

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. Our success in implementing this strategy will be measured by our ability to attract quality applicants, retain quality employees and maintain employee satisfaction.

To implement this compensation policy, we will make every effort, within our position classification structure, to maintain salaries comparable to salaries of similar positions in Fairfax and Arlington counties and the City of Alexandria. The County will annually benchmark to the average midpoint salaries for these three jurisdictions. Since the County's pay grades are based on the starting salary figure, increases in the starting salary will result in increases throughout the pay grade.

General Overview

- A. Budgeted Salary Lapse** - Employee compensation for each agency includes the salaries, benefits and budgeted increases that may include either pay plan or pay-for-performance increases. This total compensation figure is adjusted in the base budget to account for turnover and the associated savings when longer term employees are replaced by individuals hired at lower points in the County's pay scale. This 'salary lapse' savings totaling \$2.0 million in the FY2017 Budget is allocated to each agency that is (1) not a state or federal agency encompassed within the PWC budget structure and (2) has 21 or more FTEs in the general fund portion of their budget. Larger agencies are more likely to have higher turnover during the fiscal year and are therefore in a better position to absorb salary lapse savings than smaller agencies. The amount of anticipated savings allocated to an agency is directly related to the number of FTEs in the agency. Budgeted salary lapse was increased \$0.35 million in the FY2017 Budget from \$1.65 million to \$2.00 million.
- B. Budgeted Agency Savings** - For over two decades, the County has had a long-standing practice of using year-end savings as a funding source in the next year's budget. Utilizing these savings has provided significant tax bill savings for County residents. The three major credit rating agencies revised their rating criteria used to evaluate the creditworthiness of jurisdictions using bond proceeds to finance capital infrastructure projects. Under the new criteria, year-end savings are considered one-time funds, which should not be used to support ongoing expenditures. In order to address this issue, the FY2016 Budget included a 2.5% reduction to the general fund portion of agency expenditure budgets (with the exception of state courts and magistrates), totaling \$13.0 million. The FY2018 Budget includes a \$1.0 million increase in budgeted agency savings totaling \$14.0 million. This reduction has been implemented by adding a negative budget line item to agencies, similar to the budgeted salary lapse. Agencies typically realize these savings during the course of the fiscal year through staff turnover (vacancies).
- C. Police and Fire & Rescue Retention Supplement Increase** - An annual salary supplement is provided to full-time sworn police officers and uniform fire and rescue personnel. The purpose of the supplement is to encourage continued County employment in a highly competitive Washington DC and surrounding area public safety environment. The supplement amount is based on an employee's annual salary on their anniversary date as a police officer or firefighter. A 3.0% retention supplement was granted to employees with two through nine years of service. A 5.0% retention supplement is provided for ten or more years of service. The maximum retention supplement is calculated annually based on the maximum salary for a Grade 16 position in the public safety salary scale.

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In a study of retention issues, it was determined that 89% of all public safety personnel who left PWC over the past three years (excluding retirements and terminations) left within the first nine years of service. In response, the retention supplement was increased in FY17 from 3.0% to 5.0% for two years of service at an annual cost of \$632,000 per year. The cost of this policy change is included in the FY2018 Budget and FY2018-2022 Five-Year Plan.

- D. Position Reclassifications** - Every year, the County conducts an annual benchmark salary survey of selected job classifications to ensure salaries are competitive with surrounding jurisdictions. The following position reclassifications and other position classification changes are recommended as part of the FY2018 Budget at a cost of approximately \$56,000:

Position Reclassifications Approved in FY2018 Budget		
Title	Current Grade	New Grade
Title Researcher	10	11
Safety Specialist I	13	14
Juvenile Probation Officer	13	14
Engineer II	15	16
Engineer III	16	17
Engineer IV	17	18
Right of Way Agent	14	15
Public Safety Communications Telecommunicator II	PS 11	PS 12
Public Safety Communications Telecommunicator III	PS 12	PS 13
Public Safety Communications Assistant Shift Supervisor	PS 13	PS 14
Public Safety Communications Shift Supervisor	PS 14	PS 15
Jail Major	PS 20	PS 21
Assistant Planning Director	20	21

Position Classifications Retitled and Upgraded in FY2018 Budget		
Old Title/New Title	Current Grade	New Grade
Environmental Specialist to Environmental Program Manager	16	17

Position Classifications Upgraded in FY2018 Budget		
Title	Current Grade	New Grade
Children's Leader	PR 05	PR 06
ADA Coordinator	13	14
Watershed Mgmt. Administrative Manager	18	19
Environmental Service Division Chief	19	20
Solid Waste Division Chief	19	20

Establish New Class Specifications in FY2018 Budget		
Title	Current Grade	New Grade
Environmental Specialist	--	15
Assistant Criminal Justice Services Director	--	18
Public Safety Communication Director	--	21
Animal Control Bureau Administrator	--	19
Central Mail Operations Manager	--	12

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Budget Initiatives

1. Market Pay Adjustment

Total Cost	\$3,271,358
Supporting Revenue	\$0
Total PWC Cost	\$3,271,358

- a. **Market Pay Adjustment** - When an adjustment is required to maintain salaries that are competitive between Prince William and the other Northern Virginia jurisdictions, an across-the-board market pay adjustment will be proposed for all County employees. Market pay adjustments of 1.0% is included in each year of the Five-Year Plan (FY2018-2022). The total general fund cost of market pay adjustments is \$49,394,304 in FY18-22.
- b. **Sunday and Holiday Pay Increase** - This covers the increased cost of Sunday and holiday pay due to market pay adjustment increases. The total general fund cost is \$999,416 in FY18-22.

