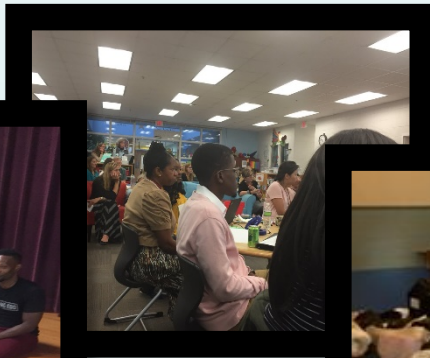


## ***Intended Meeting Outcome:***

***Board of Supervisors and School Board  
receive information on our market  
analysis, compensation initiatives and  
updates on our health insurance program***



# Agenda

## **Compensation**

- ✓ *Board adopted process, market survey analysis and WorldatWork projections*
- ✓ *Initiatives-Teacher Scale, Public Safety Scale*

## **Benefits-Health Insurance**

- ✓ *Overview of our self-funded health plan*
- ✓ *Planned actions and initiatives*
- ✓ *Allocating rates; implications and recommendations for retirees, part-time employees and county employees married to other county employees*

# Compensation Targets

## *Market Targets*

- *Classified Staff- Median of market*
- *Teachers-75<sup>th</sup> percentile*



**Board Adopted  
Strategy**

# Joint Board Adopted Process . . .

 Survey  
Adopted  
Market

July

Adopted  
Market  
Median  
Increase:  
2%

 Analyze  
data  
Do we  
lead, lag  
or meet  
market?

