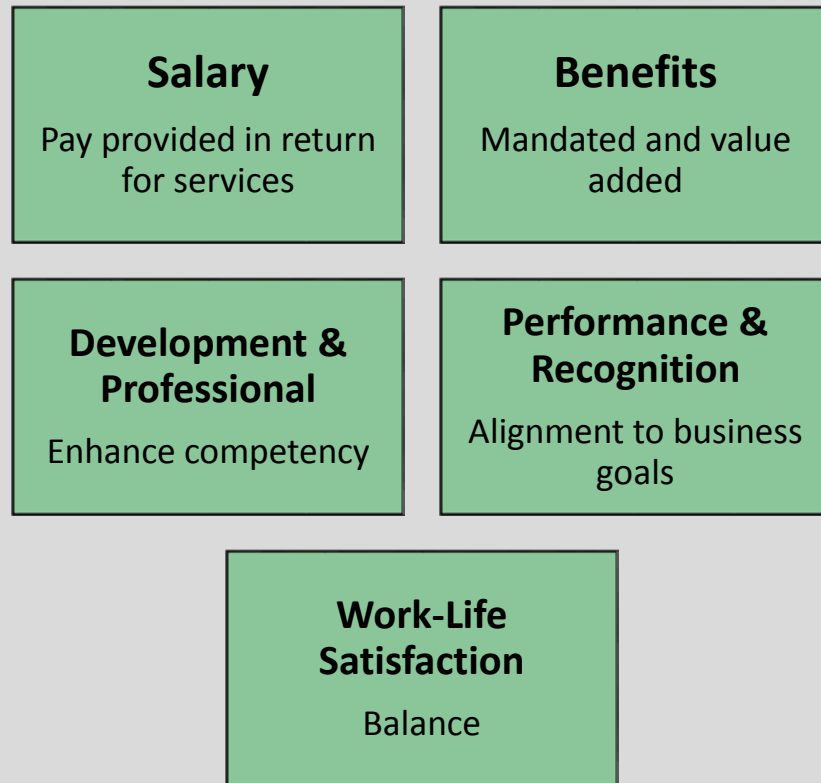
March 28, 2017

Work Session Agenda

- Total Compensation Overview
- Roanoke County Workforce Demographics
- Employee Benefits Survey
- FY 2018 Proposed Total Compensation
- Marathon Wellness
- Employee and Retiree Health Insurance
- Next Steps

