



ARLINGTON COUNTY'S TOTAL COMPENSATION FY2016

*Pay, Benefits and Retirement options
that attract, retain, reward and
motivate current and future
employees*



FY 15 Notable Accomplishments

Pay

- 1% for employees at max
- Emergency premium established
- 9 Job Families Studied covering 815 employees

Benefits

- Implemented Co-Insurance Health Plan with 32% employees participating
- Transitioned to new retiree Medicare provider
- Clinic use resulted in ~ 1800 sick leave hours saved

Development

- Implemented Emerging Leaders Cohort
- 11 Cohort Programs
- 66 Arlington Institute classes covering 570 employees

Work Environment

- Fraud, Waste & Abuse hot line
- Telework up 22%
- Electronic onboarding for all new employees
- Diversity Inclusion Steering Committee

Safety

- 31% decrease in lost workday cases
- 20% decrease in vehicle accidents since 2012

The Changing Environment

Changing Workforce

- Millennials
- Multi-generational
- Skilled labor shortage

Change in Environment

- County has highest wage base in Virginia
- Low unemployment rate
- Among highest cost of living areas
- Silver Line Metro

Wage/labor trends

- National average actual wage increase close to 3%
- Average wage structure up 2% annually over last 12 years
- Hiring up in local/state governments

Affordable Health Care Act

- Increasing regulation and costs



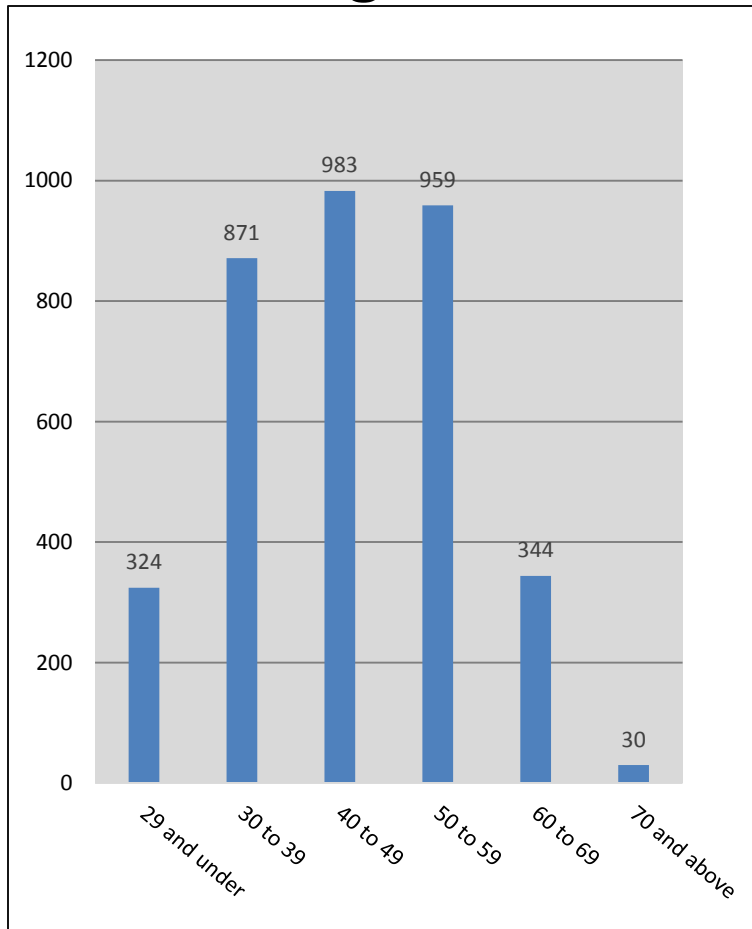
Goals

- Competitiveness
- Affordability & Sustainability
- Flexibility

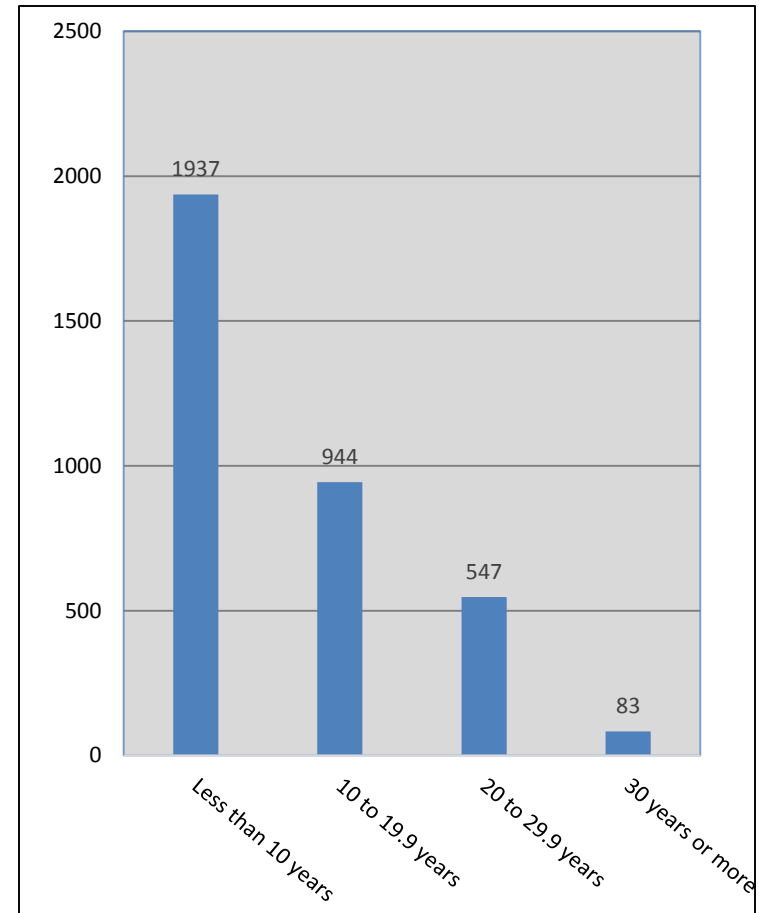


Employee Demographics (March 1, 2015)

