



Personnel & Compensation

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FY 2015 Budget - Personnel and Compensation

Introduction

Johnson County Government is a progressive and innovative organization that provides high quality and cost-effective services to the residents of the County through its dedicated and knowledgeable workforce. The County seeks to recruit and retain employees with a commitment to public service and a desire to make a difference in the community. This section of the budget overview focuses on funding recommendations related to the County's workforce.

The **Personnel and Compensation** section is organized as follows:

- Overview of Workforce Planning-Related Trends
- Compensation Information
- Vacancy Factor
- Full-time Equivalent (FTE) Position Information
- Benefits (Including the Health Care Fund)

The budget includes the following recommendations to invest in the County's workforce:

1. Allocate funding for a 3% merit pool.
2. Allocate funding for step movement for the Sheriff's Civil Service staff.
3. Maintain the employer match for supplemental retirement at 3.0%.
4. Allocate funding for the implementation of an updated pay table in support of the County's compensation philosophy.

By systematically and routinely analyzing workforce data to assess employees' attributes, monitoring and understanding social, economic, and political trends, then aligning that information with the current and projected needs and goals of the organization, the organization is able to have the right people with the right competencies in the right jobs at the right time – now and in the future.

Johnson County has been successful in reducing its workforce without resorting to layoffs, and County employees have risen to the challenge of heavier workloads. The County initiated a Voluntary Retirement Incentive Program (VRIP) in late 2011, which resulted in 177 employees leaving the organization, most within the span of a month's time. Existing county staff is being asked to do more, while compensation has remained relatively flat over the last several years.

As a result of the past few years of reducing the overall workforce at the County, current priorities going forward include retaining core service area staff; managing workload concerns, addressing morale issues and stemming healthcare costs. The pace of recovery is slow and the County continues to take a cautious approach to filling only positions deemed essential for service delivery.

Workforce Trends

Analyzing current and historical employee data and understanding the impact of social, economic, and political trends on the workplace enables the County to gain insight into current and anticipated workforce needs. In today's rapidly changing and uncertain environment, the County continues to be challenged to employ creative workforce planning strategies that ensure the organization employs the talent needed to deliver excellent service to the public.

Total remuneration entails the financial package offered to employees and is comprised of pay and benefits. The County's compensation program includes both the base and variable pay and reflects the County's compensation philosophy. The County's compensation philosophy is designed to:

- Be competitive within the relevant, comparable labor markets for base salary;
- Recognize outstanding performance and organizational contributions through the use of base and variable pay adjustments; and
- Establish pay practices consistent with the market.

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Full-time Equivalent (FTE) Position Information

Recruiting and retaining a talented workforce is essential to the provision of high quality services by Johnson County Government. This section includes information on full-time equivalent (FTE) positions and the County's total compensation package for employees.

Positions included in the budget represent the highest needs in the County. Key elements of the County's total compensation package are the allocation of funds for a 3.0% merit increase pool for employees with competent to exceptional performance and \$35.2 million for the employer contribution to the Health Care Fund for 2015. A comparison of the pay ranges to comparable organizations indicated that the County needed to narrow the ranges for grades 11 to 15 from 75%-125% of the mid-point to 85%-115% and for grades 16 to 28 from 75%-125% of the mid-point to 80%-120%. Most organizations undertaking this change do so over a period of 3 years. In 2014, the County moved the minimum/maximum for all grades by 3%, to 78%-122%. In 2015 grades 11 to 15 will be narrowed from 78%-122% of the mid-point to 81%-119% and for grades 18 to 28 from 78%-122% of the mid-point to 80%-120%. The cost for narrowing the grades in 2015 will be approximately \$1.2 million. This move creates compression issues within the grades, however, due to a change in the methodology this will be cost neutral.