August-September

Meet  
Market

 Get  
Worldatwork  
Projections

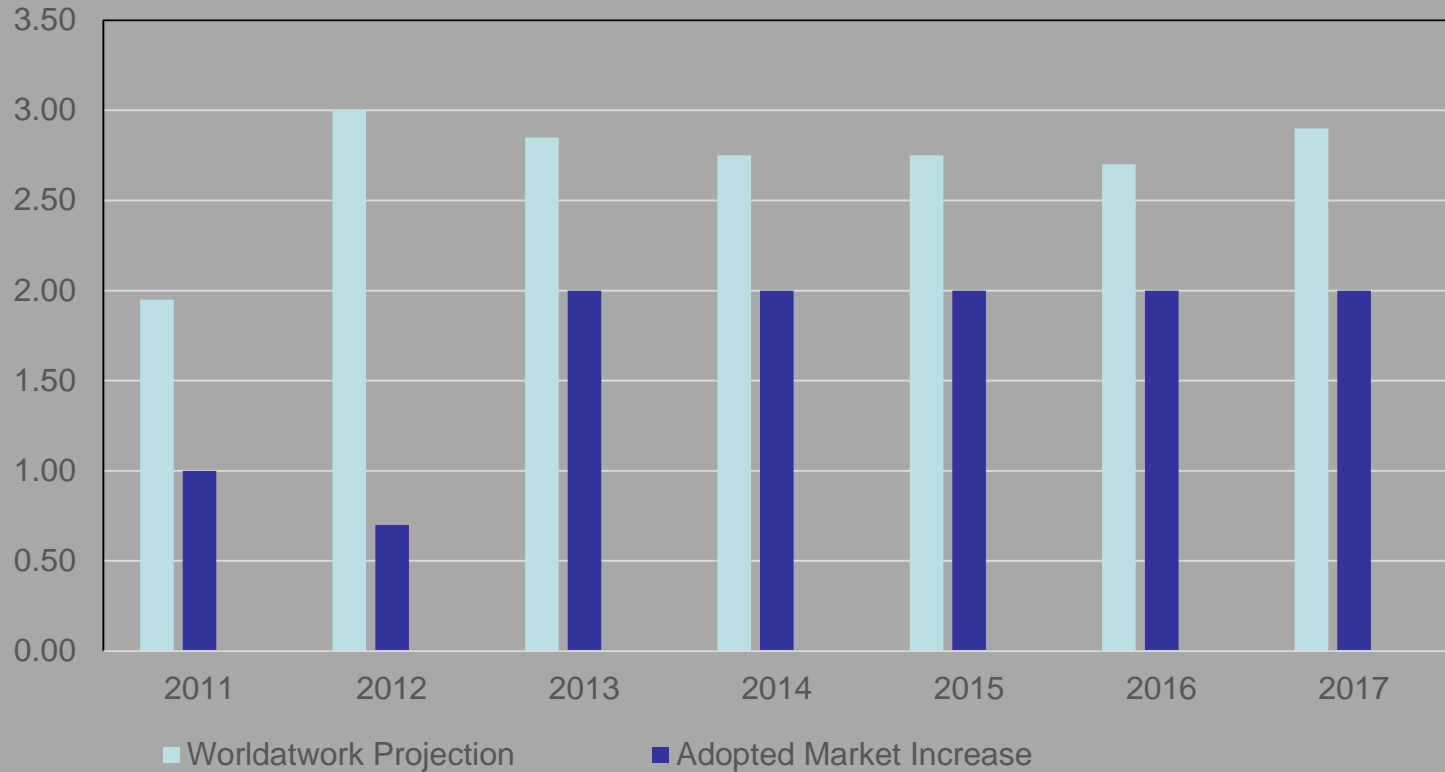
August-September

Projecting  
2.7%

 Project  
market  
movement

October

## Worldatwork Projections vs Adopted Market Median Increases



Salary Increase Projections  
Over Time

# Classified Scale

Every classified employee is on a pay grade with a minimum, midpoint & maximum rate - *midpoint is the competitive market rate*

Open range-not step scale

Scale adjustment **only** impacts employees below the minimum and at the maximum

**Market indicates that it is time to adjust the scale – we have not adjusted our classified scales since 2013**

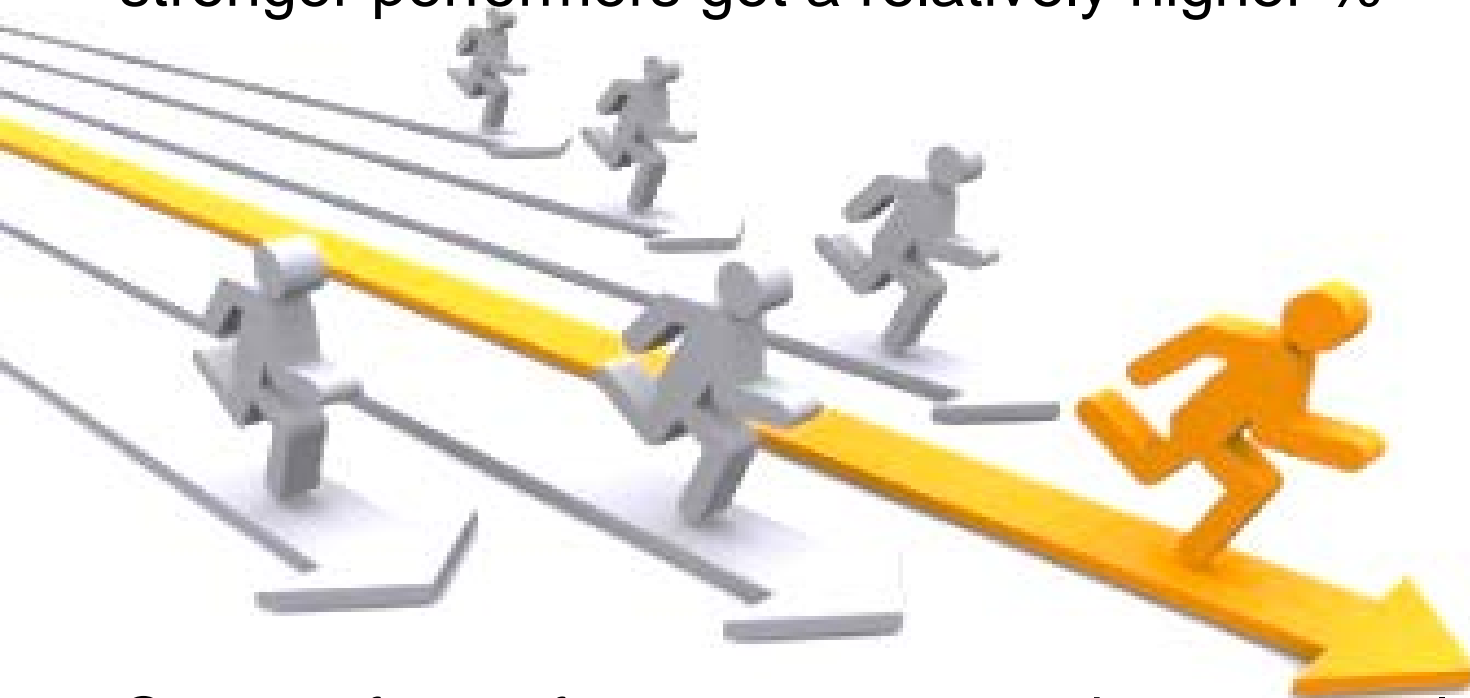
- *No adjustment impacts our ability hire new employees*
- *Falling behind market will impact recruitment of qualified talent.*



