

Let's Talk About...



Employee Total Compensation

The City is committed to providing employees an equitable Total Compensation package that includes market-competitive wages and employee sharing of benefit costs. The FY 2008 Proposed Budget was presented to the City Council on Thursday, August 16, 2007 and included the City Manager's recommendation on adjustments to employee wages and benefits. City Council will vote on the final budget, including employee total compensation on Thursday September 13, 2007.

The FY 2008 Proposed Budget includes for the first time a step-based system for employees in non-professional, non-managerial jobs. FY 2008 would be the first year of a four-year plan to fully implement the pay plan redesign. In FY 2008, all employees would receive a minimum wage increase of 2.21% and some employees would receive up to a 9.99% increase (the average wage increase in FY 2008 would be 3.42%). This document outlines the proposed redesigned pay plans as well as a description of three PPO options for employee healthcare coverage. Finally, this document provides information regarding future communication efforts with employees on proposed wage and benefit changes.

Employee Wages

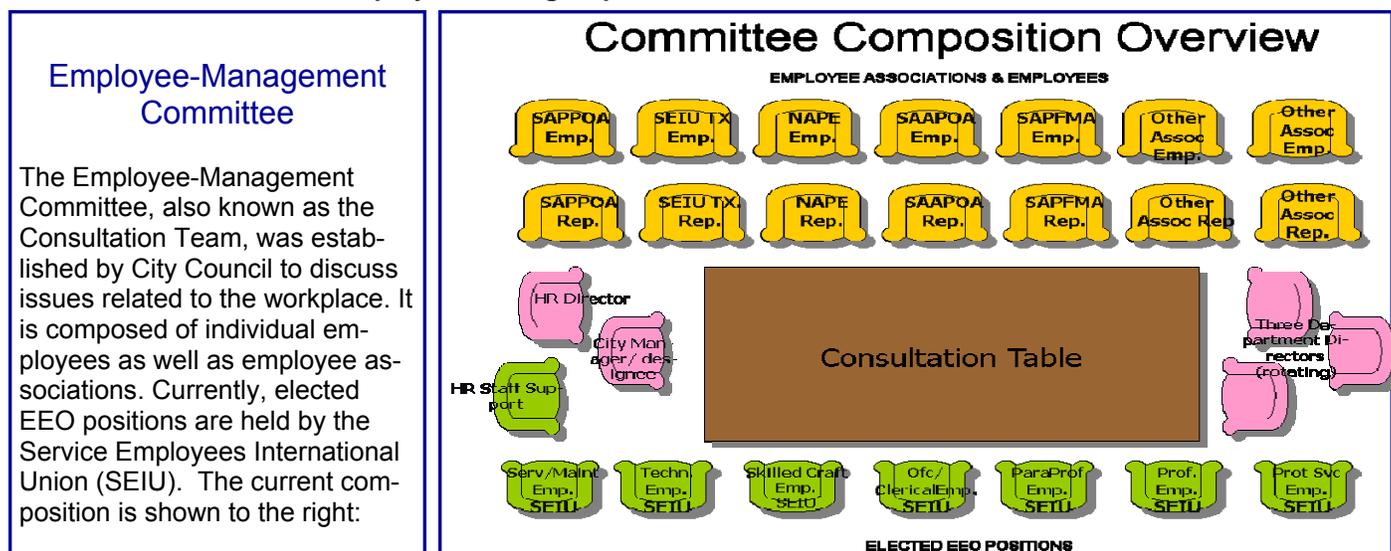
Cost-of-Living Adjustment: The Proposed Budget includes a 2.21% increase for all full-time and part-time employees. This adjustment is based on the Consumer Price Index (CPI), which is utilized to project the increase in cost of goods across the nation from one year to the next.

Living Wage: Effective October 1, 2007, the City's new Living Wage would be increased from \$9.75 per hour to \$9.93 per hour for all full-time and part-time employees. Full-time and part-time employees with hourly wages less than \$9.93 after cost-of-living adjustments would receive additional increases to bring their hourly rate to \$9.93.