Changes in Budgeted Positions in the FY 2015 Budget

A total of 3,822.41 FTEs are included in the FY 2015 Budget. This is a decrease of 48.60 FTEs from the FY 2014 budget of 3,871.01 FTEs. The decrease of 48.60 FTEs is a result of the following: decrease of 76.2 FTE at Johnson County Mental Health through BOCC action taken October 31, 2013; a reduction of 17.25 FTEs at DCT due to the loss of the state contract, the addition of 48.0 FTEs through Request for Additional Resources (RAR), and the remainder through the addition and elimination of grant-funded and seasonal positions outside of the budget process. The 48.0 FTE added in the FY 2015 Budget is shown in Table #3 below.

New Positions Included in the FY 2015 Budget

To balance the Board's strategic goals to be responsible stewards of the taxpayers' money and to provide the best possible mandatory and discretionary services, only essential new positions have been included in the FY 2015 Budget. The approved positions were submitted through the Request for Additional Resources (RAR) process. Highlights of the new positions included in the FY 2015 Budget are listed in Table #3 below:

Table #3: New FTE Positions Proposed in the FY 2015 Budget

Department	Description	FTEs	Property Tax Impact	Request Type
Emergency Mgmt. & Communications	Radio Communications Technician	1	\$0	RAR
Elections	Election Manager	1	\$64,715	RAR
Sheriff	Civilian Specialists	20	\$1,087,458	RAR
Sheriff	Deputy Sheriff	22	\$1,382,000	RAR
Park & Recreation	Deputy Director	1	\$144,202	RAR
Park & Recreation	Park Worker 1	1	\$52,029	RAR
Wastewater	Customer Service Representatives	2	\$0	RAR
		48.0		

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Comparison of Budgeted FTE Positions since FY 2010

Since 2010 the number of budgeted FTE positions has decreased at an average annual rate of (1.2%). This change is reflected in Table #4 below:

Table #4: Comparison of Budgeted FTE Positions Since FY 2010

Fiscal Year	Budgeted FTE Positions	Annual Increase	Annual % Increase
2010	4,092.78	(7.15)	-0.2%
2011	4,014.16	(78.62)	-1.9%
2012	3,901.77	(112.39)	-2.8%
2013	3,860.02	(41.75)	-1.1%
2014	3,871.01	10.99	0.3%
2015	3,822.41	(48.60)	-1.3%

Information on the net change from 2010 to 2015 for each strategic program is presented in Table #5 below:

Table #5: FY 2010 - FY 2015 Budgeted FTEs by Strategic Program

Strategic Program	2010 Budgeted FTE Positions	2015 Proposed FTE Positions	Increase	% Increase from 2010
Support Services	337.01	404.19	67.18	19.9%
Public Safety and Emergency Services	1,445.98	1,334.23	(111.75)	-7.7%
Infrastructure	379.26	321.59	(57.67)	-15.2%
Health and Human Services	1,004.44	859.38	(145.06)	-14.4%
Culture & Recreation	694.01	695.02	1.01	0.1%
Records and Taxation	232.08	208.00	(24.08)	-10.4%
Totals	4,092.78	3,822.41	(270.37)	-6.6%

Overall, the budgeted FTEs have decreased by 270.37 FTEs, or 6.6.0% since 2010.

Growth within Support Services has been largely within the Facilities department through added positions to provide service to new County facilities, centralization of Fleet and custodial services from other departments to within Facilities, and the establishment of an FTE Pool in FY 2011. Growth has also occurred due to the merger of Treasurer and Office of Financial Management into Treasury and Financial Management. The Treasurer FTEs are now part of Support Services instead of Records and Taxation. Information Technology services have also been consolidated with the merger of ITS, OSC, and AIM into DTI and the transfer of some FTEs from other departments.