**NOW  
HIRING**

# Pay for Performance

- With a general increase, everyone gets the same % increase
- With Pay for Performance, employees below midpoint & stronger performers get a relatively higher %



- Our pay for performance program has an accelerator factor for employees below midpoint –allowing more room for hiring & reducing compression

# Classified Employees

## Pay for Performance

Merit Matrix					
Position in Pay Range	Fails to Meet Expectations (1)	Needs Development (2)	Successfully Meets Expectations (3)	Exceeds Expectations (4)	Exceptional (5)
At/Above Midpoint (A)	No increase	Market Increase - 1.0%	Market Increase	Market Increase + 0.5%	Market Increase + 1.0%
Below Midpoint (B)	No increase	Market Increase - 1.0%	Market Increase + 1.0%	Market Increase + 1.5%	Market Increase + 2.0%





## ✓ Completed Initiatives

- Compression Remedy – 534 total employees

## ➤ Current Initiatives

- Teacher Compensation
- Public Safety Pay Scale

## ❖ Ongoing Initiatives

- Classification Reviews (Department and Individual)
- School Division Broadband 3 Year Pilot Program

Compensation

Initiatives and ongoing projects

# TEACHER COMPENSATION

*Is our teacher compensation strategy aligned with our Division strategic objectives?*

December  
2016

- Preliminary plan to review Teacher Compensation Strategy presented to School Board

January-  
May  
2017

- Data collection-teacher engagement survey, Titan/Gallagher interviewed school leaders, facilitated focus groups (teachers/administrators), gathered best practices on pay scale

June -  
November  
2017

- Evaluating options based on findings

# Public Safety Pay Scales

September  
2016-July  
2017

- HR reviewed data, interviewed department leaders, facilitated focus groups with employees, gathered best practices on public safety pay

August 2017

- Established formal team with charge: ***Create an equitable and predictable public safety pay scale structure to attract and retain quality talent***

September 2017-  
November 2017

- Titan/Gallagher working with Team to develop pay scales

# Compensation Summary

## Classified staff compensation

- ∞ Currently meeting market targets
- Give 2% Market Increase and fund pay for performance
- 1% Classified scale adjustment

