



Personnel & Compensation

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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
- New positions included in the 2018 budget
- Vacancy Factor
- Comparison of budgeted FTE since 2013
- Benefits (Including the Health Care Fund)
- Budgeted FTE by type
- FTE by department and strategic program area

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.

After the recent recession resulted in reductions to the overall workforce at the County, priorities going forward were determined to include retaining core service area staff; managing workload concerns, addressing morale issues and stemming healthcare costs. The pace of recovery since the recession has been slow and the County continues to take a cautious approach to filling only those 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.

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 \$45.1 million for the employer contribution to the Health Care Fund for 2018. 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%. The range narrowing was completed in FY 2017.

Changes in Budgeted Positions in the FY 2017 Budget

A total of 3,949.72 FTEs are included in the FY 2018 Budget. This is an increase of 62.73 FTEs from the FY 2017 budget of 3886.99 FTEs. The increase of 62.73 FTEs is a result of the following: decrease of 14.8 FTE combined in Airport, District Court Trustee, and Human Services Department, the addition of 38.25 FTEs through Request for Additional Resources (RAR), the partial year impact of 38.7 FTE for the Monticello library, and the remainder through the addition and elimination of positions outside of the budget process.

New Positions Included in the FY 2018 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 2018 Budget. The approved positions were submitted through the Request for Additional Resources (RAR) process. The new positions included in the FY 2018 Budget are listed in Table #1:

Table #1: New FTE Positions in the FY 2018 Budget

Department	Description	FTEs	Property Tax Impact	Request Type
County Manager's Office	Web Content Coordinator	1.00	78,966	RAR
District Attorney	Assistant District Attorney 1	2.00	174,670	RAR
District Attorney	Investigator II	1.00	70,155	RAR
Emergency Mgmt & Comm	Emergency Communications	2.00	161,348	RAR
Human Resources	HR Management Systems Spec	1.00	86,119	RAR
Human Resources	Sr. HR Partner	1.00	95,659	RAR
Planning	Principal Planner	0.25	18,087	RAR
Emergency Medical Services	Lieutenant	5.00	0	RAR
Emergency Medical Services	Paramedic	7.00	0	RAR
Library	Information Specialist	4.00	0	RAR
Library	Collections Clerk	1.00	0	RAR
Library	Civic Engagement Coordinator	1.00	0	RAR
Library	Training Specialist	1.00	0	RAR
Library	IT Analyst	1.00	0	RAR
Park & Recreation	NE Region Park Mgr	1.00	0	RAR
Park & Recreation	SE Region Assistant Park Mgr	1.00	0	RAR
Park & Recreation	SW Region Assistant Park Mgr	1.00	0	RAR
Park & Recreation	NE Region Park Worker	1.00	0	RAR
Park & Recreation	SE Region Sr. Park Worker	1.00	0	RAR
Park & Recreation	SW region Park Worker	1.00	0	RAR
Park & Recreation	F & PA Administrative Assistant	1.00	0	RAR
Park & Recreation	F & PA Recreation Coordinator	1.00	0	RAR
Park & Recreation	SMAS Facility Maint Supervisor	1.00	0	RAR
Park & Recreation	Natural Resources Technician	1.00	0	RAR
		38.25		

Comparison of Budgeted FTE Positions since FY 2013

Since 2013 the number of budgeted FTE positions has decreased at an average annual rate of (0.64%). This change is reflected in Table #2 below:

Table #2: Comparison of Budgeted FTE Positions Since FY 2013

Fiscal Year	Budgeted FTE Positions	Annual Increase	Annual % Increase
2013	3,860.02	(239.91)	(6.0)%
2014	3,871.01	10.99	0.3%
2015	3,822.41	(48.60)	(1.3)%
2016	3,840.98	18.57	0.5%
2017	3,886.99	46.01	1.1%
2018*	3,949.72	62.73	1.6%

Information on the net change from 2013 to 2018 for each strategic program is presented in Table #3 below.

