

# 2021 Budget Employee Compensation and Benefits Recommendations

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PRESENTATION TO COUNTY COUNCIL

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# County Total Rewards Philosophy

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We strive to provide employees with ***competitive compensation, benefits and retirement programs that reflect current market practices and are fiscally responsible.***



Salt Lake County's Total Compensation Philosophy ***is to attract, motivate and retain quality employees*** who support the County mission of providing high-quality, cost-effective public services. We believe in a transparent, performance-based approach to compensation.



Our goal is to compete in comparable markets for high performing employees and recognize that public service has ***rewards beyond a base salary.***



Employees expect fairness & equity; diversity & inclusion; quality supervision; career development; recognition and work/life balance.

Our employees enjoy ***a superior work culture, career development and growth opportunities and the satisfaction of serving the public.***

# County Total Rewards Guiding Principles

- Salt Lake County competes with a mix of public and private sector organizations and recognizes that geographic wage differentials and areas of expertise may impact the market for talent.
- Salt Lake County's total compensation program is ***performance based and incorporates civil service protections*** as defined by state statute.
- A ***transparent approach*** to compensation will help us achieve a culture of excellence.
- Rewarding employee achievements, developing employee talent and fostering career progression reinforces a productive work climate and the County's core values.

# Elements of Total Rewards

*Compensation is only part of the total rewards the County offers to Employees in exchange for their time, talents and commitment.*

## **The Total Rewards offering includes:**

- Cash compensation (base salary, incentive pay, overtime pay)
- Health and welfare benefits – health and dental insurance, Employee Assistance Program,
- Financial benefits – retirement plans, HSA/FSA's, disability/illness/hospitalization insurance, life insurance
- Paid leave benefits – sick, vacation, admin, parental, holiday, jury/witness, military, funeral, comp time
- Commuter benefit – UTA econo-passes, Senior passes, tokens, Vanpool premiums and Paratransit punch-cards
- Wellness program, fitness center, on-site medical clinic, on-site daycare, legal services, pet insurance
- Perks – food services, discount programs, flexible schedules
- Training and professional development and tuition assistance
- Recognition – management, peer, tenure

# COVID-19 Impact on Total Rewards

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- Top talent requires competitive pay
  - Increased focus on skill in setting pay
  - Increased focus on incentives and rewards
  - Pay transparency
- Unemployment
  - National 7.9%--September 2020
  - Utah 5.9%--September 2020
  - Beginning to stabilize
- Economic uncertainty

Source: Bureau of Labor Statistics; WorldatWork, *Future Look*, August 28, 2020

# COVID-19 Impact on Total Rewards

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- Organizations restructure services/processes
  - Rethinking the worker model
  - Teleworkers
  - New ways to evaluate performance
- 2021 performance bonus pay-outs similar to pre-pandemic
  - 75% of companies plan to award bonuses
  - Pay-outs tied to company and employee performance goals
  - Reward high performance with limited salary budgets

Source: Bureau of Labor Statistics; WorldatWork, *Future Look*, August 28, 2020

# 2021 Benefits Recommendations

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# Retrospective: Benefits Actions

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In recent years, the County's benefits plans have remained consistent or improved:

## 2018

- No significant benefits plan changes, minimal health premium increases experienced
- Significantly enhanced leave accrual policy to give credit for prior experience outside County

## 2019

- No significant benefits plan changes, minimal health premium increases experienced

## 2020

- No significant benefits plan changes
- Paid Admin Leave provided to Employees displaced due to facility closures
- Flexibility for working parents facing childcare and school disruptions
- Introduction of Families First Coronavirus Response Act (FFCRA) paid leave
- Added access to EAP resources for Temporary, Essential Workers through 12/31/2020 as a response to COVID-19 emergency



# Benefits Benchmark Study

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## 2020 Council Legislative Intent

### *4. Benchmark Health Insurance Benefits and Practices*

*It is the intent of the Council to form a working group to explore the health care market and related benefits along the Wasatch Front, in both the private and governmental sectors, and to report back to the Council with recommendations. The working group will consist of the Council's fiscal staff, the SLCO Chief Financial Officer and his team, and the county's health benefits consultant.*