Pay Plan Re-design: A major revision to the City's Pay Plan is also proposed to be implemented in FY 2008. The Pay Plan is the document the City uses as a guide to determine pay for employees. It provides the minimum and maximum rates of pay for each job title in the City.

Performance Pay: The Proposed Budget includes funding for Professional and Managerial employees to be eligible to receive Performance Pay, effective January 1, 2008. Employees at the maximum of the range would receive lump-sum performance payments.

The Proposed Pay Plan for FY 2008 was re-designed with significant input from the Employee-Management Committee and additional employee focus groups.



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Pay Plan Elements

The re-designed Pay Plan consists of five separate pay structures based on EEO category, allowing each pay plan to be designed with different characteristics as follows:

	Pay Plan A	Pay Plan B	Pay Plan C	Pay Plan D	Pay Plan E
Pay Plan Type	Step		Open-Range	Broadband	
EEO Categories	Skilled Craft, Service Maintenance	Office Clerical, Para-Professional, Technicians, Protective Services	Professional	Managerial	Executive
To find the EEO Category for your job classification, refer to your job description at https://ww4.sanantonio.gov/hrjobdescr/jobs/search.aspx					

There are three major elements of the pay plan re-design: adjusting ranges (minimum and maximum pay) for City jobs, consolidating job titles, and putting a step-system in place to reward non-professional and non-managerial employees for tenure in their job.

Range Adjustments: The re-designed pay plan proposes new pay ranges for each pay category to more closely reflect what the market is paying for similar jobs. Because all employee salaries must be higher than the range minimum of each job, some employees will receive increases to bring their salaries to the new minimum of their range.

Consolidation of Job Titles: The proposed pay plan also consolidates several job titles, eliminating a total of 141 job titles. This does not mean an employee will lose his/her job, but rather that some employees' job titles will change. In the next few weeks, employees will receive individual wage and benefits statements to include information regarding changes, if any, to the employee's job classification.

Step System: The new Pay Plans for non-professional and non-managerial employees (Pay Plan A and Pay Plan B) establish a step-based system that rewards employees for the time they have served in their current jobs. Each year of service an employee has in their job would equate to a step in the employee's range with each range comprised of ten steps. The illustration below shows the amount of increase an employee would get based on his/her years of service on the job. Detailed information about step increases in FY 2008 will be included in employees' individual wage and benefits statements. The step-based system will be implemented in phases, with the first phase of implementation in October 2007, pending approval by the City Council on September 13th:

Steps and Years of Service	0	1	2	3	4	5	6	7	8	9	10
Step % Increase		4%	4%	4%	4%	3%	3%	3%	2%	2%	2%
COLA Adjustment		2%*	2%**	2%	2%	2%	2%	2%	2%	2%	2%
Total % Increase		6%	6%	6%	6%	5%	5%	5%	4%	4%	4%

*FY 2008 amount would be 2.21%. | **FY 2009 amount would be 2.1%.

- Each range has 10 steps.
- Employees move through the range one step each year.
- Midpoint of range is at step 4.
- Market pay is represented at step 5.
- Employees reach market after 5 years of service.
- Employees would receive a 2.21% COLA in FY 2008 and a 2.1% COLA in FY 2009.
- Employees would receive a projected 2% COLA Adjustment in each year after FY 2009 in addition to step movement.
- Each range will be adjusted yearly by the CPI adjustment for that year.
- Employees reach their maximum step after 10 years of service.
- Employees at the maximum of the range will only receive wage increases as the range is adjusted yearly.



Pay Plan Implementation Schedule

The following table outlines the different phases of implementation from FY 2008 through FY 2011.