# BENEFITS

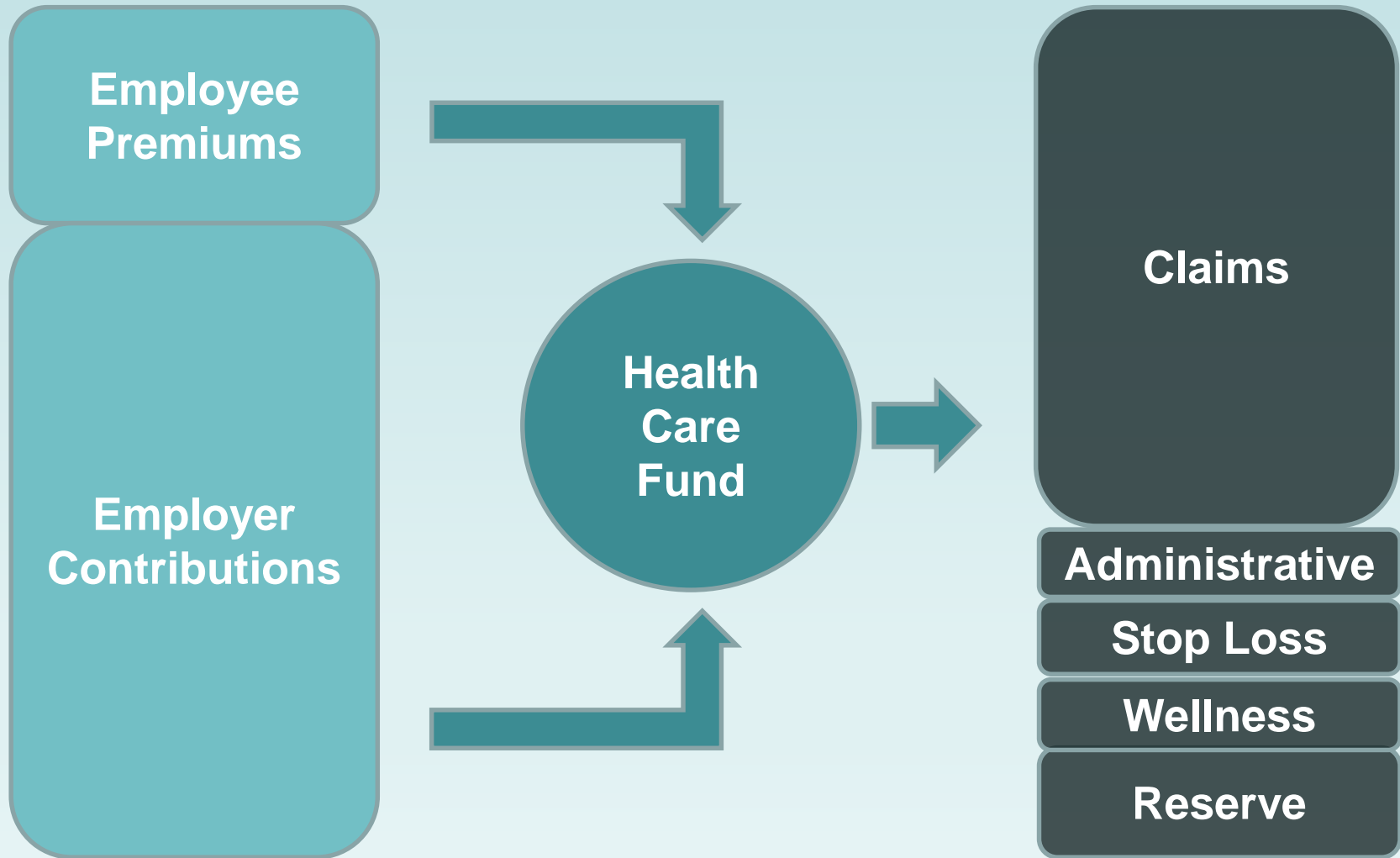
## *HEALTH INSURANCE*

### *OUR GOALS*

- Quality
- Affordable
- Choice
- Meet adopted target—slightly above market
- Compliant
- Sustainable



# Self-Funded Health Plans



# *Managing our plan*

## What we have done

- ✓ Offered Consumer Driven High Deductible plan
- ✓ Evaluated Local Choice option
- ✓ Wellness programs
  - Flu and Tdap vaccination clinics
  - Steps / Activity tracker challenges
  - Mobile Health app
  - BeWell grants
  - Farm to Workplace pilot
  - Weight Watchers rewards

# *Managing our plan*

## *Ongoing*

- Review claims data
- Monitor reserve balance
- Wellness activities

## *On the Horizon*

- Guiding principles
- RFP for wellness services (biometric screenings, health assessments)
- Disease management programs
- Contribution strategy change (aka “reallocation”)



# Reallocation

Changing our contribution strategy from “flat” to “tier-based”

Sets rates based on usage

Aligns with our market

Avoids “Cadillac Tax”

# Reallocation: an example...

<b>Tiers:</b>	<b>SAMPLE Employer Contribution "flat"</b>	<b>SAMPLE Employer Contribution "reallocated"</b>
<b>Employee</b>	<b>\$823</b>	<b>\$496</b>
<b>Employee + Child</b>	<b>\$823</b>	<b>\$694</b>
<b>Employee + Children or Spouse</b>	<b>\$823</b>	<b>\$1,041</b>
<b>Family</b>	<b>\$823</b>	<b>\$1,488</b>

Creates issues that need to be addressed for three groups:

- Retirees
- County Spouses
- Part-Time employees

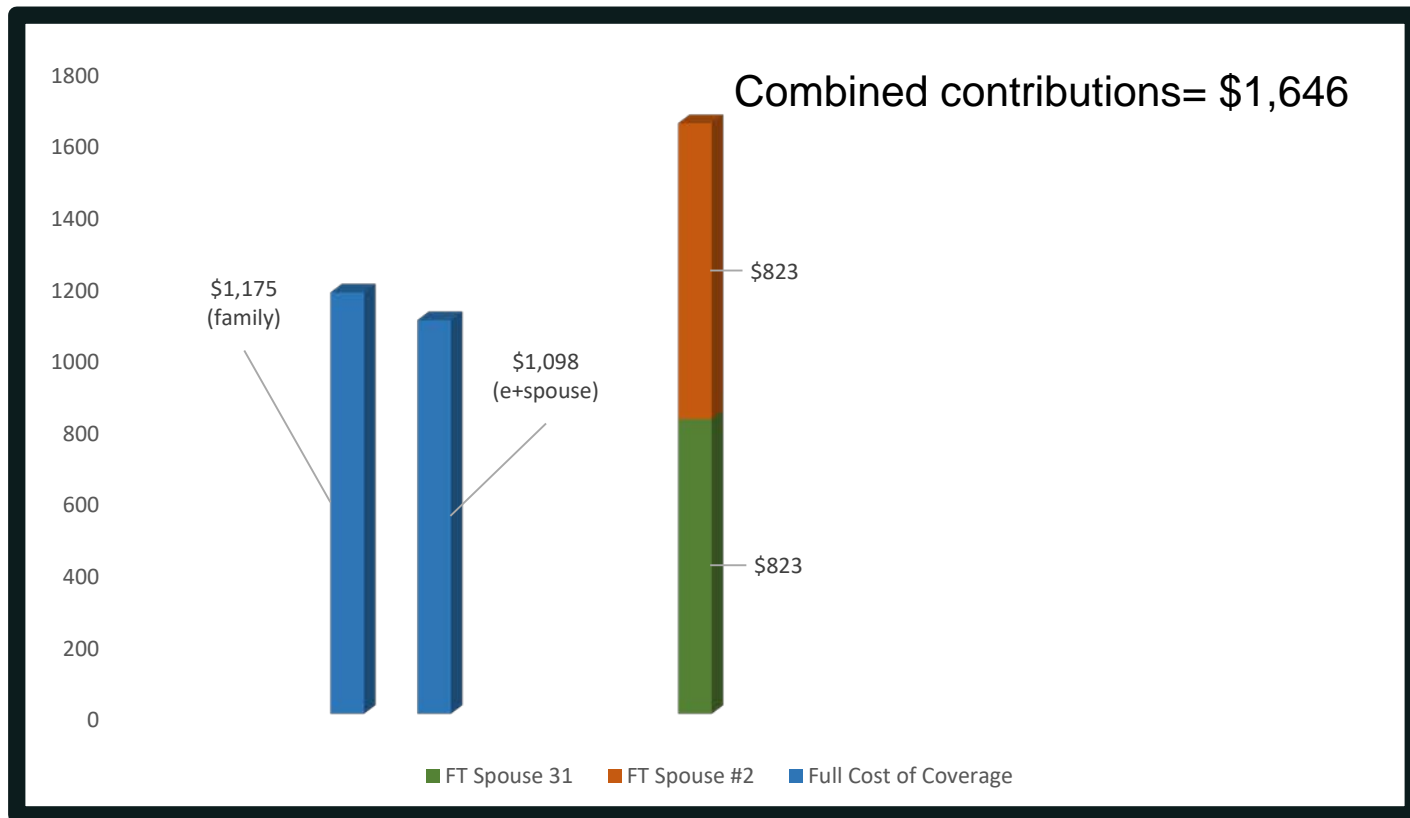
# Group #1: Retirees:

*✓ Changed VERIP (early retirement) policies  
(School Board GCPC, Local Government P-63) July 2017*

- Medical plan participants pay full time employee rates
- Hold cash payments at fixed amount

## Group #2: “County Spouses”

Policy: each “County Spouse” is entitled to an employer contribution – this results in “free” medical insurance



# Reallocation: an example...

Tiers:	SAMPLE Employer Contribution "flat"	SAMPLE Employer Contribution "reallocated"
Employee	\$823	\$496
Employee + Child	\$823	\$694
Employee + Children or Spouse	\$823	\$1,041
Family	\$823	\$1,488

Creates issues that need to be addressed for three groups:

- Retirees
- County Spouses
- Part-Time employees

# “County Spouses”:

*When we reallocate, how do we administer individual contributions for these employee couples?*