Overall, the County is at or leading the market in almost every benefit measured

- At market:
  - HDHP, HSA contribution
- Lead the market:
  - 100% employer-paid health plan, PPO plan deductibles & out-of-pocket max., on-site medical clinic, wellness program

# 2021 Benefits Environment

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- Legislative changes
  - HSA eligible expenses broadened
    - Telemedicine in HDHP's to be covered pre-deductible
- Heightened need for holistic benefits approach to as employees face new pressures
  - Work-life balance support
  - Financial wellness support
- Onsite Daycare
  - Drop in attendance was disruptive to vendor but stabilizing; continued monitoring to ensure seamless continuation of benefit
- Claims trends do not yet show an increase due to COVID-19 effects
  - Potential for increase in claims 2021 for fiscal 2022 budget
- Continued pressure on healthcare costs; estimates range between 4% and 10%\*

*\*PwC Health Research Institute study*

# 2021 Vacation Roll-Over

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- Adoption of Policy 4-200A Leave Practices Amendment
  - Applies to benefits-eligible Employees
  - Accrued, but unused hours in excess of 320 hours on December 31, 2020 shall be banked separately from other vacation hours and available to use until December 31, 2022
    - Up to 80 of the banked hours may be paid out upon separation of employment until December 31, 2022
  - Hours accrued from January 1, 2021 through December 31, 2022 shall be subject to the standard 320 hours use or lose cap
  - This policy sunsets on December 31, 2022

# 2021 Benefits Budget Recommendations

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## Health and Dental Plans

- No employee premium increases to the 2021 health and dental plans
- County to absorb .21% reinsurance increase approximately \$98,000 annually
- Provide additional medical services as 'pre-deductible' on HDHP plans (*CARES Act extends thru 12/31/21*)
- Telemedicine services covered at 100% - \$11,000 annually

## Retirement

- No net change to the budget
- Minor shift in Tier 2 Hybrid plan reduces County 401(k) contribution share by .27% and increases the pension share by the same amount

## Long Term Disability

- Continues to be an important benefit for the financial well-being of employees experiencing major health issues
- Rate increasing 12.47% or approximately \$98,000.00 annually

## Medicare Supplement Plan

- Rates increasing 2.9%

# 2021 Benefits Budget Recommendations

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## Onsite Daycare

- Request 3% tuition increase (2% to teacher salaries and 1% to cost of food and materials)
  - Keeps tuition cost **below** the Wasatch Front market average

## Life Insurance

- Guaranteed issue amount increases \$50K (from \$150k to \$200k)

## Continue

- High Deductible Health Plan (HDHP) at no cost for full-time benefitted employees with HSA Employer contribution
- Wellness incentive – cash rebate and HSA contributions based on participation
- Tuition Reimbursement – up to 100% reimbursement capped at \$5250/yr. (IRS Limit)
- County Facilities 20% Employee Discount Card for eligible employees
- Tier II Long-term Disability Benefit protection (Employees approved for LTD continue to receive service credits through URS) coverage

# 2021 Compensation Recommendations

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# Retrospective: Compensation Actions

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In recent years, the County's made progress to keep up with market salary increases and address internal salary compression.

## 2018

- 1.5% Annual Base Pay Increase\*
- 2% General (GEN) and Technical/Trade (TRD) Salary Structures Adjustments and related 1% Employee Pay Adjustment to partially maintain Employees' position in their new salary range

## 2019

- 3.0% Annual Base Pay Increase\*
- 2% GEN Salary Structure Adjustment and related Employee Pay Adjustments to bring Employees' pay to the new minimum of their salary grades