Total Compensation Overview

Components of Total Compensation



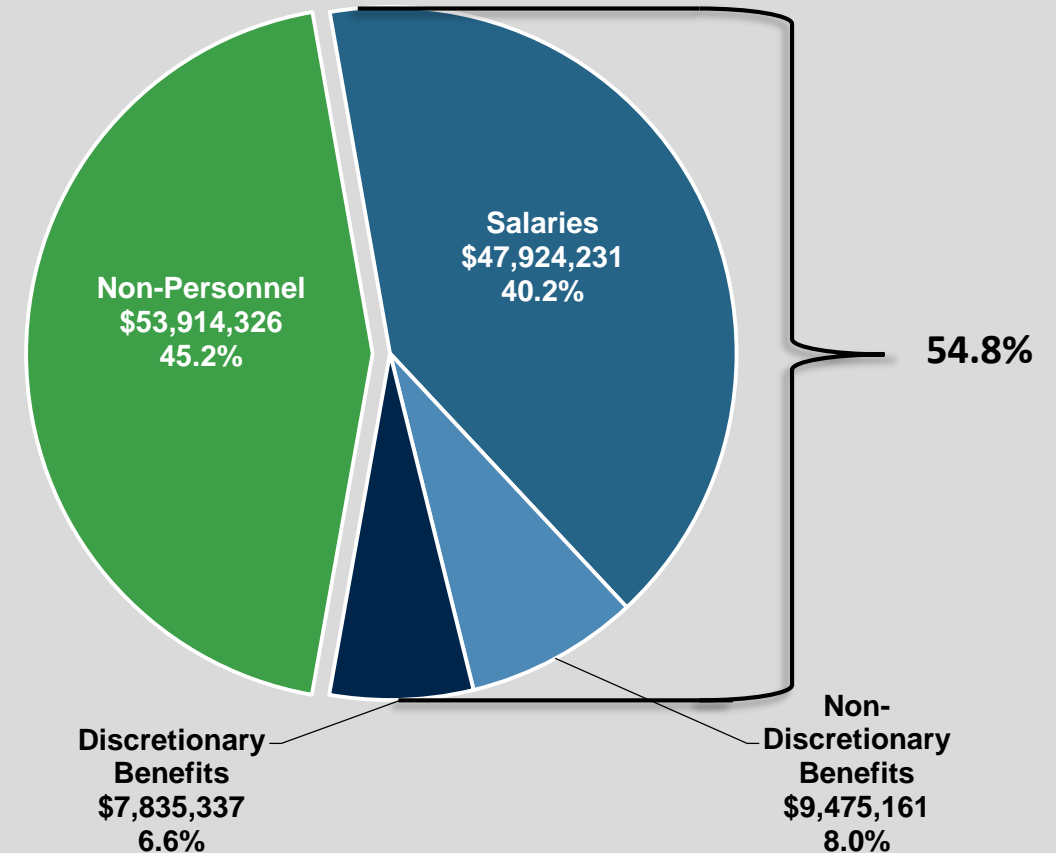
Compensation Philosophy

- Recruitment and retention of high quality employees
- Internal equity and market comparability
- Compensation consistent with fiscal constraints
- Balance total compensation between pay and benefits
- Recognize outstanding performance

Roanoke County Total Compensation

FY 2018 Proposed Total General Government Budget
 (excluding transfers for Schools Operating, Schools CSA, & CommIT)
\$119,149,055

- Significant percentage of total budget (54.8%) when excluding transfers for school operations, school CSA, and CommIT
- Pay, salaries, and wages
- Benefits
 - Non-Discretionary
 - Social Security/Medicare
 - Virginia Retirement System (VRS)
 - VRS Life Insurance
 - VRS Health Credit
 - Discretionary