Table #3: FY 2013 - FY 2018 Budgeted FTEs by Strategic Program

Strategic Program	2013 Budgeted FTE Positions	2018 Budgeted FTE Positions	Increase	% Increase from 2013
Support Services	390.73	426.89	34.16	8.7%
Public Safety and Emergency Services	1,305.17	1,344.45	39.28	3.0%
Infrastructure	336.59	317.19	(19.40)	(5.8)%
Health and Human Services	928.90	870.16	(58.74)	(6.3)%
Culture & Recreation	692.13	780.63	91.50	13.2%
Records and Taxation	206.50	210.40	3.90	1.9%
Totals	3,860.02	3,949.72	90.70	2.3%

Overall, the budgeted FTEs have increased by 89.70 FTEs, or 2.3% since 2013.

In support services there has been growth in several departments since 2013. Within the Facilities department there have been added positions to provide service to new County facilities, centralization of Fleet and custodial and maintenance services from other departments within Facilities. Treasurer and Office of Financial Management were merged 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 IT FTEs from other departments. County Manager's Office has grown through the centralization of PIO functions.

Growth in the Public Safety and Emergency Services area has been largely within the Sheriff's office as staff was added to provide needed services.

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 2013 and FY 2018 FTE positions per 1,000 Johnson County's population:

Table #4: FY 2013 - FY 2018 Budgeted FTEs per 1,000 County Residents

Strategic Program	2013 Budgeted FTE Positions	2018 Budgeted FTE Positions	Increase	% Increase from 2013
Support Services	0.69	0.71	0.02	2.90%
Public Safety and Emergency Services	2.30	2.25	(0.05)	(2.17)%
Infrastructure	0.59	0.53	(0.06)	(10.17)%
Health and Human Services	1.64	1.46	(0.18)	(10.98)%
Culture & Recreation	1.22	1.31	0.09	7.00%
Records and Taxation	0.36	0.35	(0.01)	(2.78)%
Totals	6.80	6.61	(0.19)	(2.79)%

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) addressed Affordable Care Act (ACA) mandates by offsetting the increased claims costs to be borne by the County with plan design changes. Since the current Presidential Administration failed to repeal the ACA, the HCFMT continues to evaluate options to minimize the Excise Tax that is effective in 2020 in a methodical approach while minimizing disruption to employees and financial burden to the County. This methodical approach includes continuing benchmarking of peers to monitor changes and confirm that the County's plans are in line and compliant with Board's Compensation Philosophy. Previously, major plan changes are considered and proposed every other year to maintain stability and minimize disruption to employees and family members. However, in 2017, the HCFMT reduced the spread between the deductible amounts of the two Preferred Provider Organizations (PPO) with the expressed intent to move to one PPO in 2018.

Although the application of the Excise Tax was delayed for two years, the HCFMT continues to strategically plan with the expectation that it will be applied. This is consistent with the recommendations of the County's Benefits Consultant and what most employers are doing. Having made plan design changes in 2015 and 2017, additional plan changes are being addressed for 2018.

To allow for employees to make informed, educated decisions regarding the County's plan options, TFM-Benefits maintains several resources posted on 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:

- Continue to offer a competitive and reasonably-priced health plan that encourages employees to be judicious and consumerist when seeking medical services to reduce health care costs. It is becoming less common in the marketplace to offer more than one PPO plan option so the HCFMT is recommending combining the two existing PPO plans and offering only one PPO plan along with the Qualified High Deductible Health Plan (QHDHP) option.
- 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 2018 employee contribution rates will be reviewed and approved by the HCFMT at its July 19, 2017 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 \$80 per month Wellness and Tobacco incentives in 2018.
- Continuation of employee benefit education programs summarizing the value of all compensation and benefits offered through the County with a focus on the amount the County contributes by 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). Employers continue to be charged a State Premium Tax, and a Patient-Centered Outcomes Research Institute (PCORI) tax. These taxes are estimated to total about \$95,000 in 2017. The ACA Insurer Tax returns for 2018 show taxes increasing to approximately \$344,000.
- 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 and led to decreased emergency room use and fewer inpatient hospital confinements. Although the County has high utilization of the program, efforts were made in 2017 to increase participation by offering \$100 incentive to new members.
- Continuation of the pharmacy manufacturer rebate program with the County's Pharmacy Benefit Manager, MedTrak Services. The estimated rebates for 2016 and 2017 are projected to be approximately \$1.5 million.
- Members of the HCFMT served as the Project Manager and served on the Evaluation Committees for the following two separate and distinct Request for Proposals (RFPs) bids in 2017 for a January 1, 2018 effective date: 1) Benefits Consultant and Broker; and 2) the Preferred Facility Network of fitness facilities eligible for use of fitness credits under the County's Fitness Program.

