



Personnel & Compensation

This Section Includes:

- Work Force Trends (Page E.2)
- New Positions Included in the FY 2014 Budget (Page E.3)
- Comparison of Budgeted FTE Positions Since FY 2009
(Page E.4)
- Benefits and Health Care (Page E.5)
- Budgeted FTEs by Agency/Department FY 2012 – FY 2014
(Page E.9)

FY 2014 Budget - Personnel and Compensation

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

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

The FY 2014 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. Most recently, 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. Scheduled merit raises were eliminated in 2009, halved in 2010 and postponed in 2011. A 2.5% merit pool was included in the FY 2013 Budget.

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 compensation 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, informally adopted through the 2003 budget process. 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.

FY 2014 Budget - Personnel and Compensation

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.

A total of 3,871.01 FTE positions are included in the FY 2014 Budget. 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% merit increase pool for employees with competent to superior performance and \$31.4 million for the employer contribution to the Health Care Fund for 2014.

A comparison of the pay ranges to comparable organizations indicated the County needed to narrow the ranges for grades 10 to 15 from 75% and 125% of the mid-point to 85% / 115% and for grades 16 to 28 from 75% and 125% of the mid-point to 80% / 120%. Ranges will be narrowed by 3%, to 78%-122% in FY 2014, with subsequent changes to follow in FY 2015-2016 to reach the final range widths. The cost for FY 2014 will be approximately \$1.2 million. This move creates compression issues within the grades, and a plan to begin addressing it is funded within the budget at a cost of \$724,256.

Changes in Positions Budgeted in the FY 2014 Budget

A total of 3,871.01 FTEs are included in the FY 2014 Budget. This is an increase of 10.99 FTEs from the FY 2013 budget of 3,860.02 FTEs. The increase of 10.99 FTEs is a result of the following: an increase of 2.5 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 2.5 FTEs added in the FY 2014 Budget are shown in Table #1 below. The Health & Environmental FTE utilized the contingent FTE included in their FY 2013 budget as part of the Matrix recommendations.

New Positions Budgeted in the FY 2014 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 the required number of new positions is budgeted in the FY 2014 Budget. The FY 2014 Budget includes the addition of 2.5 FTE positions submitted through the Request for Additional Resources (RAR) process. Highlights of the new positions included in the FY 2014 Budget are listed in Table #1 below:

Table #1: New FTE Positions in the FY 2014 Proposed Budget

Department	Description	FTEs	Property Tax Impact	Request Type
District Court	Domestic Services Officer	1.5	\$0	RAR
Health & Environment	On-site Septic Inspector	1.0	\$0	RAR
TOTAL		2.5		

As the County's overall economy appears to be recovering slowly, staff will continue to strive to achieve the goals of the compensation philosophy which will reinforce a positive work climate, a citizen-service orientation, accountability and performance, and create the desire in employees to remain with Johnson County and enhance service to our citizens.

FY 2014 Budget - Personnel and Compensation

Comparison of Budgeted FTE Positions since FY 2009

Since 2009 the number of budgeted FTE positions has decreased at an average annual rate of (1.0%). This growth is reflected below in Table #2:

Table #2: Comparison of FTE Positions since FY 2009

Fiscal Year	Budgeted FTE Positions	Annual Increase	Annual % Increase
2009	4,127.16	27.23	0.7%
2010	4,092.78	(34.38)	-0.8%
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%

The growth in FTE positions has occurred in the Support Services strategic programs. Information on growth for each strategic program is presented in Table #3 below:

Table #3: FY 2009 - FY 2014 FTEs by Strategic Program

Strategic Program	2009 Budgeted FTE Positions	2014 Budgeted FTE Positions	Increase/ (Decrease)	% Increase from 2009
Support Services	338.78	401.69	62.91	18.6%
Public Safety and Emergency Services	1,456.48	1,304.42	(152.06)	-10.4%
Infrastructure	385.06	319.59	(65.47)	-17.0%
Health and Human Services	1,013.36	934.77	(78.59)	-7.8%
Culture & Recreation	696.62	702.54	5.92	0.8%
Records and Taxation	236.86	208.00	(28.86)	-12.2%
Totals	4,127.16	3,871.01	(256.15)	-6.2%

There has been negative FTE growth in Public Safety, Infrastructure, Health & Human Services and Records and Taxation due to budget reductions.

Growth within Support Services has been largely within the Facilities department through added positions to plan for, and provide, service to new County facilities as well as the establishment of an FTE Pool in Countywide 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. Growth in Culture and Recreation is due to changes in seasonal employees.