Another measure of budgeted FTE positions is the number of positions per County resident. Table #6 on the following page presents a comparison of FY 2010 and FY 2015 FTE positions per 1,000 Johnson County's population:

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Table #6: FY 2010 - FY 2015 Budgeted FTEs per 1000 County Residents

Strategic Program	2010 Budgeted FTE Positions	2015 Proposed FTE Positions	Increase	% Increase from 2010
Support Services	0.62	0.70	0.08	12.90%
Public Safety and Emergency Services	2.68	2.32	(0.36)	-13.43%
Infrastructure	0.70	0.56	(0.14)	-20.00%
Health and Human Services	1.86	1.50	(0.36)	-19.35%
Culture & Recreation	1.29	1.21	(0.08)	-6.00%
Records and Taxation	0.43	0.36	(0.07)	-16.28%
Totals	7.58	6.65	(0.93)	-12.27%

Vacancy Factor

Beginning in FY 2001, personal services funding was budgeted at less than full employment (i.e., budgeting for a vacancy factor). Historically through 2011, positions meeting specific criteria have been budgeted at 98% occupancy. Beginning with FY 2012 and continuing into FY 2013, the adopted budget continues a more aggressive vacancy factor by budgeting positions meeting the criteria at 97% occupancy. Generally, coverage positions where on-call hours are used to cover absences are exempted from the vacancy factor calculation. Departments with less than ten (10) FTE positions are also exempted.

Benefits and Health Care

The County seeks to attract and retain quality employees with its indirect compensation package, recognizing that current and potential employees often consider benefits a primary factor when choosing employment. It is the County's goal to help employees achieve a positive balance between their work and personal lives by providing plans and programs that meet the needs of a diverse workforce and by educating employees to assist them in making choices that meet their needs.

To remain competitive, the County will provide ongoing analysis of the level, nature, and variety of benefits offered to employees, with a long-term focus on monitoring trends, costs, and options. The scope and value of the benefit plans and programs are reviewed regularly.

Medical and Dental Plan Redesign and Funding

The Health Care Fund Management Team (HCFMT) addressed Affordable Care Act mandates by offsetting the increased claims costs to be borne by the County with plan design changes. The HCFMT continues to evaluate options to minimize the Excise Tax that is effective in 2018 in a methodical approach while minimizing disruption to employees and financial burden to the County. With these primary goals, the HCFMT approved the recommendation of the following plan design changes for 2015:

- Increase the dual-option Preferred Provider Organization (PPO) plans' deductible amount by \$100 each, changing the \$200 and \$500 deductible options to \$300 and \$600.
- Maintain the Qualified High Deductible Health plan (QHDHP) option.

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- Increase the out-of-pocket maximum by \$100 for each PPO plan option.
- Increase the out-of-network deductibles to two times the network deductibles for all three plan options.
- Revise the office copayment structure by maintaining the Patient-Centered Medical Home (PCMH) incentive, lower the primary care copayment and create a specialist copayment that is two times the primary care copayment.

To allow for employees to make informed, educated decisions regarding the revised plan options, TFM-Benefits will conduct Open Enrollment presentations to the organization during the Open Enrollment period. In addition, several resources remain on and revisions will be uploaded to the Benefits web-site for use by employees including a Plan Calculator that assists employees with calculating the out-of-pocket expenses for each plan option to enable them to be informed consumerists.

Administration of the Health Care Program:

The Health Care Fund Management Team (HCFMT) was created to review healthcare utilization, identify trends, analyze data, estimate costs, recommend premiums and cost sharing, and to consider plan design modifications for the County's health insurance program. The HCFMT faces many ongoing fund issues while addressing continued double-digit health care cost increases. Highlights include:

- Continuation of a three-year wellness strategy applying a budget-neutral incentive fee (contribution differential) to employees who do meet the approved wellness engagement criteria. Final 2015 employee contribution rates were approved by the HCFMT at its May 14 meeting. To make the Legal-recommended incentive structure budget-neutral, all employee contribution rates are being increased by the amount of the incentive so employees who complete the Wellness Strategy will receive the \$65 per month incentive.
- Implemented a new three-year wellness strategy based on an outcomes-based approach and design for the years 2014 through 2016.
- Members of the HCFMT served as the Project Manager and served on the Selection Committees for the following three separate and distinct bids in 2014 for a January 1, 2015 effective date: 1) Health Savings Account (HSA) administrator; 2) Flexible Spending Account (FSA) administrator; and 3) the COBRA/Retiree/VRIP administrator.
- Continuation of employee benefit education programs focusing on sending an annual Benefit Claim Summary through Blue Cross Blue Shield of Kansas City (BCBSKC) and a Total Compensation Statement summarizing the value of all compensation and benefits offered through the County.
- Continuation of the analysis and forecast of the costs to the County as a result of compliance with the Patient Protection and Affordable Care Act (PPACA). Changes mandated in 2015 are:
 - Employers continue to be charged a Reinsurance Tax and a Patient-Centered Outcomes Research Institute (PCORI) tax. These taxes are estimated to total about \$335,000 in 2015.
 - Inclusion of prescription drug copayments under the medical plan out-of-pocket maximum in 2015. The ACA required inclusion of office visit, urgent care and emergency room copayments in 2014. Beginning in 2015, plan participants have a clearly defined out-of-pocket maximum which enables better consumerism and knowledge of a maximum financial exposure should they suffer an expensive or catastrophic health condition. Under the "Play or Pay" concept whereby employers choose to continue to offer an employee medical plan ("Play") or offer coverage only under a public insurance exchange

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("Pay"), the County choose the "Play" option. The mandate was postponed from 2014 to 2015.

- Increase funding of wellness programs approved by the Board of County Commissioners or the Wellness Committee to provide opportunities for employees and spouses to improve their health and wellness with the overall goal of reducing health care claims costs.
- Continuation of the value-based pharmacy clinical management program administered by Tria Health where targeted Members on specific medications receive counseling to improve medication regimen and adherence. Participation enables members to receive reduced drug copayments for the specific medications. The program reduced County drug claim costs by about \$300,000 and led to decreased emergency room use and fewer inpatient hospital confinements.
- Continuation of the pharmacy manufacturer rebate program with the County's Pharmacy Benefit Manager, MedTrak Services. The estimated rebates for 2013 total about \$250,000.

By implementing a dynamic, five-year budget model for the Health Care Fund, the County anticipates having the ability to respond appropriately to market and inflationary trends without the potential for dramatic fluctuations in employer or employee contributions. The FY 2015 Budget includes a recommendation to allocate \$31.4 million for the employer contribution to the Health Care Fund. This amount represents 3% increase in the employer contribution amount from FY 2014. Staff anticipates that employee contribution rates, set in the fall, will need to be increased by roughly 3%, to maintain the long-term stability of the fund, although the HCFMT has recommended that the increase be allocated to the PPO300 rates since it replaces the PPO200 and has been the significant cost driver among the three plan options. As a result, the PPO300 rates will initially increase by 3.85% before the incentive rate structure is calculated.

Additional important focuses for 2015 involve:

- Increasing participation in the Patient-Centered Medical Home (PCMH) health care delivery system for 2015 through continued educational efforts. Preliminary analyses indicate that the increased coordination of care expected from the PCMH model did result in over \$300K in estimated reduced claims costs.
- Continue the Implementation of the outcomes-based component of the wellness strategy with focus on improving employee health risks with targeted biometric goals. This component is a critical contributor to the HCFMT's strategy to slow down health care cost increases and to better position the County to address the looming PPACA Excise Tax in 2018.
- Implementing the 2015 employee contribution rates.

In Table #3 on the next page, current budgetary estimates for the Health Care Fund are provided for FY 2014 and FY 2015.

As required under by policy, the ending fund balance as of December 31, 2013 is in excess of the 135% threshold; however, projected reserves of \$10.1 million as of December 31, 2013 are anticipated to be below the 135% level. The cash reserves are needed to cover incurred but not reported claims as well as provide a "secured funding" contingency reserve in accordance with County policy.