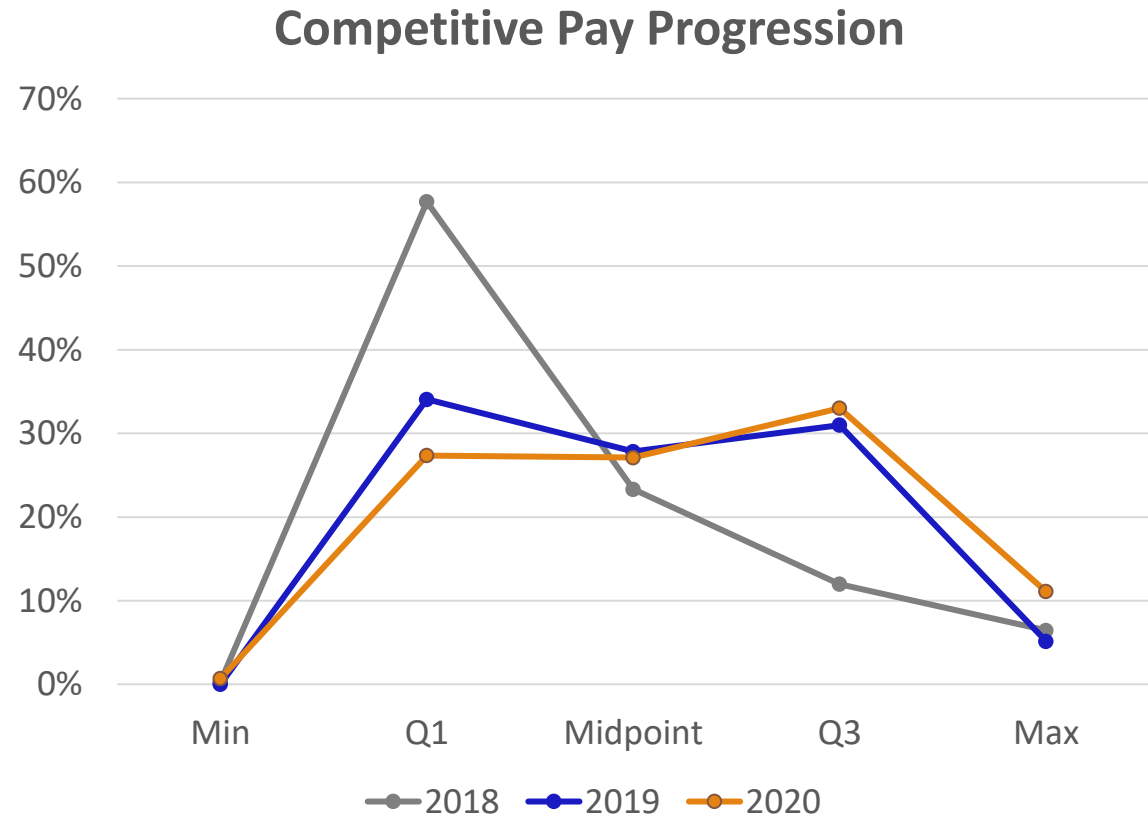
## 2020

- 2.75% Annual Base Pay Increase\*
- 2% GEN and 3% TRD Salary Structure Adjustments and related Employee Pay Adjustments to bring Employees' pay to the new minimum of their salary grades
- Established a countywide minimum Living Wage rate of \$12.00/hour

\* Annual pay increases include all benefitted Employees except for Sworn, Provisional and Temporary Employees.

# Competitive Pay Progression

- Grade midpoints reflect market rates, and
- Where we'd like to pay fully competent staff
- 2018: Almost 80% of County Employees' pay fell below the grade midpoints
- 2020: Less than 60% fell below the grade midpoints
- 2020 average compa-ratio is .97
  - Just 3% below the midpoint
  - 2018 average compa-ratio was .91
  - 9% below the midpoint





# Market Salary Structures Analysis

## Salary Structure Adjustments

- General (GEN) 1.5%
- Trade/Technical (TRD) 2.0%

## Align Structures with Market

- Priority to ensure competitive pay in future
  - Even in uncertain budget times

