



# Personnel & Compensation

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## FY 2008 Budget – Personnel and Compensation

Recruiting and retaining a talented workforce is essential to the provision of high quality services by the Johnson County Government. This section includes information on full-time equivalent (FTE) positions and the County's total compensation package for employees.

A total of 4,099.93 FTEs is included in the FY 2008 Budget. Positions included in the budget represent the highest needs in the county and reflect the overriding principle in the FY 2008 Budget: maintenance of existing service levels. 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 superior performance, an increase in the employer match from 2.5% to 3.0% for the supplemental retirement program, and \$19 million for the employer contribution to the Health Care Fund.

### Comparison of Budgeted FTE Positions since FY 2003

Since 2003, the number of budgeted FTE positions has increased at an annual rate of 2.3%. This growth is reflected in Table #1 below:

<b>Fiscal Year</b>	<b>Budgeted FTE Positions</b>	<b>Annual Increase</b>	<b>Annual % Increase</b>
2003	3,524.10	(66.16)	-1.8%
2004	3,563.74	39.64	1.1%
2005	3,774.26	210.52	5.9%
2006	3,926.95	152.69	4.0%
2007	4,015.04	88.09	2.2%
2008	4,099.93	84.89	2.1%

The growth in FTE positions has primarily occurred in the Public Safety & Judiciary strategic program. Information on growth for each strategic program is presented in Table #2 below:

**Table #2: FY 2003 - FY 2008 Budgeted FTEs by Strategic Program**

<b>Strategic Program</b>	<b>2003 Budgeted FTE Positions</b>	<b>2008 Budgeted FTE Positions</b>	<b>Increase</b>	<b>%Increase From 2003</b>
General Government	522.77	584.94	62.17	11.9%
Public Safety & Judiciary	1,143.99	1,432.50	288.51	25.2%
Public Works & Transportation	334.71	352.07	17.36	5.2%
Health & Welfare	843.75	1,014.38	170.63	20.2%
Culture & Recreation	659.58	694.45	34.87	5.3%
Economic Development	19.30	21.59	2.29	11.9%
<b>Totals</b>	<b>3524.1</b>	<b>4,099.93</b>	<b>575.83</b>	<b>16.3%</b>

Within the Public Safety & Judiciary strategic program, FTE positions have primarily increased due to the service expansions in Corrections' Adult Residential Center Phase IV Expansion and the Sheriff's Adult Detention Center Phase II Expansion.

Growth within General Government has been largely due to the establishment of the Oracle Support Center department. In addition, the Facilities department has added positions to plan for and provide service to new county facilities.

Growth in Public Works & Transportation has been modest, but is due to growth in service demands and system maintenance requirements in the Wastewater department.

Growth in Health & Welfare has been largely due to increases at Mental Health and Developmental Supports.

Growth in Culture & Recreation has largely been in the Parks & Recreation Enterprise Fund.

Growth in Economic Development has largely been due to the creation and additional staffing for the Contractor Licensing division of Planning, Development, and Codes Department.

Another measure of budgeted FTE positions is the number of positions per County resident. Table #3 below presents a comparison of FY 2003 budgeted and FY 2008 FTE positions per 1,000 Johnson County population:

**Table #3: FY 2003 - FY 2008 Budgeted FTEs per 1000 County Residents**

<b>Strategic Program</b>	<b>2003 Budgeted FTE Positions</b>	<b>2008 Budgeted FTE Positions</b>	<b>Increase</b>	<b>%Increase From 2003</b>
General Government	1.07	1.09	0.02	1.87%
Public Safety & Judiciary	2.34	2.66	0.32	13.68%
Public Works & Transportation	0.69	0.65	(0.04)	-5.80%
Health & Welfare	1.73	1.89	0.16	9.25%
Culture & Recreation	1.35	1.29	(0.06)	-4.44%
Economic Development	0.04	0.04	0.00	0.00%
<b>Totals</b>	<b>7.22</b>	<b>7.62</b>	<b>0.40</b>	<b>5.54%</b>

The chart indicates that the County's growth in FTEs has been in line with population growth, as the actual number of citizens served by each County employee has risen over the past five years. Overall, these ratio trends reflect a philosophy of keeping FTE growth at or below the rate of population growth.