 - Short and Long Term Disability
 - Deferred Compensation
 - Health/Dental/Vision Insurance
 - Flexible Leave/Holidays
 - Flexible Leave Payout
 - Longevity Bonus



Roanoke County Workforce Demographics

Workforce Demographics

Category	Public Safety	Non-Public Safety	Total
Full-Time Employees	414	534	948*
Part-Time Employees	70	756	826
Gender: Male	84%	42%	61%
Gender: Female	16%	58%	39%
Age Range	21 – 64	18 – 71	18 – 71
Median Age	37	46	42
Years of Service Range	0 – 42	0 – 43	0 – 43
Median Years of Service	9	7	8
Median Salary	\$42,970	\$40,676	\$42,045

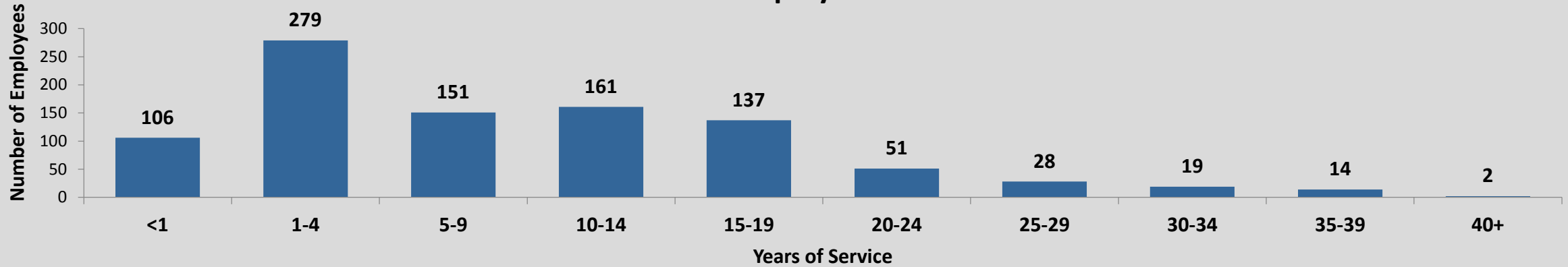
Public Safety: Fire & Rescue, Police, Sheriff (Sworn/Uniform Only)

Non-Public Safety: All others

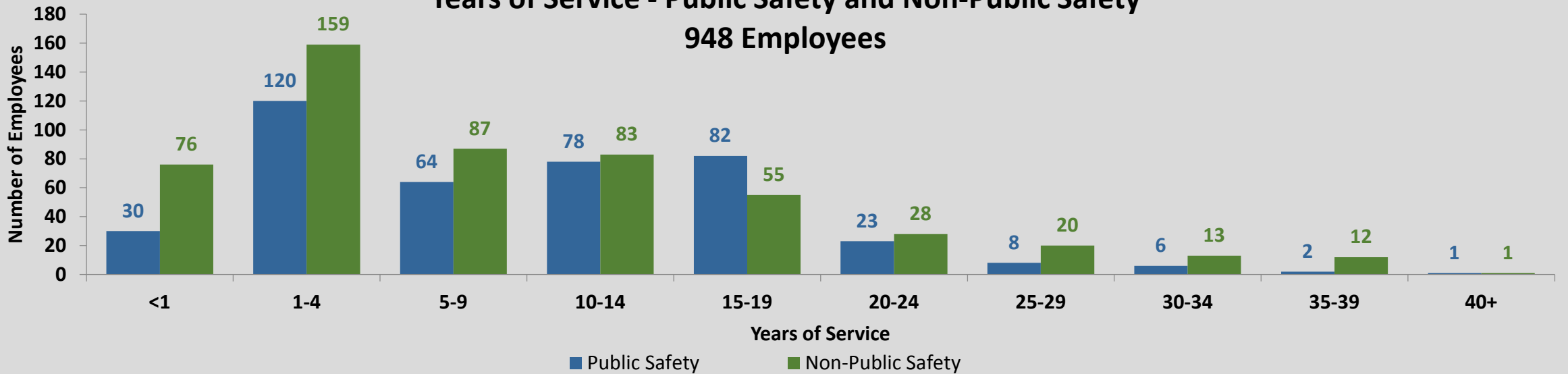
*Payroll data from March 2017; does not include vacancies; 975 total Board approved positions in Classification Plan