GEN Grade	Grade Midpoint	Market Median	Midpoint Compared Market Median	TRD Grade	Grade Midpoint	Market Median	Midpoint Compared Market Median
8	\$ 31,308	\$ 30,976	1.011				
9	\$ 32,689	\$ 30,484	1.072	9	\$ 38,479	38569	0.998
10	\$ 35,458	\$ 35,564	0.997	10	\$ 41,958	\$ 45,013	0.932
11	\$ 38,758	\$ 39,025	0.993	11	\$ 46,174	\$ 45,945	1.005
12	\$ 42,804	\$ 41,502	1.031	12	\$ 51,129	\$ 51,111	1.000
13	\$ 48,342	\$ 51,039	0.947	13	\$ 55,873	\$ 60,907	0.917
14	\$ 56,114	\$ 55,876	1.004	14	\$ 63,992	\$ 71,214	0.899
15	\$ 65,484	\$ 66,869	0.979	15	\$ 73,584	\$ 71,863	1.024
16	\$ 76,772	\$ 75,791	1.013	16	\$ 85,287	\$ 89,638	0.951
17	\$ 90,294	\$ 96,699	0.934	17	\$ 99,308	\$ 99,986	0.993
18	\$ 111,909	\$ 116,609	0.960	18	\$ 115,964	\$ 108,246	1.071
19	\$ 119,043	\$ 132,371	0.899	19	\$ 121,235	\$ 126,495	0.958
20	\$ 127,774	\$ 133,014	0.961	20	\$ 126,507	\$ 126,547	1.000
<b>Average</b>			<b>0.985</b>	<b>Average</b>			<b>0.979</b>
<b>Percent below Market</b>			<b>1.5%</b>	<b>Percent below Market</b>			<b>2.1%</b>

# Projected 2021 Base Pay Increases

- Salary Budget Surveys project 2021 salary increases
  - Smallest increases since Great Recession
  - Government industry: most significant decreases in 2021
- Average projected 2021 annual base pay increase is 2.5%

2020 Actual Base Pay Increases		2021 Projected Base Pay Increases	
Salary Budget Survey	Increase %	Salary Budget Survey	Increase %
Culpepper-Govt/Public Admin	2.4%	Culpepper-Govt/Public Admin	<b>2.3%</b>
Culpepper-Utah	2.9%	Culpepper-Utah	<b>3.0%</b>
Local Govt Agencies--Utah	2.9%	Local Govt Agencies--Utah	<b>2.2%</b>
Local Govt Agencies--Wasatch Front	2.9%	Local Govt Agencies--Wasatch Front	<b>2.0%</b>
Willis Towers Watson-General Industry	3.0%	Willis Towers Watson-General Industry	<b>2.8%</b>
WorldatWork-Western Region	2.5%	WorldatWork-Western Region	<b>2.9%</b>
<b>2020 Actual Average</b>	<b>2.8%</b>	<b>2021 Projected Average</b>	<b>2.5%</b>

# 2021 Budget Compensation Recommendations

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- Salary structure adjustments to match market increases and related salary increases to maintain Employees' compa-ratios
  - General salary structure – 1.5%, Technical/Trade salary structure – 2%
  - Effective 1/1/21
- Annual (“merit”) base pay increase
  - Pend; possibly revisit in June 2021 for partial year award
  - If a base salary increase is awarded, recommend customary handling:
    - based upon the Employee’s 2020 Annual Performance Appraisal, prorated by applicable partial-year service
    - an Employee whose performance is “Unacceptable” – a 1 or 2 rating, would be ineligible for an annual pay increase
    - Employees with salaries above their job salary grade maximum (“redlined”) will be eligible for up to a 1% of salary lump sum payment

# 2021 Budget

## Compensation Adjustment Costs

Align with Market Salary Structure Rates includes salary and benefits costs		
Type of Adjustment	Option	Option Cost
Salary Structure Adjustment-- Increase EE's pay by the structure adjustment percentage to maintain range placement in the new range	GEN 1.5%	\$2,555,215
	TRD 2.0%	\$1,080,822
Overall Cost		\$3,636,037

# Questions

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