Fiscal Year	Pay Plan Group	COLA / Performance Pay Increases (Effective Date)	Pay Plan Implementation* (Effective Date)
FY 2008	A & B	2.21% COLA Adjustment (10/07)	All pay structures implemented, all employees brought to minimum of new range (10/07) Employees with 10+ years brought to market of range (A & B only) (10/07)
	C-E	2.21% COLA Adjustment (10/07) 2% Performance Pay (1/08)	
FY 2009	A & B	2.1% COLA Adjustment (10/08)	Employees with 5 to 9.99 years brought to midpoint of range (01/09)
	C-E	2.1% COLA Adjustment (10/08) 2% Performance Pay (1/09)	
FY 2010	A & B	2% COLA Adjustment (10/09)	Employees with 10+ years placed in step 10 (01/10)
	C-E	2% COLA Adjustment (10/09) 2% Performance Pay (1/10)	
FY 2011	A & B	2% COLA Adjustment (10/10)	Full Implementation for all employees (04/11) Begin to move in range according to date of service in position (04/11)
	C-E	2% COLA Adjustment (10/10) 2% Performance Pay (1/11)	

*Pending City Council Approval in FY 2008, FY 2009, FY 2010, and FY 2011

Pay Plan Definitions

Range: The scale that shows the minimum and maximum rates of pay for each job classification.

Step Plan: A type of pay plan that rewards employees for tenure in a position. Employees receive pay increases as they move up through each step.

Open Ranged Plan: A type of pay plan that provides a minimum and maximum rate of pay for each job classification, but does not include structured guidelines for employee progression through the range.

Broadbanded Plan: A pay plan that provides wide salary ranges for job classifications.

Midpoint: The half point in a job range.

Market: The point in a range where the average employee is being paid at the same rate as the average employee in comparable organizations.

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Health Benefits

The City currently offers civilian employees one PPO plan and two HMO plans (HMO Standard and HMO Plus). Due to continued cost escalation in the HMO plans and City Council's direction from the FY 2007 Budget process, the City is proposing to eliminate HMO plan options beginning January 1, 2008. Employee focus groups were conducted in FY 2007 to discuss health plan options, employee experience, issues and concerns. In addition to focus group meetings, City staff met six times with the Employee Management Committee to discuss employee benefit issues including the design of the current plan, funding structure (city cost versus employee cost), and wellness benefits. Results of employee input varied in desired levels of health coverage related to premium cost and out-of-pocket expenses. However, employees made clear that they wanted choice in health care coverage. Information gathered at these meetings was used to develop the proposed FY 2008 plans.

The health coverage proposed for FY 2008 includes a three-tier PPO structure, designed to provide employees with choice of health care coverage.

Value PPO (New)

- Lower premiums with higher deductibles, co-pays, and out-of-pocket maximums
- Beneficial for employees who rarely utilize health care insurance

Standard PPO

- Same insurance levels as current PPO (excluding office co-pay change from \$15 to \$20)
- Premium subsidy levels of 95% for employee, 90% for dependent children and 80% for coverage of spouse

Premier PPO (New)

- Higher premiums with lower deductibles, co-pays, and out-of-pocket maximums
- Beneficial for employees who prefer to pay for additional coverage

← Lower Premiums
Lower Coverage

Higher Premiums
Higher Coverage →

PROPOSED PPO STRUCTURE			
	Value PPO	Standard PPO	Premier PPO
Office Co-Pays	\$25 Office	\$20 Office	\$15 Office
Deductible (Individual/Family)	\$750/\$1,500 in-network \$1,500/\$3,000 out-of-network	\$500/\$1,000 in-network \$1,000/\$2,000 out-of-network	\$250/\$500 in-network \$500/\$1,000 out-of-network
Co-Insurance	80%/20% in-network 60%/40% out-of-network	80%/20% in-network 60%/40% out-of-network	90%/10% in-network 60%/40% out-of-network
Out of Pocket Max. (Individual/Family)	\$2,500/\$5,000 in-network \$5,000/\$10,000 out-of-network	\$2,000/\$4,000 in-network \$4,000/\$8,000 out-of-network	\$1,000/\$2,000 in-network \$2,000/\$4,000 out-of-network
Hospital Expenses	80% in-network/60% out-of-network after deductible	80% in-network/60% out-of-network after deductible	90% in-network/60% out-of-network after deductible
Lifetime Max.	\$5 million	\$5 million	\$10 million