**New Positions Approved in the FY 2008 Budget**

The FY 2008 Budget includes the addition of 24.0 FTE positions submitted through the Request for Additional Resources process. Requests for over 94.27 FTEs were submitted to the County Manager. Positions included in the budget represent the highest needs in the county and reflect the overriding principal in the FY 2008 Budget: maintenance of existing service levels.

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, approximately one-third of the new positions approved in the FY 2008 Budget are funded with fees or grants. The remaining, tax-supported positions account for a .37% increase to existing FTEs. Highlights of the new positions included in the FY 2008 Budget are listed in Table #4 below:

**Table #4: New FTE Positions in the FY 2008 Budget**

<b>Department</b>	<b>Description</b>	<b>FTEs</b>	<b>Property Tax Impact</b>	<b>Request Type</b>
Board of County Commissioners	Senior Auditor	1.0	\$81,243	RAR
County Manager	Criminal Justice Coordinator	1.0	\$110,064	RAR
Developmental Supports	Waiting List Capacity - Residential and Senior Residential Providers	9.0	\$219,163	RAR
District Courts	Family Court Services Officer	1.0	\$0	RAR
Emergency Communications	Communications Tech	1.0	\$0	RAR

Human Services and Aging	Geriatric Client Resource & Support Specialist	1.0	\$0	RAR
Human Services and Aging	Geriatric Case Manager	1.0	\$0	RAR
Information Technology Service	Business Analyst	1.0	\$87,878	RAR
Mental Health	Psychiatric Nurse	1.0	\$59,804	RAR
Park and Recreation	Ranger/Park Police Officer 1	2.0	\$72,872	RAR
Public Health	Registered Nurse - Women & Men's Health	1.0	\$0	RAR
Public Health	Child Care Facilities Specialist	1.0	\$10,959	RAR
Risk Management	Crisis Management Specialist	1.0	\$70,037	RAR
Wastewater	Director of Customer Service	1.0	\$0	RAR
Wastewater	Director of Asset Management	1.0	\$0	RAR

\*RAR = Request for Additional Resources

A summary of FTE levels by department is presented on page 15.

The remaining net 60.89 FTE additions above the FY 2007 Budget level are due to the following factors, the net partial year FTE impacts of previous approved CIP projects, specifically the Adult Detention Center Expansion Phase II and the Corrections Adult Residential Center Expansion (ARC IV), and positions approved by the BOCC outside of the Budget process. These positions attest to the County's public safety capital and operating needs now and in the future.

### **Total Compensation Package**

The County's strategy for remaining competitive in the labor market includes both direct (wages) and indirect (benefits) elements. The County completed a classification and compensation study in FY 2002. As a result, a new classification structure was implemented in FY 2003 while new pay grades, reflecting both the new classification structure and the County's compensation philosophy, was implemented in FY 2004. The County's compensation philosophy is to support the achievement of the organization's strategic goals and objectives by being competitive within comparable labor markets, internally equitable, and by rewarding individual and group performance excellence.

With regard to direct compensation, a 3.0% merit increase pool for employees with competent to superior performance has been included in the FY 2008 Budget. The average merit pay rate increase has been less than the percentage movement of the pay table, resulting in "pay compression," i.e., employees with higher-levels of experience and performance are paid near the minimum of their pay range along with less experienced employees. As a result of "pay compression", 59.8% of all County employees were paid in the first third of the pay range. To address this issue, the County developed a tercile placement methodology over the past three years (FY 2005 – FY 2007) that recommends employee tercile placement based on career-related experience, including experience in position, department/agency, County, and the career field (in and outside of the County), as well as performance over the last 3 years. Guided by the County's compensation philosophy, the model enabled the County to identify the scope of the needed adjustments, analyze options, and develop a multi-year approach for alleviating pay compression issues and enhancing retention. For FY 2008, approximately \$1.8 million has been allocated to maintain the placement of employees in the pay ranges based on the market. Employees will be moved 50% of the market movement of the pay ranges. For example, if a pay grade moves 2%, an employee's pay within that grade will automatically be moved 1% exclusive of their merit increase. The combination of the grid maintenance and the merit increase should allow employees to stay within their appropriate market placement and keep with the County's compensation philosophy.