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Table #7: Health Care Fund - FY 2014 and FY 2015 Budgetary Projections

	<u>FY 2014</u>	<u>FY 2015</u>
Receipts		
Employer Contributions for Medical and Vision	\$ 29,413,647	\$ 31,417,418
Employer Contributions for Dental	1,706,345	1,791,650
Employee Contributions for Medical	5,132,776	5,482,441
Employee Contributions for Dental	426,586	447,912
Voluntary Retirement Incentive Program contribution	887,958	707,344
Investment Income and Other	176,412	412,432
Total Estimated Receipts	\$ 37,743,724	\$ 40,259,196
Disbursements		
Estimated Medical and Pharmacy Claims	34,398,889	36,181,258
Estimated Reinsurance and Claims Processing	3,364,598	3,538,934
Estimated Dental claims and Administrative Costs	2,057,931	2,164,562
Estimated Vision Plan Premiums	420,873	442,681
Estimated Fees for Professional Services	84,274	84,274
Estimated Miscellaneous Expenses	93,939	93,939
Total Estimated Disbursements	\$ 40,420,504	\$ 42,505,647
Receipts Less Disbursements	\$ (2,676,781)	\$ (2,246,451)
Beginning Cash Balance, January 1st	\$ 14,991,049	\$ 12,314,268
Projected End Cash Balance, December 31st	\$ 12,314,268	\$ 10,067,817
Estimated Secure Funding	\$ 7,619,350	\$ 8,006,461

Table #7 includes projected claims calculated at the County's expected exposure level for both FY 2014 and FY 2015 based on projected participation levels. If the contributions remain at the levels listed above and if the claims run higher or lower than expected level in both years, the ending cash balance would be impacted.

FY 2015 Budget - FTEs by Type

Agency/Department	Other	Grant	Fee	Total
Airport	18.80	0.00	0.00	18.80
Appraiser	86.00	0.00	0.00	86.00
Board of County Commissioners	12.00	0.00	0.00	12.00
Budget and Financial Planning	9.00	0.00	0.00	9.00
Contractor Licensing	0.00	0.00	5.30	5.30
Corrections	247.30	53.80	7.05	308.15
County Manager's Office	20.50	0.00	1.00	21.50
Countywide support	20.00	0.00	0.00	20.00
Courts Law Library	4.96	0.00	0.00	4.96
Department of Health & Environment	85.24	50.43	0.00	135.67
Department of Technology & Innovation	84.63	0.00	0.00	84.63
Developmental Supports	278.16	14.00	0.00	292.16
District Attorney	91.83	0.75	0.00	92.58
District Court Trustee	29.50	0.00	0.00	29.50
District Courts	11.06	10.68	16.27	38.01
Elections/Registration	17.00	0.00	0.00	17.00
Emergency Management & Communications	46.00	1.00	0.00	47.00
Facilities	155.70	0.00	0.00	155.70
Facilities - Fleet	15.00	0.00	0.00	14.80
Human Resources	18.81	0.00	0.00	18.81
Human Services Department	36.95	87.27	0.00	124.22
JIMS	18.00	0.00	0.00	18.00
Legal	15.50	0.00	0.00	15.50
Library Operating	262.75	0.00	0.00	262.75
Med-Act	139.53	0.00	0.00	139.53
Mental Health	254.35	52.98	0.00	307.33
Motor Vehicle	68.00	0.00	0.00	68.00
Museums	7.25	0.55	0.00	7.80
Park & Recreation Employee Benefit	0.80	0.00	0.00	0.80
Park & Recreation Enterprise	0.00	0.00	301.85	301.85
Park & Recreation General	121.82	0.00	0.00	121.82
Planning	12.55	0.00	0.00	12.55
Public Works	62.54	0.00	0.00	62.54
Risk Management	4.50	0.00	0.00	4.50
RTA	0.00	0.00	0.00	37.00
Sheriff	653.50	3.00	0.00	656.50
Stormwater	3.40	0.00	0.00	3.40
Transportation	6.90	2.10	0.00	9.00
Treasurer & Financial Management	47.75	0.00	0.00	47.75
Wastewater	210.00	0.00	0.00	210.00
Total	3,177.58	276.56	331.47	3,822.41