Years of Service

Years of Service - All Full-Time Employees 948 Employees

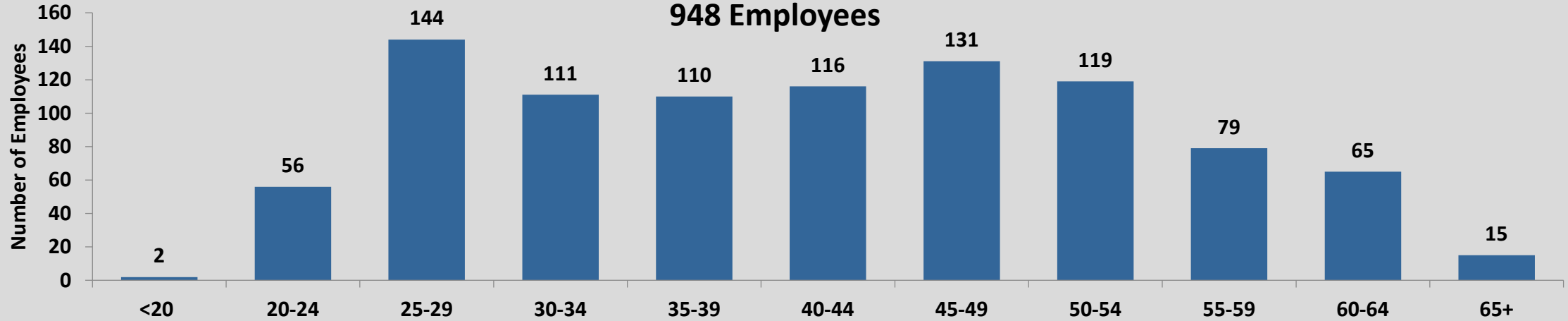


Years of Service - Public Safety and Non-Public Safety 948 Employees

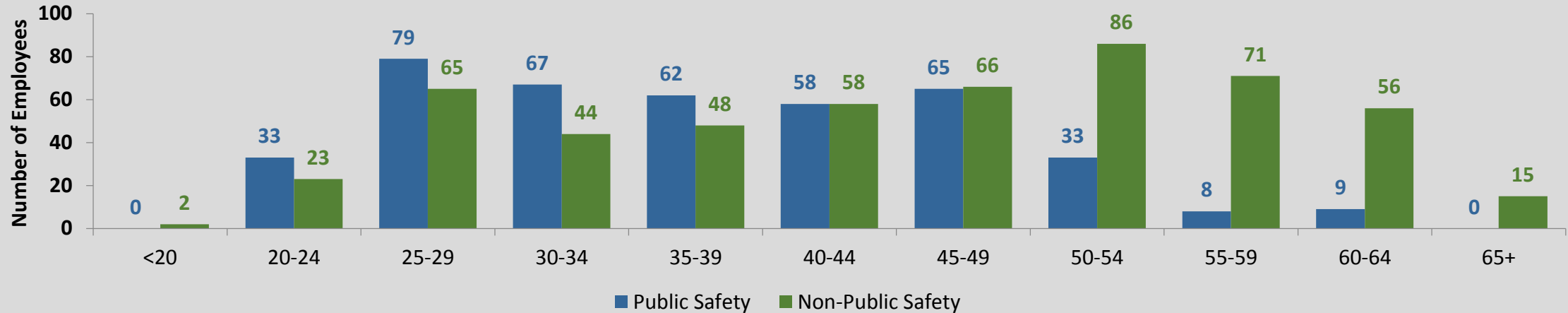


Age

**Age - All Full-Time Employees
948 Employees**



**Age - Public Safety and Non-Public Safety
948 Employees**



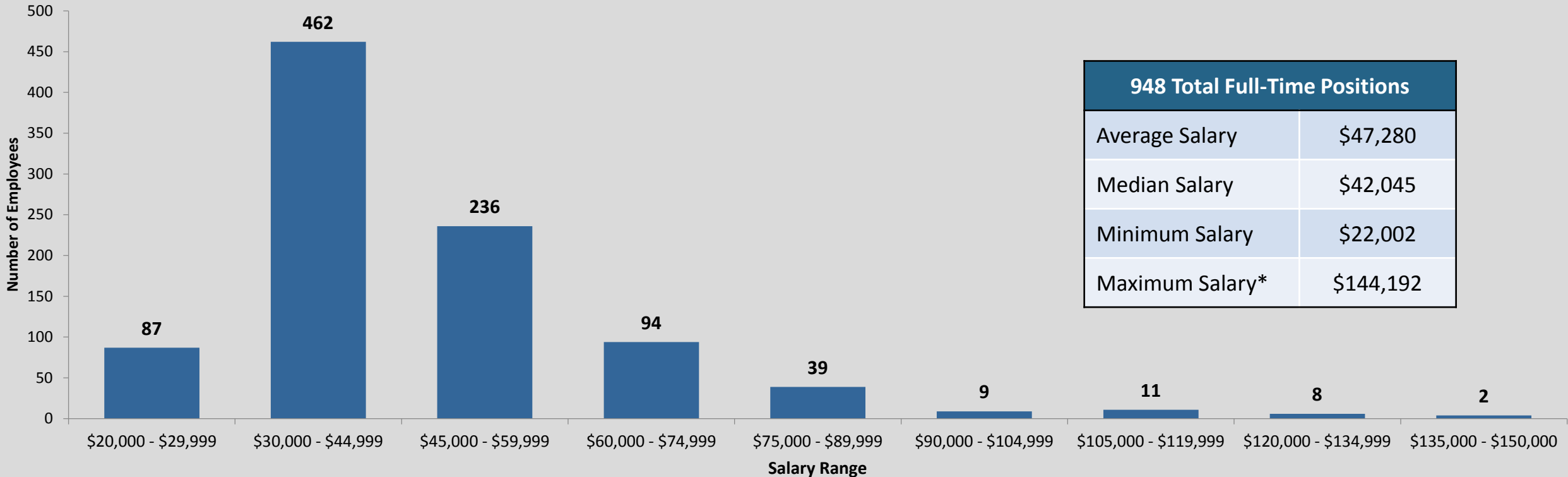
VRS Full Retirement Eligible Now

- 6.3% of Roanoke County workforce eligible for full retirement now (60 eligible of 948 current employees)

Workforce Eligible for Full Retirement (60 Employees)					
Category	# of Employees Eligible	Assistant Directors & Above	Managers/ Supervisors	All Others	Definition
Public Safety	17	2	12	3	Age: 50, YOS: 25 Age: 60, YOS: 5
Non-Public Safety	43	8	9	26	Age: 50, YOS: 30 Age: 65, YOS: 5

Salary Distribution for Full-Time Classified Employees

Salary Distribution for Full-Time Employees As of March 2017



948 Total Full-Time Positions	
Average Salary	\$47,280
Median Salary	\$42,045
Minimum Salary	\$22,002
Maximum Salary*	\$144,192

- 58% of all full-time salaries are below \$45,000
- 83% of all full-time salaries are below \$60,000

***Note:** Does not include non-classified positions (i.e. - County Administrator, County Attorney, Constitutional Officers)

Employee Benefits Survey

Summary of Employee Benefits Survey

- Overall High Satisfaction Level
- Concerns with stagnant pay and benefit reductions
- Benefits & Pay tied as most important Total Compensation Component
 - 50/50 Split on preference for increased pay or preserve benefits
 - 50/50 Split on how to manage rising healthcare costs (premiums versus deductibles and out of pocket costs)

