

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 the County's 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 the County's position classification structures, 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 and make adjustments when necessary to maintain market competitiveness.

General Overview

- A. **Budgeted Salary Lapse** – This account reduces agency expenditure authority to account for vacancies and is located within the Salaries and Benefits budget. The total required agency savings in budgeted salary lapse in FY21 is \$24.1 million.
- B. **Classification and Compensation Study/Position Reclassifications** – The County recently implemented a new classification and compensation structure to more accurately reflect the work performed by employees while allowing the flexibility needed to effectively attract, manage, and retain employees.

Minor updates are needed at the salary structure maximums of Decision Band Method (DBM) B21, C41, and D61 to align the maximums midway between the adjacent higher and lower DBM's. The employee reconsideration process identified the need for a limited number of new classifications and DBM changes as follows:

New Class Specifications in FY2021 Budget			
Department	Title	Grade	Code
Fire & Rescue	Deputy Emergency Management Coordinator	C52	X314
Countywide	Lead Business Services Specialist	B31	R317

DBM Changes in FY2021 Budget			
Department	Title	Current DBM	New DBM
Public Works	Solid Waste Operator	A12	A13

Budget Initiatives

1. New Position Classification Plan and Pay Plan for General Employees

Expenditure	\$6,317,175
Revenue	\$856,000
General Fund Impact	\$5,461,175
FTE Positions	0.00

a. **General Employee (Non-Sworn) Compensation Increases** – In April 2017, the Board of County Supervisors (BOCS) directed the County Executive to assess the County’s general, non-sworn employee classification system for internal pay equity (pay compression) and external competitiveness with other jurisdictions. A study of sworn (Adult Detention Center, Fire & Rescue, Police, and Sheriff) personnel was previously completed and compensation increases were implemented in FY19 and FY20. An appropriate classification structure ensures jobs throughout an organization are appropriately classified and salaries are equitable based on job duties and responsibilities. The goals of the study were to develop a classification and compensation structure that is:

- Streamlined – The previous general classification plan had 644 position classifications.
- Competitive to attract and retain a highly qualified workforce – General employee turnover was 11% in FY19 for employees leaving County service and was even higher, at 19%, when factoring internal and external hiring.
- Equity – Ensure pay equity across gender, race, and age.
- Flexible – To adjust to the changing nature of work in the 21st century while adhering to the County organization’s vision and values.

A consultant developed a general employee position classification plan that is gender, race, and age neutral. The new plan has 38 class structures, 74 job families, and 295 classifications, and is less expensive to maintain. The consultant also performed a compensation study that included 25 counties and cities in the Washington Metropolitan area. Market salary data was combined with classification evaluations to create a salary structure and associated pay scales that maintain regional competitiveness.

On November 19, 2019, the BOCS approved [BOCS Resolution #19-532](#) and adopted the new position classification and pay plan for general County employees. The study findings will be implemented in two phases:

- **Phase 1 (FY20)** – Phase 1 was implemented on January 11, 2020 whereby administrative pay increases were provided for existing employees with salaries lower than the starting salary of their newly assigned position classification’s pay band. The estimated Phase 1 cost which impacted approximately 1,800 employees is \$3.2 million in FY20. The Phase 1 full-year cost in FY21 is \$6.4 million and will be absorbed within agency’s existing budgets through corresponding increases in budgeted salary lapse. Countywide budgeted salary lapse increases \$6.4 million in FY21 due to Phase 1. No new funding is required to implement and sustain Phase 1 pay increases.
 - **Phase 2 (FY21)** – Phase 2 will address internal pay equity (compression) in FY21 by correcting salaries for individual employees based on years of service in current positions. The Phase 2 cost in FY21 is \$6.3 million for 1,542 employees. The FY2021 Budget includes funding to fully implement Phase 2 for all impacted employees.
- b. **Service Level Impact** – The approved classification and pay plan provides the County with an updated, flexible personnel system. County positions will be appropriately classified to support internal equity between positions and pay equity will be realized across gender, race, and age. The new classification and pay structure is competitive with other Washington Metropolitan jurisdictions thereby helping the County to retain experienced employees as well as attracting new employees.

Compensation

2. Pension and Retirement Benefits Adjustment

Expenditure	\$5,416,810
Revenue	\$0
General Fund Impact	\$5,416,810
FTE Positions	0.00

- a. **Virginia Retirement System (VRS)** – The certified VRS employer contribution rate for PWC is 14.86% and will become effective July 1, 2020. This represents an increase from the current VRS rate of 13.16% at a cost of \$5,198,547. VRS rates are evaluated and certified by the VRS Board of Trustees every two years. The rate increase is attributed to the VRS Board lowering the assumed annual rate of return (known as the discount rate) of its investment portfolio from 7.00% to 6.75%. Lowering the assumed rate of return to 6.75% reflects near-term investment challenges of the portfolio while establishing a reasonable return rate used to determine employer contribution rates. Therefore, employer contribution rates must increase in order to offset the lowered return rate and maintain the overall funded status of the plan.
- 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 \$126,961 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.
- c. **Group Life Insurance** – VRS notified the County that the group life insurance rate increased 0.03% from 1.31% to 1.34% at a cost of \$91,302. The new rate will become effective July 1, 2020.

3. Health Insurance Adjustment

Expenditure	\$797,760
Revenue	\$0
General Fund Impact	\$797,760
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 increase is due to an average 2.3% increase for the County’s employer health insurance contributions.

Compensation

Summary of Compensation Changes in FY21

	FY21 Amount
Classification & Compensation Study for General Employees:	
Phase 2 (FY21)	\$6,317,175
Subtotal	\$6,317,175
Pension and Retirement Benefits:	
Virginia Retirement System (VRS) (1.70% Increase in FY21; 14.86% rate)	\$5,198,547
Retiree Health Credit (5.00% Increase in FY21)	\$126,961
Group Life Insurance (0.03% Increase in FY21; 1.34% rate)	\$91,302
Subtotal	\$5,416,810
Health/Dental Insurance:	
Health Insurance (2.30% Increase in FY21)	\$797,760
Subtotal	\$797,760
Grand Total	\$12,531,745