Age

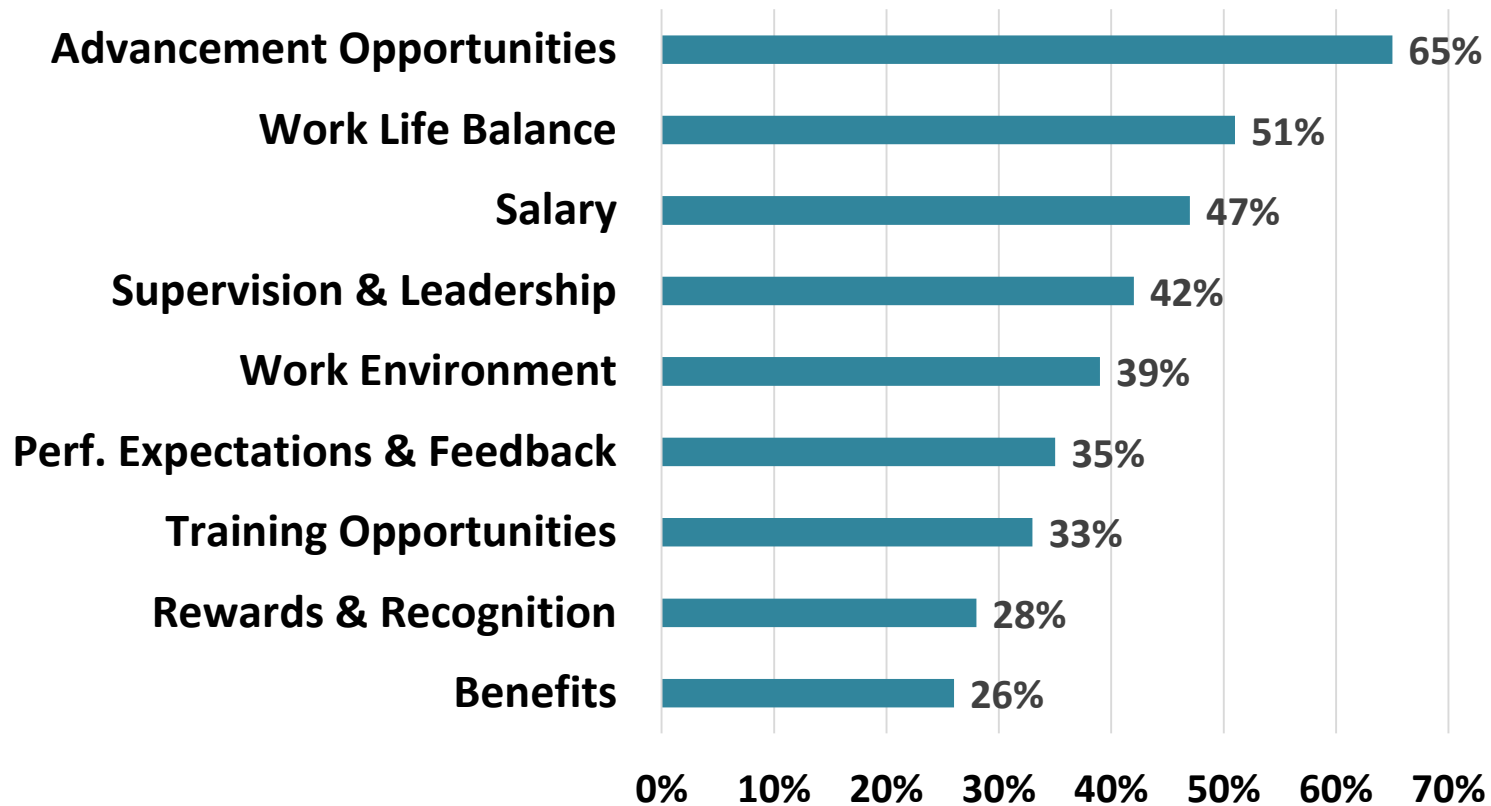


Service



Why Are They Leaving?