Employee Benefits Survey: Most Important Benefits

1 – Health Insurance

2 – VRS

3 – Flexible Leave Plan

3 – Retiree Health Insurance

5 – Dental Insurance

6 – Holidays

7 – Deferred Compensation

8 – Marathon Wellness Program

9 – Life Insurance

10 – Long Term Disability

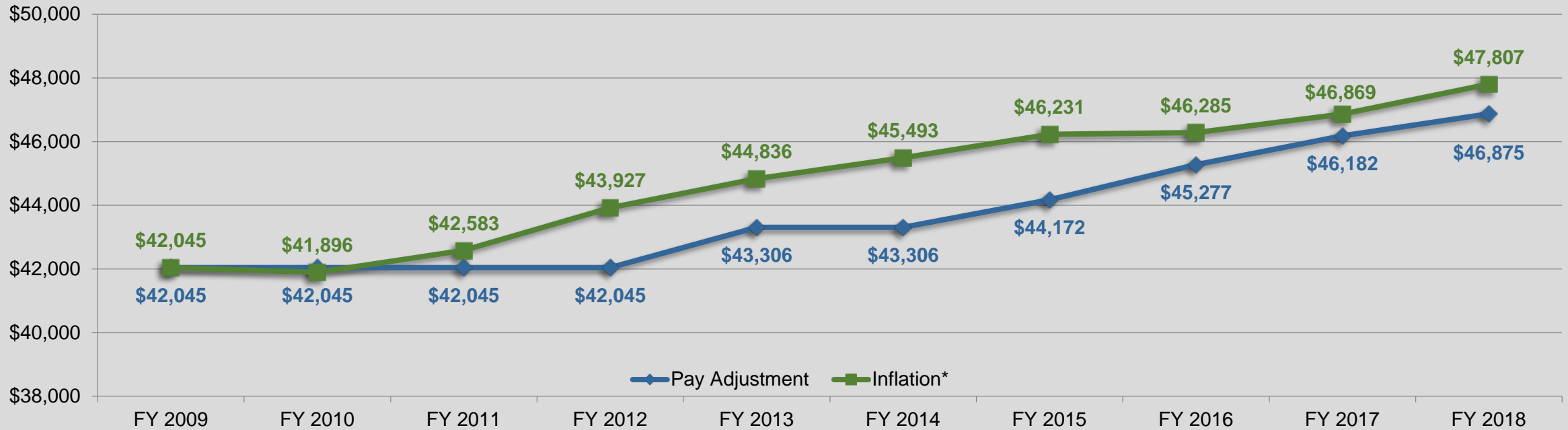
Fiscal Year 2018 Proposed Operating Budget Total Compensation Changes

Proposed FY 2018 Operating Budget Compensation & Benefits

Total Compensation Element General Government Fund	\$ Change Over FY 2017
1.5% compensation adjustment (\$ change represents General Government costs)	\$725,224
Health insurance premium increases including retirees	\$518,153
Salary lapse (based on current vacancy projections)	\$71,000
Holiday pay for regular part-time employees	\$25,000
Tuition reimbursement	\$20,000
Recreation membership and program discounts for full and part-time employees	---
Attrition/Pay Adjustments & Other Benefits Adjustments	(\$539,854)
Total	\$819,523

History of Pay Adjustments

Example Salary Adjustments Compared to Inflation
\$42,045 Salaried Employee in FY 2009



Pay Adjustment	4.0%	----	----	----	3.0%	----	2.0%	2.5%	2.0%	1.5%
Inflation*	3.8%	-0.4%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	+/- 2.0%

Note:

- FY 13 also included a hold harmless 5.75% increase for VRS Plan 1 employees due to state mandate that all employees pay their share of VRS contribution
- Non-recurring bonuses were received in FY 10 (\$500) and FY 12 (\$500 - \$2,500)
- 0.5% of FY 16 increase was a hold harmless increase for Health Insurance rate changes