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 2018 Budget includes a recommendation to allocate \$45.1 million for the employer contribution to the Health Care Fund. This amount represents 18% increase in

employer contribution rates from FY 2017. Staff anticipates that employee contribution rates, set in the fall, will need to be increased by roughly 18% but will be significantly offset by plan design changes, to maintain the long-term stability of the fund.

Additional important focuses for 2018 involve:

- Address the significant health risks of covered spouses as evidenced by the fact that spouses have historically had a Per Member Per Month cost that is double-digits higher than employees, the County began the formal inclusion of spouses in the County's wellness programs in 2016 with full inclusion beginning in 2017. The County will continue to explore different incentive options in light of the EEOC guidelines which restricts an employer's ability to impact an employees' incentive due to what a spouse does or does not do.
- Increasing participation in the Patient-Centered Medical Home (PCMH) health care delivery system for 2017 and 2018 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 2020.
- Implementing the 2018 employee contribution rates and plan design changes.

The ending fund balance of \$2.65 million as of December 31, 2016 is significantly below the secured funding level required by Board policy. Built into the five-year Health Care Fund model for FY 2018 - FY 2022 are anticipated rate increases sufficient to allow the reserves to reach the minimum estimated secure funding level by 2021. These 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.

Current projections for the Health Care Fund are provided for FY 2017 and 2018 on Table #5, shown on the following page:

Table #5: Health Care Fund - FY 2017 and FY 2018 Budgetary Projections

	<u>FY 2017</u>	<u>FY 2018</u>
<u>Receipts</u>		
Employer Contributions for Medical Claims and Administrative Costs	\$ 37,935,640	\$ 45,099,417
Employer Contributions for Dental Claims and Administrative Costs	1,891,043	1,999,141
Employee Contributions for Medical Claims and Administrative Costs	5,698,671	6,774,810
Employee Contributions for Dental Claims and Administrative Costs	472,761	499,785
Pharmacy Rebate	1,000,000	1,000,000
Contribution for Voluntary Retirement Incentive Program participants	—	—
Investment Income and Other	90,945	102,889
Total Estimated Receipts	\$ 47,089,060	\$ 55,476,042
<u>Disbursements</u>		
Estimated Medical and Pharmacy Claims	\$ 41,655,000	\$ 44,954,420
Estimated Reinsurance and Claims Processing	4,530,793	5,483,741
Estimated Dental claims and Administrative Costs	2,288,304	2,423,926
Estimated Vision Plan Premiums	386,369	393,591
Estimated Affordable Care Act Fees	170,400	—
Estimated Fees for Professional Services	98,900	98,900
Estimated Miscellaneous Expenses	40,503	40,503
Total Estimated Disbursements	\$ 49,170,269	\$ 53,395,081
Receipts Less Disbursements	\$ (2,081,209)	\$ 2,080,961
Beginning Cash Balance, January 1st	\$ 2,650,015	\$ 568,806
Projected End Cash Balance, December 31st	\$ 568,806	\$ 2,649,767
Estimated Secure Funding	\$ 9,360,789	\$ 10,241,972