## Resolution

```
graph TD; Resolution --> ChoicePlan; Resolution --> SelectPlan;
```

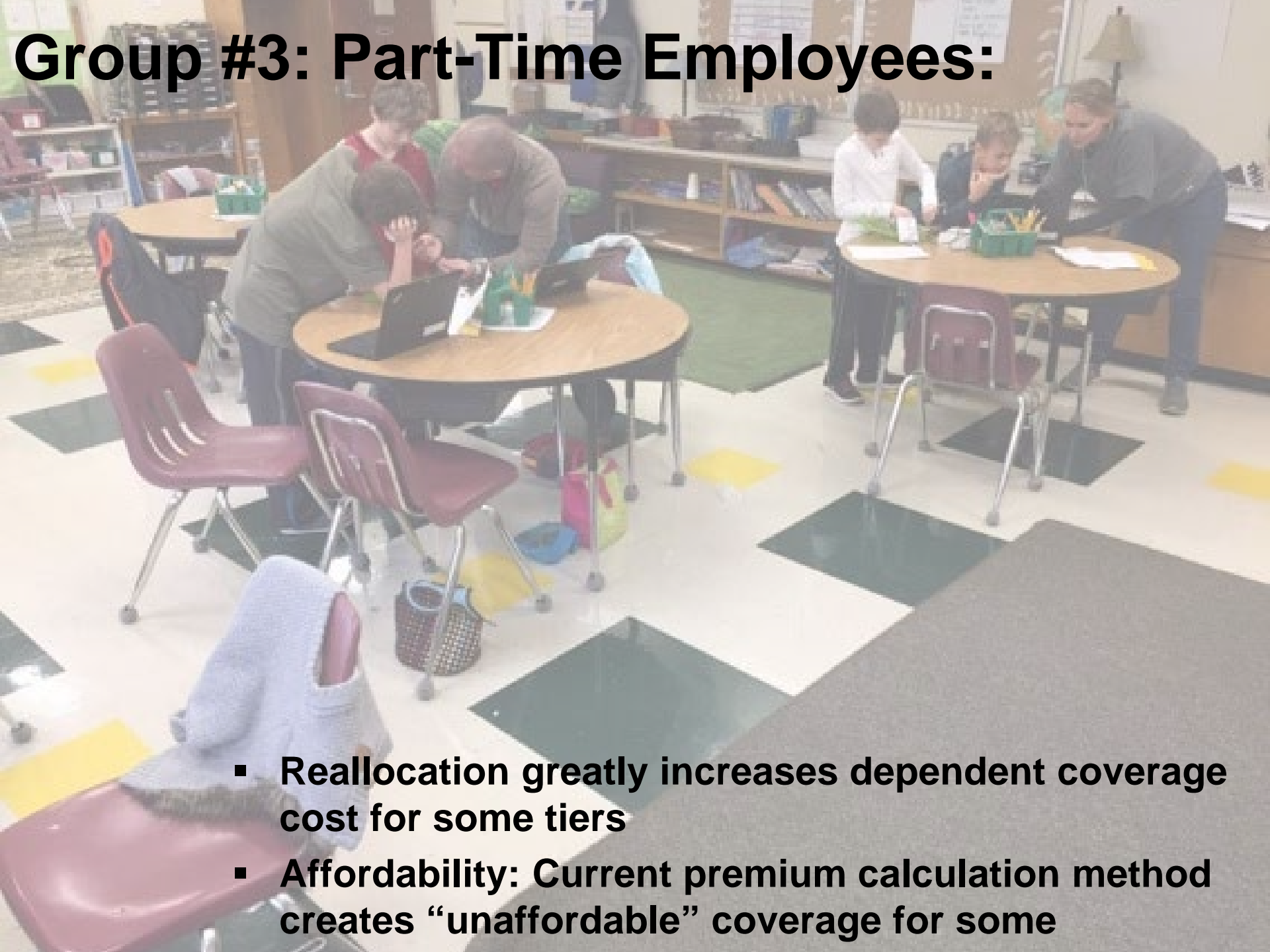
### Choice Plan

**\$0 monthly cost to couple**

### Select Plan

**Couple jointly pays premium of individual tier plan**

# Group #3: Part-Time Employees:



- Reallocation greatly increases dependent coverage cost for some tiers
- Affordability: Current premium calculation method creates “unaffordable” coverage for some