*Source: U.S. Bureau of Labor Statistics, www.bls.gov

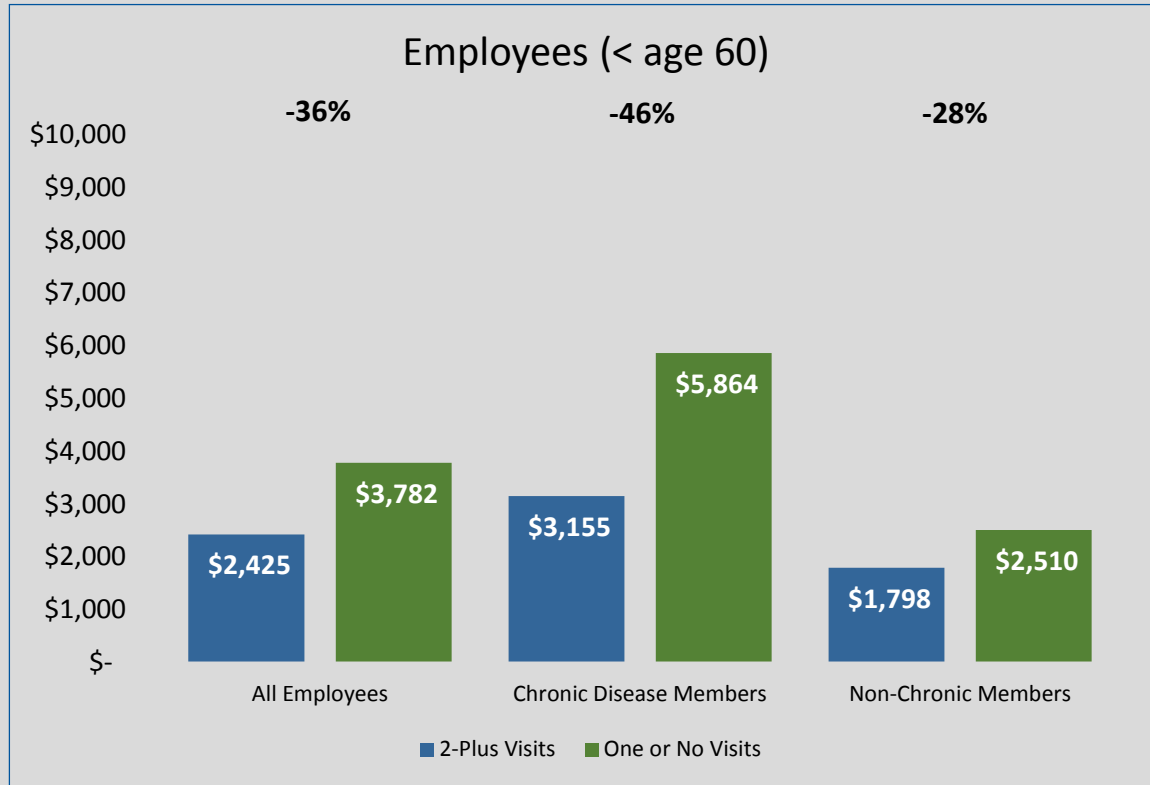
Marathon Wellness Program

Wellness Program through Marathon

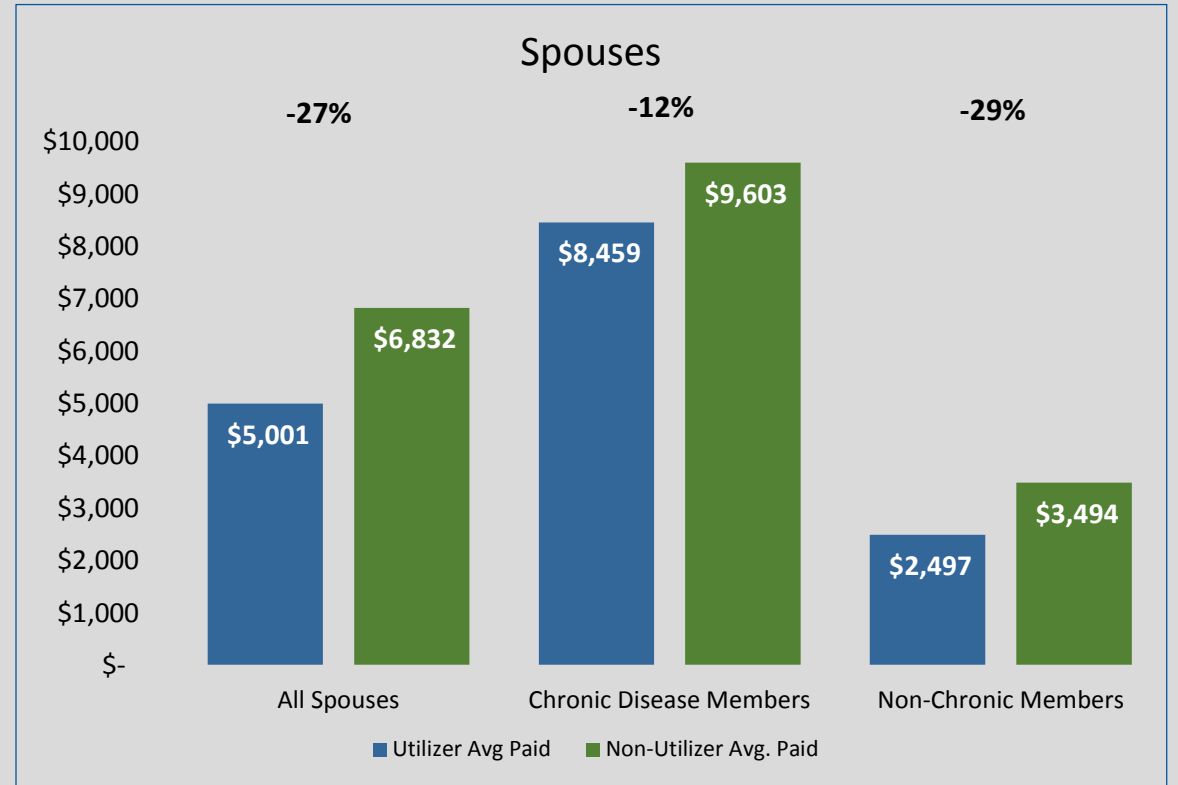
- Due to a continued rise in health care costs, Roanoke County partnered with Marathon Health for Life in 2013 and established wellness as a vital part of the employee benefits program
- Help employees achieve and maintain good health and lower health care costs
- Employees, retirees, and spouses covered by the County's health plan are eligible for services provided at the onsite health center
- 747 unique patients of 1,358 eligible have visited the Roanoke Health Center since 2013
- 78% of the at-risk population made measurable improvement on at least one risk factor since 2013 (up from 46% in 2014 and 74% in 2015)

Average Paid Per Member Med & Rx – CY 2015

Employees With Two or More Visits 2014-15 vs. Those With One or No Visits



Employees with two or more visits have **much lower** average costs than those with one or no visits.



