

Compensation

Attracting and Retaining Quality County Employees

The County's compensation policy is as follows:

Prince William County (PWC) will have a combination of salaries, benefits, employee development, and workplace environment that will attract and retain the most qualified employees in order to implement our vision. To accomplish this, the County recognizes the importance of maintaining salaries that are competitive with other Northern Virginia jurisdictions. Success in implementing this strategy will be measured by the ability to attract quality applicants, retain quality employees, and maintain employee satisfaction.

To implement this compensation policy, PWC will make every effort, within our position classification structure, to maintain salaries comparable to salaries of similar positions in Fairfax, Loudoun, and Arlington counties and the City of Alexandria. The County will annually benchmark position classifications at the midpoint average and make adjustments when necessary to maintain market competitiveness.

General Overview

- A. **Budgeted Salary Lapse** – This account reduces agency expenditure authority by adding negative funding to the agency budget, essentially reducing the total allowable expenditures. The budgeted salary lapse account is located within the Personnel Services (Salary) budget because most agencies achieve their savings through employee attrition. The total required agency savings in budgeted salary lapse in FY20 is \$16.6 million.
- B. **Classification and Compensation Study/Position Reclassifications** – The County is currently undergoing a countywide classification and compensation study that is examining the organization's classification system to create a new model that will accurately reflect the work performed by employees while allowing the flexibility needed to effectively attract, manage, and retain employees. The FY2020 Budget does not include funding for study recommendations because the study will not be completed until summer 2019. Due to the study, no abolishment or upgrades are being made to existing classifications and the creation of new classifications is limited.

Two classifications were established; a Fire & Rescue Division Chief to support the new 56-hour work schedule beginning on July 1, 2019 and a countywide classification for a Technical Writer.

New Class Specifications in FY2020 Budget			
Department	Title	Grade	Code
Fire & Rescue	Fire & Rescue Division Chief	PSFR20	6927
Countywide	Technical Writer	13	8150

Budget Initiatives

1. Public Safety Retention and Recruitment Study - Phase 2

Expenditure	\$10,216,400	General Fund Impact	\$6,746,400
Revenue	\$3,470,000	FTE Positions	0.00

- a. **Public Safety Compensation Increases** – During FY17, the Board of County Supervisors directed staff to contract for a [study of public safety retention and recruitment](#) for sworn personnel to determine if

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compensation adjustments were necessary to reduce attrition and improve overall employee satisfaction in the Adult Detention Center (ADC), the Department of Fire & Rescue (DFR), the Police Department (PD) and the Sheriff's Office (SO). Where appropriate, the study benchmarked County practices against the Northern Virginia comparison group - Alexandria, Arlington, Fairfax, Loudoun, and for the ADC, the Rappahannock Regional Jail.

The study primarily focused on three compensation issues:

- Pay compression, where individuals with the same pay grade and level of experience receive very different compensation, depending on whether they were promoted through the County ranks or came to the County from another locality, or where an insufficient pay differential exists between supervisors and subordinates.
- Compensation compared to other Northern Virginia jurisdictions, because County public safety employees have progressed more slowly through their pay ranges relative to employees in other jurisdictions.
- The inability of public safety employees to project future earnings, because not all public safety pay adjustments add to base pay.

The compensation study recommendations to address these issues fall into four categories:

- Implement targeted pay adjustments for each public safety employee group to address pay compression and improve market competitiveness.
- Create pay scales for each public safety employee group.
- End the practice of alternating pay for performance increases and market pay adjustments and focus on moving employees through the pay schedule.
- Eliminate performance plus pay and redirect savings into other areas of the compensation plan.