Another measure of budgeted FTE positions is the number of positions per County resident. Table #4 on the following page presents a comparison of FY 2009 and FY 2014 budgeted FTE positions per 1,000 Johnson County population:

FY 2014 Budget - Personnel and Compensation

Table #4: FY 2009 - FY 2014 FTEs per 1000 County Residents

Strategic Program	2009 Budgeted FTE Positions	2014 Budgeted FTE Positions	Increase	% Increase from 2009
Support Services	0.63	0.70	0.07	11.39%
Public Safety and Emergency Services	2.70	2.27	(0.43)	-15.86%
Infrastructure	0.71	0.56	(0.16)	-22.03%
Health and Human Services	1.88	1.63	(0.25)	-13.44%
Culture & Recreation	1.29	1.22	(0.07)	-5.26%
Records and Taxation	0.44	0.36	(0.08)	-17.50%
Totals	7.65	6.74	(0.91)	-11.89%

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, 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) has been evaluating the advantages and disadvantages of maintaining a Health Maintenance Organization (HMO) plan option for the past several years. Beginning in 2013, this plan option was eliminated and replaced with a dual-option Preferred Provider Organization (PPO) plans with a choice between a \$200 or \$500 deductible options along with continuing the Qualified High Deductible Health plan (QHDHP) option.

To allow for employees to make informed, educated decisions regarding the new plan options, TFM-Benefits conducted over 65 benefit presentations to the organization. In addition, several resources were uploaded to the Benefits web-site for use by employees including a Plan Calculator that assisted employees with calculating the out-of-pocket expenses for each plan option to enable them to be informed consumerists. The initial 2013 enrollment percentages were: 68% in the PPO200 option; 26% in the PPO500 option; and 6% in the BlueSaver (QHDHP). The BlueSaver participation was a significant increase from previous years.

FY 2014 Budget - Personnel and Compensation

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 nonparticipation fee (contribution differential) to employees who do not meet the approved wellness engagement criteria. Final employee contribution rates, including the nonparticipation fee, will be determined in August. 2013 is the final year of the current wellness strategy which affects the contributions paid for health care in 2014.
- Developed and proposed 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: 1) external wellness vendor to administer the proposed new three-year wellness strategy; 2) a claims auditing vendor to perform a claims compliance audit of the County's two Pharmacy Benefit Managers (PBM); and 3) a claims auditing vendor to perform a claims compliance audit of the County's medical and dental plan administrators.
- Continuation of employee benefit education programs focusing on sending an annual Benefit Summary through Blue Cross Blue Shield of Kansas City (BCBSKC) and a Total Compensation Statement summarizing the value of all 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 2013 are:
 - Elimination of the annual maximum benefit under the medical plan options
 - Removal of the pre-existing condition exclusion for dependents under age 19 and for all eligible participants by 1/1/14
 - Under the "Play or Pay" concept whereby employers choose to continue a medical plan ("Play") or offer coverage only under an insurance exchange ("Pay"), the County chooses the "Play" option.
- 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 (previously called WellTrak) 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 2012 total about \$280,000.

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

FY 2014 Budget - Personnel and Compensation

dramatic fluctuations in employer or employee contributions. The FY 2014 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 2013. 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. In Table #5 below, current budgetary estimates for the Health Care Fund are provided for FY 2013 and FY 2014.

During 2012, the County transferred \$3.5 million from departments to cover the anticipated health care expenditures for former employees who took advantage of the Voluntary Retirement Incentive Program (VRIP). Annually, a portion of this transfer will be recognized as revenue and is shown below as "Contribution for Voluntary Retirement Incentive Program participants." As part of the program, employees were permitted to continue coverage under the County's health care fund for five years or until they reach 65 years old, whichever occurs first.

Current estimates indicate that the 12/31/14 cash balance for the Health Care Fund will be approximately \$12.9 million, which includes the amount necessary to cover incurred but not reported claims as well as a "secured funding" contingency reserve. As required under the reserve policy, we are reporting that Fund Balance exceeds the 135% threshold of the Secured Funding level requiring notice to the Board.