Spouses using the health center **cost about 27% less**. Those with chronic disease (with higher risk factors than non-utilizers) cost 12% less.

Proposed FY 2018 Operating Budget Health Insurance Changes

- Incentivize wellness through different premium and cost share structure
- Elimination of the Key Care 200 plan
 - Employees moving from the Key Care 200 to Key Care 1000 plan will be eligible for the \$500 or \$1,000 Health Reimbursement Account (HRA) depending on the coverage tier they choose
- No change in coverage between Key Care 200 and Key Care 1000 except for lower out of pocket maximum costs and lower prescription co-pay
- Everyone contributes
- Creating a standard cost sharing allocation for wellness and non-wellness participants

Proposed FY 2018 Operating Budget Health Insurance Changes

- By June 30, 2018, require spouses to enroll in wellness to maintain full \$1,000 HRA contribution. If spouse does not enroll in wellness, HRA contribution will be reduced to \$500.
- Employees will be able to enroll in wellness twice a year, giving them up to six months to complete the three steps

Proposed FY 2018 Operating Budget Health Insurance Changes

- Initial projections indicated a 12.4% increase in claims, which would have required an \$800,000 increase to the General Government fund budget
- With the proposed health plan changes and incentivizing wellness, the required increase was reduced from 12.4% to approximately 9% or \$518,154
- Retirees participating in the health insurance program will all move to Key Care 1000 and will receive the HRA contribution. The County contribution for retiree health insurance increases by \$269,372 or 54% over FY 2017

Proposed FY 2018 Operating Budget Health Insurance Changes

Plan Design Changes and Impact

Year	Plan Changes	Increase to Employee	Increase to County
FY 2010	Federal regulation compliance	--	--
FY 2011	Federal regulation compliance	--	4.1%
FY 2012	ACA compliance	--	4.8%
FY 2013	KC200 replaced KC20	--	--
FY 2014	Added KC1000	--	2.5%
FY 2015	None	5% KC200	--
FY 2016	Federal regulation compliance	KC200 \$15 to \$60 monthly increase (Based on Wellness participation and plan)	--
FY 2017	KC200 co-pay eliminated	11.8%	11.8%
FY 2018 Proposed	Eliminate KC200	\$15.42 to \$151.52 monthly increase (Based on Wellness participation and plan)	Approximately 9%

Proposed FY 2018 Operating Budget

Health Insurance Rates – Current Employees

Current Employees Proposed FY 2018 Health Insurance Rates Key Care 1000 WITH Wellness

Plan	FY 2018 Employee Rate	FY 2018 County Contribution	FY 2018 HRA Contribution	FY 2018 Total County Contribution	FY 2018 Total Monthly Premium	FY 2018 % Employee Share	FY 2017 Employee Rate	Difference: FY 2018 - FY 2017
Employee Only	\$ 47.37	\$ 384.67	\$ 41.68	\$ 426.35	\$ 473.72	10.0%	\$ -	\$ 47.37
Employee + Child	\$ 190.20	\$ 418.10	\$ 83.34	\$ 501.44	\$ 691.64	27.5%	\$ 174.78	\$ 15.42
Employee + Spouse	\$ 331.61	\$ 532.50	\$ 83.34	\$ 615.84	\$ 947.45	35.0%	\$ 307.76	\$ 23.85
Employee + Family	\$ 414.51	\$ 686.46	\$ 83.34	\$ 769.80	\$ 1,184.31	35.0%	\$ 363.42	\$ 51.09

Current Employees Proposed FY 2018 Health Insurance Rates Key Care 1000 WITHOUT Wellness

Plan	FY 2018 Employee Rate	FY 2018 County Contribution	FY 2018 HRA Contribution	FY 2018 Total County Contribution	FY 2018 Total Monthly Premium	FY 2018 % Employee Share	FY 2017 Employee Rate	Difference: FY 2018 - FY 2017
Employee Only	\$ 92.38	\$ 481.78	\$ 41.68	\$ 523.46	\$ 615.84	15.0%	\$ 74.40	\$ 17.98
Employee + Child	\$ 292.22	\$ 523.57	\$ 83.34	\$ 606.91	\$ 899.13	32.5%	\$ 266.86	\$ 25.36
Employee + Spouse	\$ 492.67	\$ 655.67	\$ 83.34	\$ 739.01	\$ 1,231.68	40.0%	\$ 399.26	\$ 93.41
Employee + Family	\$ 615.84	\$ 840.42	\$ 83.34	\$ 923.76	\$ 1,539.60	40.0%	\$ 464.32	\$ 151.52