The study recommended a two-phase approach to implementation:

- **Phase 1 (FY19)** – Targeted pay adjustments occurred in the FY2019 Budget and addressed pay compression by migrating sworn staff in the ADC, DFR, PD, and SO to respective pay scales based on years of service. The annual retention supplement for PD and DFR, and the Career Development Program in PD were eliminated and included with base pay in FY19 at a general fund cost of \$3.0 million.
- **Phase 2 (FY19 & FY20)** – Phase 2 entails creating new public safety pay scales to improve market competitiveness with other jurisdictions while maintaining pay progressions between ranks. All public safety sworn personnel will be moved to a pay scale with 3% step increments over a multi-year period while addressing agency-specific compensation and operational issues. For example, the DFR operating schedule will be changed from 2,496 to 2,912 annual hours, consistent with the most common shift schedule among other regional departments. In addition, a Master Police Officer (MPO) classification is funded and provides a non-supervisory, lead worker career pathway for police officers at an estimated cost of \$800,000 annually. Additional detail on the MPO program is in PD agency budget pages.

Phase 2 actions will result in an increased cost to the general fund of approximately \$400,000 (for PD) beginning on April 1, 2019 (FY19) and full year costs of \$10,216,400 in FY20 for all public safety personnel. Of this full year amount, \$6,940,000 is attributed to the DFR operating schedule change with the cost evenly split between the general fund and the fire levy. Please refer to the DFR agency budget pages for information on the 56-hour work week (2,912 annual hours), operational impacts to the Fire & Rescue system, and enhanced service level impacts to the community's Safe & Secure Community strategic goal.

The FY2020 Budget includes funding to fully implement Phase 2 for all public safety agencies. The total general fund cost of implementing Phase 2 of the Public Safety Retention and Recruitment Study in FY20-24 is \$54,014,710.

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2. Pay for Performance Adjustment

Expenditure	\$6,207,272	General Fund Impact	\$6,207,272
Revenue	\$0	FTE Positions	0.00

a. **Pay for Performance Adjustment** – Funding is included to support a 3.0% pay for performance increase in FY20. Annual pay for performance adjustments of 3.0% are included in each remaining year of the Five-Year Plan (FY21-24). Pay for performance includes the following:

- The basic pay for performance increase is calculated on the employee’s current salary/pay as a percentage increase until the employee reaches the maximum salary/pay for that position. Maximum salary/pay scales are not extended based on pay for performance adjustments. The total general fund cost of pay for performance adjustments is \$85,626,541 in FY20-24.
- “Performance Plus” is a lump-sum award that will be added to the first paycheck the employee receives after his/her evaluation, if the performance is rated higher than the “Fully Achieved” rating. This one-time amount is not added to the employee’s base pay. Employees at the maximum salary/pay for their position are eligible for this award. Beginning in FY19, public safety sworn personnel were not eligible for “Performance Plus” as recommended by the Public Safety Retention and Recruitment Study. The savings from this change have been redirected to implement the recommendations contained in the study. Funding to support “Performance Plus” is budgeted in FY20-24. The total general fund cost of “Performance Plus” is \$2,494,180 in FY20-24.

b. **Future Compensation Rollover** – Each year compensation actions are rolled over into the next budget year. This includes positions which were initially funded for a partial year and require a full year budget in the next fiscal year. Pay for performance rollovers are necessary because not all employees receive pay for performance increases at the beginning of the fiscal year. Therefore, a pay for performance increase given halfway through a fiscal year needs to be funded for the entire next fiscal year. This rollover captures the full cost of providing pay for performance increases to employees. When no pay for performance increase is authorized, little if any compensation rollover funds are added to the budget in the next budget year. The total general fund cost of compensation rollover is \$28,542,180 in FY20-24.

3. Health and Dental Insurance Adjustment

Expenditure	\$523,597	General Fund Impact	\$523,597
Revenue	\$0	FTE Positions	0.00

a. **Health and Dental Insurance** – This initiative funds County employer contributions for health insurance increases required to maintain the stability of the County’s self-insurance fund. The expenditure adjustment is due to an average 1.6% increase for the County’s health insurance. There is no increase for dental insurance in FY20. The Five-Year Plan contains 7.0% annual increases to health insurance rates and 10.0% annual increases to dental insurance rates in FY21-24. The total general fund cost for the County’s employer contribution for health and dental insurance is \$28,855,865 in FY20-24.