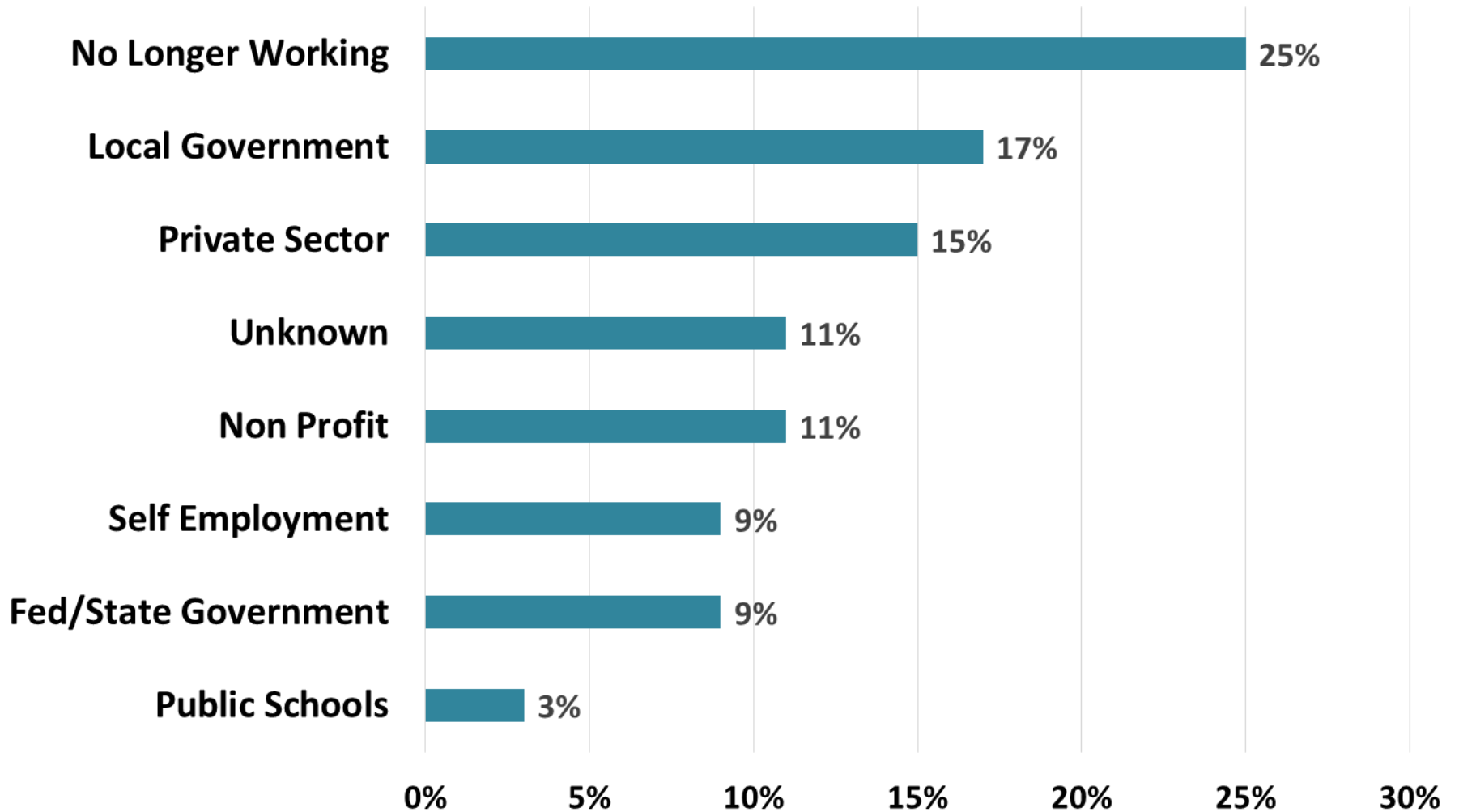
(51% response rate)



***89% of those who left would work for the County again**

***61% worked for the County for 5 years or less**

Where Are They Going?



COMPETITIVE PAY METRICS

Total Comp Element	FY2012	FY2013	FY2014	FY2015 to Date
Total benchmark classes lagging at midpoint	65%	38%	19%	16% (Actual)
Employees hired over midpoint	32% all 100% MAPs	31% all 80% MAPs	34% all 74% MAPs	38% all 100% MAPs (YTD)
Turnover	10.2% 6.7% non-retirement	8.9% 5.7% non-retirement	8.0% 5.8% non-retirement	5.1% 3.3% non-retirement (YTD)
Employees at maximum (End of Fiscal Year)	18%	8%	11%	9% (est)



Compensation Maintenance Program

- To be completed June 2015
- Achieved competitiveness by moving job families up in grades or adding market adjustments
- No overall structure changes in 5 years except adding step 19 in FY12
- During same time span, average increase to competitors structure:
 - Midpoint ~ 4.85%
 - Maximum ~ 6.1%
- Unless we are able to increase structure
 - # of employees at max will grow
 - Gains made through program will erode

Losing Ground

Classification (Comp Study Date)	Timeline & Market Position*		
	Pre-study	Post-study	Now
Nurse Practitioner (Sept. 2011)	Lagging (-4.25%)	Aligned (4.87%)	Lagging again (-5.52%)
Auto Mechanic II (Mar. 2012)	Lagging (-7.36%)	Aligned (-2.93%)	Lagging again (-5.97%)
Trades Worker III (Mar. 2012)	Lagging (-5.95%)	Aligned (2.55%)	Aligned for now (-.27%) Ground lost since study (-2.82%)
Administrative Technician II (Aug. 2013)	Lagging (-13.20%)	Aligned (-3.41%)	Lagging again (-5.10%)

