

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2010-11

DATE: May 25, 2010

BUDGET FOR: **EMPLOYEE COMPENSATION - FISCAL YEAR 2010-11**

STAFF REPORT BY: Sylvia Richards

cc: David Everitt, Debra Alexander, Gina Chamness, Ralph Chamness,
and David Salazar

The Administration indicates that some of the proposed changes to the Compensation Plan include simplifying the language, consolidating the plan and ordinances, such as adding a table of contents, and shifting some of the definitions and terms to the front of the plan.

Budget Issues and Proposed Changes to Compensation Plan

WAGES AND SALARIES (SECTION II)

1. Additional Personal Holiday

The Administration proposes to restore the 1.5% pay suspension for city employees as well as merit pay for eligible employees. Further, the Administration proposes to grant one additional personal holiday for each employee. The additional personal holiday must be used during fiscal year 2011. The Administration does not anticipate issues with overtime as a result of the extra personal holiday. The additional holiday is granted on a one-time basis and will be forfeited if not used by June 30, 2011. (The four days granted last year were eliminated. Employees will receive two personal holidays in 2011.)

2. Professional Employee Council (PEC)

The Council may recall that the Administration planned and initiated major revisions to the Compensation Plans during FY 2009-10. In keeping with the planned revisions, the Administration has eliminated the reference to the Professional Employee Council from the Compensation Plan since it is not an officially recognized bargaining unit under the City's adopted bargaining resolution. The Administration indicates this change will not preclude the PEC from providing input to the Administration on compensation and benefit issues relating to unrepresented employees.

3. Insurance Premium Increase

The cost of health insurance coverage for city employees and their families has increased by 9% or \$2.3 million. One of the recommendations from the City Benefits Committee is to increase employee participation from 10% to 15%. In FY 2009, employee contributions were increased from 0% to 5%, and increased again from 5% to 10% in FY 10 in order to help the City pay for increases in premiums.

With this shift the employees will be offsetting 71% of the total premium increase (\$1.6 million). Therefore the overall budget impact to the City is \$661,325 (expenditures are distributed across departments). Co-pays and maximum out-of-pocket expenses are also proposed to increase. The following chart details the premium costs currently (split 90/10) as compared to the proposed FY 2011 scenario of an 85/15 split:

Proposed Health Insurance Premium Changes							
Yearly Increases							
		Current - FY 2010		Proposed - FY 2011			
	% of Employees Enrolled	Yearly City Share	Yearly Employee Share	Yearly City Share	Yearly Employee Share	Yearly City Increase	Yearly Employee Increase
Preferred Care							
Single	1.9%	\$ 3,605	\$ 1,883	\$ 3,711	\$ 2,271	\$ 106	\$ 388
Double	2.0%	\$ 8,111	\$ 4,485	\$ 8,350	\$ 5,380	\$ 239	\$ 895
Family	1.9%	\$ 10,814	\$ 5,653	\$ 11,132	\$ 6,816	\$ 318	\$ 1,164
Advantage Care							
Single	1.7%	\$ 3,605	\$ 1,201	\$ 3,711	\$ 1,528	\$ 106	\$ 327
Double	0.8%	\$ 8,111	\$ 3,803	\$ 8,350	\$ 4,636	\$ 239	\$ 834
Family	1.5%	\$ 10,814	\$ 4,971	\$ 11,132	\$ 6,073	\$ 318	\$ 1,102
Summit Care							
Single	17.7%	\$ 3,605	\$ 400	\$ 3,711	\$ 655	\$ 106	\$ 255
Double	21.1%	\$ 8,111	\$ 901	\$ 8,350	\$ 1,473	\$ 239	\$ 572
Family	51.3%	\$ 10,814	\$ 1,201	\$ 11,132	\$ 1,965	\$ 318	\$ 763