Table #5: Health Care Fund - FY 2013 and FY 2014 Budgetary Projections

	<u>FY 2013</u>	<u>FY 2014</u>
Receipts		
Employer Contributions for Medical Claims and Administrative Costs	\$ 28,601,616	\$ 29,687,187
Employer Contributions for Dental Claims and Administrative Costs	1,607,449	1,693,290
Employee Contributions for Medical Claims and Administrative Costs	5,384,186	5,588,543
Employee Contributions for Dental Claims and Administrative Costs	401,862	423,322
Contribution for Voluntary Retirement Incentive Program participants	992,743	887,958
Investment Income and Other	183,457	189,377
Total Estimated Receipts	\$ 37,171,313	\$ 38,469,676
Disbursements		
Estimated Medical and Pharmacy Claims	32,849,080	34,836,403
Estimated Reinsurance and Claims Processing	3,178,587	3,354,912
Estimated Dental claims and Administrative Costs	1,934,311	2,041,612
Estimated Vision Plan Premiums	407,925	440,554
Estimated Fees for Professional Services	181,162	181,162
Estimated Miscellaneous Expenses	5,000	5,000
Total Estimated Disbursements	\$ 38,556,065	\$ 40,859,643
Receipts Less Disbursements	\$ (1,384,752)	\$ (2,389,966)
Beginning Cash Balance, January 1st	\$ 16,646,854	\$ 15,262,102
Projected End Cash Balance, December 31st	\$ 15,262,102	\$ 12,872,136
Estimated Secure Funding	\$ 7,276,333	\$ 7,695,239

Note: The budget for Wellness and Personal Services and related expenditures has been transferred to TFM effective FY 2012.

FY 2014 Budget - Personnel and Compensation

Table #5 includes projected claims calculated at the County's expected exposure level for both FY 2013 and FY 2014 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.

Since significant plan design changes occurred for 2013, the HCFMT decided it would benefit employees to minimize plan design changes for 2014. Dental plan options recommended by the HCFMT for FY 2014 include:

1. Increasing the coinsurance rate for periodontal services from the current 50% to 80% to bring the plan design in compliance with industry practices.
2. Removing preventive care services from the \$1,500 calendar year maximum benefit. This enables participants who reach the calendar maximum benefit payment to continue to receive preventive services.

Additional important focuses for 2014 involve:

1. Increasing participation in the Patient-Centered Medical Home (PCMH) health care delivery system for 2014 through continued educational efforts.
2. Implementing an outcomes-based wellness strategy to focus on improving employee health risks with targeted biometric goals. This strategy is a critical component of the HCFMT to slow down health care cost increases and to better position the County to address the looming PPACA Excise Tax in 2018.
3. Implementing the proposed 2014 employee contribution rates.

**Johnson County FTEs by Agency/Department
FY 2012 - FY 2014**

Agency/Department	FY 2012 Actual	FY 2013 Estimate	FY 2014 Budget
Airport	18.80	18.80	18.80
Appraiser	87.50	86.50	86.50
Board of County Commissioners	14.00	12.00	12.00
Budget and Financial Planning	9.00	9.00	9.00
Contractor Licensing	5.70	5.70	5.70
Corrections	309.14	303.14	303.14
County Manager's Office	18.50	18.50	21.50
Countywide Support	20.00	29.00	20.00
Courts Law Library	4.96	4.96	4.96
Department of Health & Environment	148.21	134.67	134.67
Department of Technology & Innovation	58.62	84.63	84.63
Developmental Supports	299.16	292.16	292.16
District Attorney	93.03	92.53	92.53
District Court Trustee	46.75	46.75	46.75
District Courts	37.76	36.51	38.01
Elections/Registration	16.00	16.00	16.00
Emergency Management & Communications	45.00	46.00	46.00
Facilities	156.50	152.50	152.50
Facilities - Fleet	0.00	15.00	15.00
Human Resources	19.76	18.81	18.81
Human Services Department	112.86	125.41	122.41
Justice Information Management System	18.00	18.00	18.00
Legal	15.25	15.50	15.50
Library Operating	267.81	263.38	262.38
Med-Act	141.90	139.53	139.53
Mental Health	387.73	376.53	385.53
Motor Vehicle	60.00	68.50	68.50
Museums	7.80	7.80	7.80
Park & Recreation Employee Benefit	0.80	0.80	0.80
Park & Recreation Enterprise	302.24	302.30	309.89
Park & Recreation General	116.10	118.30	121.67
Planning	13.15	12.15	12.15
Public Works	78.84	62.84	62.84
Risk Management	4.50	4.50	4.50
Records & Tax Administration	37.00	37.00	37.00
Sheriff	618.50	615.50	615.50
Stormwater	3.10	3.10	3.10
Transportation	11.00	9.00	9.00
Treasurer & Financial Management	50.75	48.25	48.25
Wastewater	215.00	208.00	208.00
Total	3,870.71	3,859.55	3,871.01