*Measured at midpoint

Proposed FY 2016 Comp Adjustments

	Steps/Merit Increases (Average)	COLA/MPA
Arlington	2.7% (2.3% - 4.1%)	0%
Fairfax	2.5% 4 % Longevity (1.25% - 3%)	.84%
Alexandria	2.9% (2.3 - 5%)	1% (VRS only)
Prince William	0%	0%

Current Health Plan Enrollment

	Cigna Coinsurance	Cigna Copay	Cigna OAP	Kaiser	Total
Active Employees	967	1131	71	815	2984
Pre-65 Retirees	109	354	63	170	696
Total	1076	1485	134	985	3680

FY16 Proposed Health Care Increases

	Alexandria	Arlington	Fairfax	Prince William
Major health plan	6-8%*	7.5%	10%	7.7%

*Alexandria is out to bid on their primary health plan; therefore, firm rate increases have not yet been established.

Note: Alexandria and Prince William do not cover retirees under their health plans

7.5% Premium Increase Means:

Additional Employee Cost Per Pay Period				
	Individual	Employee + Spouse	Employee + Child(ren)	Family
Cigna Coinsurance Plan	\$3.60	\$9.23	\$7.88	\$13.50

*Kaiser increase projected at 5%

THE BOTTOM LINE: An Employee's Pay Slip

Average Annual Salary	\$70,000.00
Average Step Increase: 2.7%	\$1,890.00
Cigna Coinsurance Increase (Family)	\$351.00
Gross Salary Increase after Health	\$1,539.00

Note: All premiums are deducted pre-tax

Health Reform Impacts

FY13 – Costs increased ~ \$700,000 (1.5% of budget)

- Preventive care covered at 100% (no copays)
- Cover dependents up to age 26

Affordable Care Act Fees

FY15 – \$700,000 (1.5% of budget)

FY16 – \$575,000 (1% of budget)

FY17 – \$500,000

FY18 – \$300,000

FY19 – \$300,000 PLUS Cadillac Tax

- Significant financial impact without changes
- Plan design changes needed to keep premiums in check by FY2019

Live Where You Work Grants

- Reinstatement of grants in County Manager's proposed budget
- Suspended 4 of the last 5 Fiscal Years
 - No other jurisdiction has suspended or eliminated this benefit
- Highly supported by Fire Union and other employee groups
- Grants benefit the organization, community, and employee

What Will Employees See?

- 2.7% average pay increase for employees not at maximum
- Grants available for those buying a house in Arlington
- 7.5% health plan increase
- 10% parking increase
- Number of holidays decrease by 15%

Looking to The Future



Competitiveness

- Alexandria
- Fairfax
- Prince William

Affordability & Sustainability

- Affordable pay and benefits for County and employees
- Develop grade with no steps pay structure that allows us to stay competitive
- Plan for Affordable Care Act changes

Flexibility

- Appeal to and serve multiple generations
- Reward high performers
- Offer choice in benefits

Principles Adopted in 2012

- Provide salaries that are competitive in our target market. Our target market consists of those jurisdictions and organizations of similar size and structure that would be our competitors for employees and includes at a minimum Alexandria, Fairfax and Prince William
- Provide employees with leave and/or disability benefits that assist in replacing a portion of income lost in order to care for themselves during qualifying periods of illness or absence.
- Provide a retirement program that offers defined benefit and defined contribution (including deferred compensation) options that will assist employees in achieving their individual retirement goals and targets replacement of 65% of income after a 30-year career
- Provide affordable healthcare that offers employees the ability to choose the option that best fits their needs.
- Encourage, support, and reward employees at all levels of the organization by offering learning opportunities to promote professional growth and development
- Enhance work-life balance through offerings such as: alternative work schedules, employee wellness programs and ancillary benefit programs like walk/bike to work, reduced County recreation fees and transit subsidies
- Foster a positive work environment that is meaningful, stimulating and encourages employee innovation and creativity