# Part-Time Employee Proration: *current*

## *Employee with Select plan, Family coverage*

■ employer share    ■ employee "make-up" share    ■ employee share



FULL-TIME EMPLOYEE



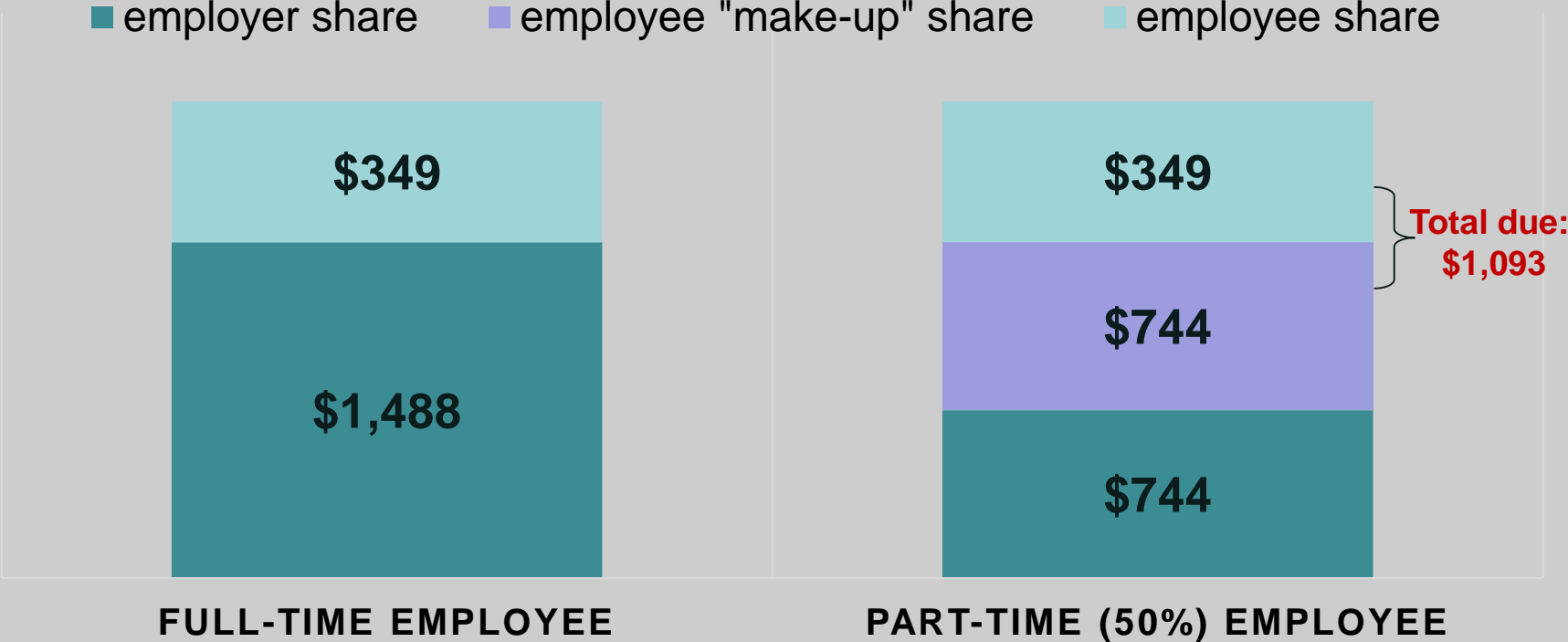
PART-TIME (50%) EMPLOYEE

Total due:  
\$765



# Part-Time Employee Proration: *reallocated*

## *Employee with select plan, Family coverage*



# Part-Time Employees:

*When we reallocate, how do we mitigate impacts of reallocation, meet ACA affordability standards and create sustainable rates?*

## Resolution



### Choice Plan

**≥ .7 FTE charge FT  
employee premium**

**<.7 FTE current  
calculation method  
using aggregate  
contribution figure**

### Select Plan

**current calculation  
method using aggregate  
contribution figure**

# Health Insurance Summary

- Policy language revision (P-02/GCA) in preparation for reallocation Oct 2018
- Monitor claims/reserve for possible current year remedies
- Possible low/no premium changes for 18-19
- Move plan year to Jan-Dec