FY 2018 Budget - FTEs by Type

<u>Agency/Department</u>	<u>Other</u>	<u>Grant</u>	<u>Fee</u>	<u>Total</u>
Airport	18.25	0.00	0.00	18.25
Appraiser	87.40	0.00	0.00	87.40
Board of County Commissioners	14.00	0.00	0.00	14.00
Budget and Financial Planning	9.00	0.00	0.00	9.00
Contractor Licensing	0.00	0.00	5.10	5.10
Corrections	244.31	54.23	13.10	311.64
County Manager's Office	22.50	0.00	1.00	23.50
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	86.65	54.30	0.00	140.95
Department of Technology & Innovation	93.63	0.00	0.00	93.63
Developmental Supports	287.16	17.00	0.00	304.16
District Attorney	94.50	1.75	0.00	96.25
District Court Trustee	21.00	0.00	0.00	21.00
District Courts	13.04	8.00	16.08	37.12
Elections	17.00	0.00	0.00	17.00
Emergency Management & Communications	52.00	1.00	0.00	53.00
Facilities	160.70	0.00	0.00	160.70
Facilities - Fleet	12.80	0.00	0.00	12.80
Human Resources	26.01	0.00	0.00	26.01
Human Services Department	40.19	77.23	0.00	117.42
JIMS	25.00	0.00	0.00	25.00
Legal	13.50	0.00	0.00	13.50
Library Operating	303.68	0.00	0.00	303.68
Med-Act	143.53	0.00	0.00	143.53
Mental Health	250.24	57.39	0.00	307.63
Motor Vehicle	68.00	0.00	0.00	68.00
Museums	0.00	0.00	0.00	0.00
Park & Recreation Enterprise	0.00	0.00	333.63	333.63
Park & Recreation General	143.32	0.00	0.00	143.32
Planning	12.90	0.00	0.00	12.90
Public Works	63.19	0.00	0.00	63.19
Risk Management	4.50	0.00	0.00	4.50
RTA	38.00	0.00	0.00	38.00
Sheriff	650.95	1.00	0.00	651.95
Stormwater	2.75	0.00	0.00	2.75
Transportation	0.00	0.00	0.00	0.00
Treasurer & Financial Management	49.25	0.00	0.00	49.25
Wastewater	215.00	0.00	0.00	215.00
Total	3,308.91	271.90	368.91	3,949.72

FTEs By Department and Strategic Program Area

Department	2018	2017	2016
Board of County Commissioners	14.00	14.00	12.00
Budget & Financial Planning	9.00	9.00	9.00
County Manager's Office	23.50	21.85	21.50
Countywide	20.00	20.00	20.00
Facilities	160.70	157.70	156.70
Facilities - Fleet	12.80	13.80	13.80
Human Resources	26.01	20.01	18.81
Technology & Innovation	93.63	94.55	90.63
Legal	13.50	14.50	14.50
Treasurer & Financial Management	49.25	47.75	47.75
Special Liability/Risk Management	4.50	4.50	4.50
Total Support Services	426.89	417.66	409.19
Appraiser	87.40	87.40	86.00
Election & Registration	17.00	17.00	17.00
Motor Vehicle	68.00	68.50	68.00
RTA	38.00	38.00	37.00
Total Records and Taxation	210.40	210.90	208.00
Community Corrections	311.64	313.64	308.65
Courts Law Library	4.96	4.96	4.96
District Attorney	96.25	92.46	92.46
District Court Trustee	21.00	27.50	29.50
District Courts	37.12	37.44	39.16
Emergency Management & Communications	53.00	49.00	49.00
JIMS	25.00	19.00	18.00
Med-Act	143.53	136.53	136.53
Sheriff	651.95	657.03	656.53
Total Public Safety & Emergency Services	1,344.45	1,337.56	1,334.79
Airport	18.25	18.80	18.80
Contractor Licensing	5.10	5.45	5.30
Planning, Development and Codes	12.90	12.65	12.55
Public Works	63.19	63.14	63.14
Stormwater Management	2.75	2.80	2.80
Transportation	0.00	0.00	1.00
Wastewater	215.00	215.65	214.00
Total Infrastructure Services	317.19	318.49	317.59
Developmental Supports	304.16	294.40	291.16
Human Services	117.42	124.95	124.21
Mental Health	307.63	304.28	314.23
Health & Environment	140.95	139.35	138.79
Total Health & Human Services	870.16	862.98	868.39
Library	303.68	262.90	262.75
Museum	0.00	7.80	7.80
Park & Recreation Enterprise	333.63	331.63	304.85
Park & Recreation Employee Benefit	0.00	0.00	0.00
Park & Recreation General	143.32	137.07	127.62
Total Culture & Recreation	780.63	739.40	703.02
Total County	3,949.72	3,886.99	3,840.98