- ***The cumulative effect of restoring the 1.5% salary suspension and the Administration's proposed increases in health insurance premiums may result in a yearly decrease in employee take-home pay for some employees, depending on which insurance plan is chosen.*** Most employees (90.2%) are enrolled in Summit Care, with a majority electing Double or Family coverage.
- The Benefits Committee voted 4-2 to recommend this option to the Mayor. The two committee members who voted against it stated that they would vote for it if the City was able to restore the 1.5% pay suspension (which the Mayor is recommending).
- In FY 2010, State of Utah employees paid 5% of premiums, County employees paid 20% of premiums, Davis County employees paid 10% of premiums (*no deductible*), and Murray City employees paid 15% of premiums.
- Council staff has previously received information from the Administration on health insurance premium splits in other governmental entities. The Kaiser Family Foundation Employer Health Benefits 2008 Annual Survey for this region indicated that the average percentage of premium paid by state and local government employees was 12% for single coverage and 18-22% for family coverage.

Housekeeping Items

- New Salary Schedules
The Council may recall that the Administration is using a new single salary grade structure for city employees. Several references were removed (ie: 300 Series, 600 Series, etc.) to more accurately reflect the new salary structure, which is included in Appendix A of the Compensation Plan.
- Social Security Exemption for Police
This is a housekeeping change to reflect the practice of making sworn employees in the Police Department exempt from social security contributions. This correction brings the written documentation into line with current practice.
- Retirement
The retirement contribution information has been updated, and the reference to 'retirement incentive programs' has been eliminated, since the City is not offering an incentive program this year.
- Regular Part Time Employees (RPT)
A table was included itemizing the level of benefits and pay allowances for RPT employees. Currently there are nine or fewer employees in this category.
- Job Sharing
This section is being eliminated. Employees who are job sharing will be covered under the Regular Part Time (RPT) employee provisions.

OVERTIME AND OTHER PAY ALLOWANCES (SECTION III)

1. Police Sergeants
The Administration added language addressing overtime compensation for court appearances and other allowances for police sergeants. Police sergeants voted recently to be excluded from the Police Memorandum of Understanding; language was included in the compensation plan to reflect this change.

Housekeeping Item

- Shift Differential Clarification
A statement was added to indicate that no shift differential will be paid to employees working scheduled day shifts.

HOLIDAY, VACATION AND LEAVE ACCRUAL (SECTION IV)

1. Holiday Pay for RPTs
RPT employees are to receive holiday pay for unworked holidays equal to their regular rate of pay times the total number of hours which constitute a regularly scheduled shift.
2. Police Sergeants
Police Sergeants were added to this section. Benefits and leave accruals were set

at the same levels as those provided prior to being covered by the Police Memorandum of Understanding.

3. Vacation Payout at Termination

Language was added to indicate that unused accrued vacation leave is paid out at retirement and termination of employment. The Administration indicates this practice has occurred for many years.

4. Bereavement Leave

A change in this section indicates that bereavement (funeral) leave is allowed for covered family members who are current relatives, including a spouse, in-laws, grandparents, etc. (This change makes the application of this leave benefit consistent citywide. The wording is modeled after the language contained in each of the union contracts.) The language also reflects the city's non-discrimination practices/policies relating to bereavement and family leave.

Richards, Sylvia

Subject: FW: SUMMARY of Changes to the Comp Plan

From: Salazar, David

Sent: Wednesday, May 12, 2010 12:02 PM

To: Richards, Sylvia

Cc: Gust-Jenson, Cindy; Bruno, Jennifer; Alexander, Debra; Everitt, David; Chamness, Ralph; Chamness, Gina; Hoskins, Gordon

Subject: SUMMARY of Changes to the Comp Plan

SYLVIA: As per your request, see the following summary I've prepared to highlight modifications made in the City's Compensation Plan—

SUMMARY OF CHANGES: Overall, major changes in the plans include the simplification of language used (less "legalese") and a consolidation of three parts into one, which includes the (main) Comp Plan, and other ordinances dealing with Overtime & Other Pay Allowances and Holiday, Vacation & Leave Accrual. To ease reading and locating specific information, a Table of Contents was added. The authoritative sections that existed in each of the former compensation plans for each employee group-- "Effective date", "Employees Covered by this Plan", "Authority of the Mayor" and "Appropriation of Funds"-- are all moved to the front of the new Comp Plan. A section including a list of definitions and terms used throughout the Comp Plan has also been incorporated at the beginning of the document.