The FY 2008 Budget allocates \$2.6 million for the supplemental retirement program. This program has been extremely successful since its inception in FY 2002, with participation increasing over 20% and over half of eligible employees now enrolled. For FY 2008, the employer match is increasing from 2.5% to 3.0%.

The County's health insurance program is accounted for and segregated in a separate fund known as the "Health Care Fund". The fund is used to pool resources accumulated from health/dental coverage premiums paid by employees (through payroll deductions) and health/dental coverage premiums paid by the County (through the annual budget process). These combined resources, along with investment income, are used to pay for health and dental care claims (doctor office visits, surgery, dental work, prescription drugs, etc.), health and dental insurance premiums, vision coverage premiums, stop-loss premiums (premiums for secondary insurance to protect the fund against large claims), consulting fees, and administrative fees (fees charged for claims processing, etc.).

In addition to being the single largest fringe benefit expense for the County, health insurance funding issues are also extremely complex. The program includes a number of complicated variables which makes it difficult to estimate medical claims expenses with a high degree of accuracy. In recent years, the County's claims experience has been favorable and close to expected. However, the claims experience for the 2007 calendar year has been running much higher than in previous years, and when combined with medical claims inflation rates of 8-12% annually, there will need to be a dramatic increase in funding requirements for the program for 2008.

In Table #5 below, current budgetary estimates for the Health Care Fund are provided for FY 2007 and FY 2008. Current estimates indicate that the 12/31/07 cash balance for the Health Care Fund will be approximately \$27 million, which includes the amount necessary to cover incurred but not reported (IBNR) claims as well as a contingency reserve.

**Table #5: Health Care Fund - FY 2007 and FY 2008 Budgetary Projections**

	<b>FY 2007</b>	<b>FY 2008</b>
<b>Beginning Cash Balance, January 1<sup>st</sup></b>	<b>\$26,063,398</b>	<b>\$27,024,010</b>
<b>Estimated Receipts:</b>		
Employer Contributions	\$20,662,559	\$18,994,755
Employee Contributions	6,364,732	5,850,995
Investment and Other Income	1,190,477	1,116,810
<b>Total Estimated Receipts</b>	<b>\$28,217,768</b>	<b>\$25,962,560</b>
<b>Disbursements:</b>		
Estimated Medical Claims	\$22,285,807	\$25,039,642
Estimated Administrative Costs & Stop Loss Premiums	2,900,641	2,919,814
Estimated Dental Claims & Administrative Costs	1,551,584	1,664,070
Estimated Vision Plan Premiums	286,573	292,713
Administrative, Wellness and Miscellaneous*	232,551	477,562
<b>Total Estimated Disbursements</b>	<b>\$27,257,156</b>	<b>\$30,393,801</b>
<b>Projected Ending Cash Balance, December 31<sup>st</sup></b>	<b>\$27,024,010</b>	<b>\$22,592,768</b>
<b>Annual Change in Projected Cash Balance</b>	<b>\$960,612</b>	<b>\$(4,431,241)</b>
<b>Estimated Secure Funding Level</b>	<b>\$9,580,559</b>	<b>\$10,758,938</b>

\*Revised based upon most recent information

Table #5 includes projected claims calculated at the County's expected exposure level for both FY 2007 and FY 2008 based on projected participation levels. The cash balance in the Health Care Fund has grown in recent years primarily due to positive claims experience and conservative forecasting. The

fund's strong cash position enabled the County to decrease both the employer and employee contribution rates by 10% for FY 2008. The cash balance is projected to decrease by approximately \$4.4 million in FY 2008; however, it will still be well above the secure funding level. If the contributions remain at the levels listed above and if the claims run higher or lower than expected level in both years, the ending cash balance would be impacted. Although the FY 2008 Budget moves away from funding at the maximum exposure level (worst case scenario), it continues to represent a conservative approach.