Proposed FY 2018 Operating Budget Health Insurance Rates - Retirees

Retirees Only (20+ Years of Service - 100%) Proposed FY 2018 Health Insurance Rates Key Care 1000 <u>WITHOUT</u> Wellness								
Plan	FY 2018 Retiree Rate	FY 2018 County Contribution	FY 2018 HRA Contribution	FY 2018 Total County Contribution	FY 2018 Total Monthly Premium	FY 2018 % Retiree Share	*FY 2017 Retiree Rate	*Difference: FY 2018 - FY 2017
Retiree Only	\$ 204.84	\$ 369.32	\$ 41.68	\$ 411.00	\$ 615.84	33.3%	\$ 162.58	\$ 42.26
Retiree + Child	\$ 390.51	\$ 425.29	\$ 83.34	\$ 508.63	\$ 899.14	43.4%	\$ 388.50	\$ 2.01
Retiree + Spouse	\$ 656.55	\$ 491.80	\$ 83.34	\$ 575.14	\$ 1,231.69	53.3%	\$ 569.22	\$ 87.33
Retiree + Family	\$ 902.88	\$ 553.38	\$ 83.34	\$ 636.72	\$ 1,539.60	58.6%	\$ 655.60	\$ 247.28

*Based on Key Care 200 Plan

- Retirees will receive HRA contribution with Key Care 1000

Proposed FY 2018 Operating Budget

Health Insurance – Comparison to surrounding localities

	Roanoke County		City of Roanoke	City of Salem		
	KeyCare 1000 With Wellness	KeyCare 1000 Without Wellness	KeyCare 20	KeyCare 20	KeyCare 30	HDHP + HSA
Deductible	\$1,000 / \$2,000	\$1,000 / \$2,000	\$300 / \$600	None	\$2,000 / \$4,000	\$3,000 / \$6,000
Maximum Annual Out of Pocket	\$3,500 / \$7,000	\$3,500 / \$7,000	\$3,500 / \$7,000	\$5,000 / \$10,000	\$5,000 / \$10,000	\$4,000 / \$8,000
Employee Only	\$47.37	\$92.38	\$42.97	\$160.44	\$64.60	\$20.82
Employee + Child	\$190.20	\$292.22	\$210.63	\$333.10	\$233.68	\$135.58
Employee + Spouse	\$331.61	\$492.67	\$535.07	\$795.23	\$645.96	\$447.67
Employee + Children	--	--	--	\$874.75	\$710.60	\$492.44
Employee + Family	\$414.51	\$615.84	\$542.60	\$993.11	\$806.68	\$559.06

- Roanoke County provides HRA contribution of \$500 (\$41.68 per month) for employee only and \$1,000 (\$83.34 per month) for Employee + Child, Employee + Spouse, and Employee + Family plans

FY 2018 Proposed Benefit Enhancements

- Additional funding for training and professional development, including funding for the County's Lean Initiative
- Reinstatement of employee tuition reimbursement at \$20,000
 - up to \$500 per year per full-time employee
- Discounted membership at County owned recreation facilities
- Funding to provide regular part-time employees with limited holiday pay

Next Steps

Proposed FY 2018 Operating Budget Compensation and Benefits Future Outlook

- RFP for prescription drug plan
- County exploring supplemental voluntary benefits
- Continue to engage employees in benefits and compensation discussions
- Continue to evaluate total compensation to remain an employer of choice
- Virginia Retirement System (VRS) increase in FY 2019 – estimated at over \$500,000

Proposed FY 2018 Operating Budget Next Steps – Work Sessions

Work Session Topic	2017 Date
Roanoke County Fiscal Policies	January 24
FY 2016-2017 Mid-Year Revenue/Exp. Update	January 24
(Tentative) FY 2018-FY 2027 Capital Improvement Program including Schools	February 14
FY 2017-2018 Revenue Overview	February 28
FY 2017-2018 Employee Compensation and Benefits	March 28
FY 2017-2018 County Operating Budget, Outside Agencies, Fees	April 11
Joint Work Session with Schools (if needed)	April 25
FY 2018-FY 2027 Capital Improvement Program	April 25

Note: Additional work sessions may be added if necessary

Proposed FY 2018 Operating Budget Next Steps – Tax Rate and Budget Items

Tax Rate/Budget Item	2017 Date
County Administrator's Recommended FY 2018 Operating Budget	March 14
Community Budget Presentations – County Administrator	March 21-22
Budget Public Hearing & Resolution to Establish the Maximum Tax Rate; Public Hearing on Effective Tax Rate	March 28
Operating and Capital Budget Public Hearing; Public Hearing on Tax Rates; Resolution to Establish a Tax Rate	April 11
First Reading of Ordinance to Appropriate Funds for the FY 2018 Operating & Capital Budgets; Final Public Hearing	May 9
Resolution to Adopt FY 2018 Operating & Capital Budget & Second Reading to Appropriate Funds for the FY 2018 Operating & Capital Budgets	May 23

Questions and Comments