Other significant highlights include those specified for each of the following sections:

WAGES & SALARIES (SECTION II)

- **SALARY SCHEDULES:** With the introduction of a new, single salary grade structure for all City employees, former references to employee groups covered by the general Comp Plan ("300 Series", "600 Series", etc.) are all removed from this and other sections where specific groups were mentioned. At the beginning of the new Comp Plan, it is established that "all city employees not covered by a memorandum of understanding (bargaining contract)" are covered by the Comp Plan. A copy of the new salary grade structure is included in the Comp Plan as Appendix A; Appointed and elected officials pay assignments are included in Appendices B & C.
- **EMPLOYEE COMPENSATION FOR FY11:** This subsection outlines the Mayor's specific budget request for City employees covered by this plan, including restoration of the 1.5% pay suspension and granting of one additional personal holiday per covered employee.
- **EMPLOYEE INSURANCE:** Is updated and indicates the Mayor's recommendation to change City's share of medical insurance premiums from a 90% to 85% contribution.
- **SOCIAL SECURITY EXCEPTION FOR POLICE:** This section was added after being left out from the original Police "800 Series" compensation plan. It stipulates what is already in place (and has been for many years) regarding the exemption from Social Security contributions by the City for sworn employees in the Police department.
- **RETIREMENT:** Includes updates of new retirement contributions by employee group paid for by the City and removes the reference to "Retirement Incentive programs" since none are being offered this year.
- **RECOGNITION OF PROFESSIONAL EMPLOYEE COUNCIL (PEC):** This section was removed since PEC is not a formally recognized bargaining unit under the City's adopted bargaining resolution.
- **JOB SHARING:** This "less than full time" working alternative will be and is covered under the provisions laid out for RPT employees; therefore, it is being eliminated as a separate employee category.
- **REGULAR PART-TIME (RPT) EMPLOYEES:** Language in this section was simplified and a Table was created to clarify the level of benefits and pay allowances granted to these employees, which to date includes approximately nine or fewer employees citywide.

EMPLOYEE OVERTIME & OTHER PAY ALLOWANCES (SECTION III)

- OVERTIME COMPENSATION: Language was simplified. No substantive changes to overtime compensation for eligible employees, including labor costs during a declared emergency for FLSA exempt employees.
- POLICE SERGEANTS ADDED TO COMP PLAN: Language covering overtime compensation for court appearances and other pay allowances provided to Police Sergeants are incorporated throughout this Section. Sergeants were added back into the Comp Plan after voting to be excluded as part of the regular Police MOU.
- SHIFT DIFFERENTIAL: Language was added to this section to clarify that no shift differential is paid to employees working scheduled day shifts.

HOLIDAY, VACATION & LEAVE ACCRUAL (SECTION IV)

- HOLIDAYS FOR RPT EMPLOYEES: New language entitles RPT employees to receive holiday "pay for unworked holidays equal to their regular rate of pay times the total number of hours which make a regularly scheduled shift."
- ADDITION OF POLICE SERGEANTS: Police Sergeants are added to this Section. Benefits and leave accrual for Sergeants included in this Section are set at the same levels as those offered prior to their being covered by the Police bargaining unit.
- VACATION PAYOUT AT TERMINATION: New language was added to clarify what already occurs and has occurred for many years now with unused accrued vacation leave at retirement and termination of employment.
- BEREAVEMENT LEAVE: Change in this section emphasize that bereavement (or, funeral) leave is allowed for covered family members who are "current" relatives, such as a spouse and in-laws.

Please let me know if you have any other questions.



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