### **Vacancy Factor**

Beginning in FY 2001, personal services funding was budgeted at less than full employment (i.e., budgeting for a vacancy factor). The FY 2008 Budget continues the use of a vacancy factor. Positions meeting specific criteria have been budgeted at 98% occupancy for FY 2008. Generally, coverage positions where on-call hours are used to cover absences are exempted from the vacancy factor calculation. Also exempted were departments with less than ten (10) FTE positions.

### **Conclusion**

Prudent investments in the County's workforce are key elements in improving the County's ability to achieve its mission and addressing the service demands created by a growing population. The compensation package and new FTE positions included in the FY 2008 Budget reflect a comprehensive and balanced approach to investing in the County's workforce.

**Johnson County Budgeted FTEs by Agency/Department  
FY 2006 - FY 2008**

<u>Agency/Department</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>2006 - 2008 % Change</u>
AIMS	13.40	13.40	13.40	0%
Airport	18.80	18.80	18.80	0%
Appraiser	99.00	99.00	99.00	0%
Archives	3.00	3.00	3.00	0%
Aspire Customer Service Center	15.00	15.00	15.00	0%
Board of County Commissioners	24.00	24.00	24.92	4%
Budget and Financial Planning	10.00	10.00	10.00	0%
Community Development	2.00	2.00	2.00	0%
Contractor Licensing	5.45	5.45	5.45	0%
Corrections	376.07	370.88	370.88	0%
Clerk/Regiser of Deeds	46.00	45.50	45.50	0%
County Manager's Office	10.15	11.00	12.00	9%
Countywide	0	0	0	0%
Courts Law Library	4.96	4.96	4.96	0%
Developmental Supports	327.29	327.29	336.29	3%
District Attorney	91.53	91.53	91.53	0%
District Court Trustee	46.75	46.75	46.75	0%
District Courts	21.86	21.86	22.86	5%
Elections/Registration	16.00	16.00	18.00	13%
Emergency Communications	34.50	37.50	38.50	3%
Emergency Management	6.00	6.00	6.00	0%
Environmental	44.75	44.75	44.75	0%
Facilities	112.50	114.50	117.50	3%
Financial Management	37.25	34.25	34.25	0%
Health Care Fund	1.00	1.00	1.00	0%
Human Resources	15.51	16.01	16.01	0%
Human Services & Aging	110.51	113.51	115.51	2%
Information Technology	66.00	66.00	67.00	2%
JIMS	17.50	17.50	17.50	0%
Legal	16.00	16.00	16.50	3%
Library Operating	282.26	282.26	282.26	0%
Med-Act	146.00	146.00	146.52	0%
Mental Health	385.41	396.41	397.41	0%
Motor Vehicle	65.86	65.86	65.86	0%
Museums	8.15	8.15	8.15	0%
Park & Recreation Enterprise	281.69	286.14	289.67	1%
Park & Recreation General	104.64	112.72	114.37	1%
Planning	14.14	14.14	14.14	0%
Print Shop	3.00	3.00	3.00	0%
Public Health	118.42	118.42	120.42	2%
Public Works	93.79	93.79	93.79	0%
Risk Management	4.50	4.50	5.50	22%
Sheriff	598.50	638.50	687.00	8%
Stormwater	4.00	4.00	4.00	0%
Transportation	11.00	11.00	11.00	0%
Treasurer	17.50	17.50	17.50	0%
Wastewater	222.48	222.48	224.48	1%
<b>Total</b>	<b>3,954.12</b>	<b>4,018.31</b>	<b>4,099.93</b>	<b>2%</b>