2. Pay for Performance Adjustment

Total Cost	\$5,812,169
Supporting Revenue	\$0
Total PWC Cost	\$5,812,169

- a. **Pay for Performance Adjustment** - Funding is included to support a 3.0% pay for performance increase in FY18. Annual pay for performance adjustments of 2.0% are included in each remaining year of the Five-Year Plan (FY2019-2022). 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 \$59,976,360 in FY18-22.
 - "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. Funding to support "Performance Plus" is budgeted in FY18-22. The total general fund cost of Performance Plus is \$4,089,068 in FY18-22.
- b. **Compensation Rollover** - Each year compensation actions are rolled over into the next budget year. This includes positions which were funded for a partial year that 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 a pay for performance increase 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 \$20,042,198 in FY18-22.

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3. Pension and Retirement Benefits

Total Cost	\$90,366
Supporting Revenue	\$0
Total PWC Cost	\$90,366

- a. **Virginia Retirement System (VRS)** - The current VRS employer contribution rate is 12.73% which was certified by the VRS Board of Trustees and became effective July 1, 2016 for FY17 and FY18. The VRS rate is projected to decrease by 0.86% to 11.87% for FY19 and FY20 with projected general fund savings of \$2.1 million per year beginning in FY19. No change is projected to VRS rates in FY21. The total general fund savings associated with projected VRS actuarial rate decreases is \$8,532,956 in FY18-22.
- 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% cost increase of \$90,366 in the retiree health credit budget is included to cover projected 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% per year is \$1,449,318 in FY18-22.

4. Health Insurance Increase/Dental Insurance Decrease

Total Cost	\$1,422,001
Supporting Revenue	\$0
Total PWC Cost	\$1,422,001

- a. **Description** - County employer contributions to the Medical Insurance Self-Insurance Internal Service account for health and dental insurance increases required to maintain the stability of the County's self-insurance fund. The increase is due to an average 5.3% increase for the County's health insurance and an average 5.0% decrease for dental insurance in FY18. The Five-Year Plan contains provisions for 7.0% annual increases to health insurance rates and 10.0% annual increases to dental insurance rates in FY19-22. The total general fund cost for the County's employer contribution for health and dental insurance is \$30,413,844 in FY18-22.

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Summary of Compensation Adjustments in FY2018-2022 Five Year Plan (Amounts are Cumulative)						
	FY18	FY19	FY20	FY21	FY22	Total
Market Pay Adjustment:						
Market Pay Adjustment (1% Annual Increase Each Year)	\$3,206,480	\$6,477,090	\$9,812,792	\$13,214,560	\$16,683,382	\$49,394,304
Sunday & Holiday Pay (1% Annual Increase Each Year)	\$64,878	\$131,054	\$198,546	\$267,376	\$337,562	\$999,416
Subtotal	\$3,271,358	\$6,608,144	\$10,011,338	\$13,481,936	\$17,020,944	\$50,393,720
Pay for Performance:						
Pay for Performance (3% Increase in FY18; 2% Annual Increase in FY19-22)	\$5,010,549	\$8,434,424	\$11,926,276	\$15,487,121	\$19,117,990	\$59,976,360
Compensation Rollover	\$0	\$2,505,275	\$4,175,458	\$5,845,641	\$7,515,824	\$20,042,198
Performance Plus	\$801,620	\$809,636	\$817,733	\$825,910	\$834,169	\$4,089,068
Subtotal	\$5,812,169	\$11,749,335	\$16,919,467	\$22,158,672	\$27,467,983	\$84,107,626
Pension and Retirement Benefits:						
Virginia Retirement System (VRS) (Projected Rate Decrease in FY19)	\$0	(\$2,133,239)	(\$2,133,239)	(\$2,133,239)	(\$2,133,239)	(\$8,532,956)
Retiree Health Credit (5% Annual Increase)	\$90,366	\$185,251	\$284,880	\$389,490	\$499,331	\$1,449,318
Subtotal	\$90,366	(\$1,947,988)	(\$1,848,359)	(\$1,743,749)	(\$1,633,908)	(\$7,083,638)
Health/Dental Insurance:						
Health Insurance (5.3% Increase in FY18; 7.0% Annual Increase in FY19-22)	\$1,480,304	\$3,539,043	\$5,741,894	\$8,098,944	\$10,620,987	\$29,481,172
Dental Insurance (5.0% Decrease in FY18; 10.0% Annual Increase in FY19-22)	(\$58,303)	\$52,473	\$174,327	\$308,366	\$455,809	\$932,672
Subtotal	\$1,422,001	\$3,591,516	\$5,916,221	\$8,407,310	\$11,076,796	\$30,413,844
Grand Total	\$10,595,894	\$20,001,007	\$30,998,667	\$42,304,169	\$53,931,815	\$157,831,552

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