4. Pension and Retirement Benefits Adjustment

Expenditure	\$443,498	General Fund Impact	\$443,498
Revenue	\$0	FTE Positions	0.00

a. **Virginia Retirement System (VRS)** – The certified VRS employer contribution rate is 13.16% effective July 1, 2018. VRS rates are evaluated and certified by the VRS Board of Trustees every two years with a projected change of 0.50% for the rate in FY21. Therefore, the contribution rate is projected to be 13.66% in FY21-24. The additional total general fund cost associated with projected VRS rate increases is \$6,409,064 in FY20-24.

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- b. Retiree Health Credit** – County employees are not provided health insurance coverage upon retirement. The County Retiree Health Credit program is available to employees upon separation and retirement from County service. All full-time employees and existing retirees with a minimum of 15 years of County service can receive \$5.50 per month for each year of service, up to a maximum of \$165 per month for 30 years of County service. When the \$45 maximum per month currently offered as part of the State VRS is added, the maximum for 30 years of County service increases to \$210 per month. The Retiree Health Credit Program is separate from and in addition to the existing VRS Health Credit program, which is also completely funded by County contributions. A 5.0% cost increase of \$125,712 in the retiree health credit budget is projected to cover growth in this benefit due to additional retirees. The amount paid to each individual retiree has not increased. The total general fund cost to increase the retiree health care budget at 5.0% per year is \$2,016,206 in FY20-24.
- c. Supplemental Pension Benefits for Adult Detention Center and Sheriff Sworn Staff** – Supplemental pension benefits, credited for future service beginning July 1, 2019, have been added for sworn staff in the Adult Detention Center and Sheriff. The total contribution rate is shared between participant and County. The supplemental benefit is the same as the current supplemental pension plan for police officers and salaried fire and rescue personnel. The additional total general fund cost associated with the supplemental pension benefits increase is \$1,588,930 in FY20-24.

Summary of Compensation Adjustments in FY2020-2024 Five-Year Plan (Amounts are Cumulative)						
	FY20	FY21	FY22	FY23	FY24	Total
Public Safety Compensation Study:						
Phase 2 (FY20)	\$10,216,400	\$10,500,870	\$10,794,230	\$11,096,480	\$11,406,730	\$54,014,710
Subtotal	\$10,216,400	\$10,500,870	\$10,794,230	\$11,096,480	\$11,406,730	\$54,014,710
Pay for Performance:						
Pay for Performance (3% Increase in FY20; 3% Annual Increase in FY21-24)	\$5,708,436	\$11,416,872	\$17,125,308	\$22,833,744	\$28,542,181	\$85,626,541
Compensation Rollover	\$0	\$2,854,218	\$5,708,436	\$8,562,654	\$11,416,872	\$28,542,180
Performance Plus	\$498,836	\$498,836	\$498,836	\$498,836	\$498,836	\$2,494,180
Subtotal	\$6,207,272	\$14,769,926	\$23,332,580	\$31,895,234	\$40,457,889	\$116,662,901
Pension and Retirement Benefits:						
Virginia Retirement System (VRS) (13.16% Rate in FY20; 13.66% Rate in FY21-24)	\$0	\$1,602,266	\$1,602,266	\$1,602,266	\$1,602,266	\$6,409,064
Retiree Health Credit (5% Annual Increase)	\$125,712	\$257,710	\$396,308	\$541,836	\$694,640	\$2,016,206
Supplemental Pension Benefits for Adult Detention Center & Sheriff Sworn Staff	\$317,786	\$317,786	\$317,786	\$317,786	\$317,786	\$1,588,930
Subtotal	\$443,498	\$2,177,762	\$2,316,360	\$2,461,888	\$2,614,692	\$10,014,200
Health/Dental Insurance:						
Health Insurance (1.6% Increase in FY20; 7% Annual Increase in FY21-24)	\$523,597	\$2,850,985	\$5,341,290	\$8,005,916	\$10,857,066	\$27,578,854
Dental Insurance (0% Increase in FY20; 10% Annual Increase in FY21-24)	\$0	\$115,556	\$242,668	\$382,491	\$536,296	\$1,277,011
Subtotal	\$523,597	\$2,966,541	\$5,583,958	\$8,388,407	\$11,393,362	\$28,855,865
Grand Total	\$17,390,767	\$30,415,099	\$42,027,128	\$53,842,009	\$65,872,673	\$209,547,676