Monthly Employee Benefits Premiums (Current and Proposed)

Healthcare Coverage Options	Current	Proposed		Current		Proposed
	2007 PPO	2008 Value PPO	2008 Standard PPO	2007 HMO Standard	2007 HMO Plus	2008 Premier PPO
Employee Only	\$ 10.50	\$ 0.00*	\$ 16.00	\$ 52.00	\$ 72.00	\$ 65.00
Employee+Child	\$ 37.50	\$ 12.00	\$ 40.00	\$ 117.00	\$ 150.00	\$ 126.00
Employee+Spouse	\$ 63.00	\$ 48.00	\$ 81.00	\$ 181.00	\$ 184.50	\$ 212.00
Employee+Family	\$ 88.50	\$ 61.00	\$ 106.00	\$ 236.00	\$ 255.00	\$ 241.00

*Any employee who does not pick a healthcare plan will be automatically enrolled in the Employee Only Value PPO.

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Net Impact to Employee Total Compensation

The pay and benefit changes included in the FY 2008 Proposed Budget are the beginning of a phased process to reach an equitable total compensation package. In FY 2008, all City of San Antonio employees will receive more net pay than they did in FY 2007—even after proposed premium changes. Wage and benefit statements will be forthcoming and will provide employees with individualized information on wage and benefits.

Increased Focus on Employee Wellness

The City recently developed a comprehensive wellness strategic plan that will increase coordination of wellness efforts among City departments and will provide a holistic approach to employee wellness. A new Third Party Administrator will provide enhanced disease management to prevent and manage chronic conditions. Additionally, the FY 2008 Proposed Budget includes funding in the Employee Benefits Fund to support the wellness strategic plan as follows:

- Physicals based on age, sex, and family history
- Begin to provide nicotine replacement therapy
- Develop an interactive employee wellness website
- Enhance wellness communication effort
- The City has contracted to provide weekly training sessions for interested participants in the City Manager's 5K Run/Walk to be held December 1, 2007

Open Enrollment Communication Plan

To assist employees in selecting the best plan option, HR staff will provide more directed Open Enrollment services. This approach will also benefit those employees currently in an HMO plan who must select one of the three new PPO options. Open Enrollment meetings/presentations will be held at each individual department (number of meetings and locations will vary by department) with Benefits staff, HR Generalists and HR Specialists. Adequate time will be allotted for questions and presentation of the pros and cons of each plan, as well as other benefit options available to employees (i.e. Flexible Spending Accounts). HR Generalists and HR Specialists can answer questions following each presentation as necessary.

Helpful Employee Benefits Definitions

Co-Insurance: The percentage of the total health care cost the City and the employee will pay after the employee has met the deductible.

Co-pay: The amount of money you must pay each time you receive service (i.e., go to the doctor).

Deductible: The amount you pay for covered expenses in the plan before the plan begins to pay benefits.

Out-of-Pocket Maximum: The most you will pay for covered health care expenses during a calendar year. Once you reach this amount, the plan pays 100% of covered charges.

PPO: Preferred Provider Organization – A group of physicians and other health care providers who make arrangements with the City to provide services on a discount basis. The PPO medical plan covers both in-network and out-of-network benefits, with in-network benefits covered at a higher percentage.

Next Steps

- Employee compensation and benefits website available to provide more information to employees on proposed changes—September 4, 2007.
- Individualized wage and benefit statements—September 4, 2007.
- City Council Budget Work Session on employee compensation and benefits—September 4, 2007.
- Budget adoption—September 13, 2007.
- Employee compensation presentations by department to be conducted by Human Resources staff—September 14 to September 28, 2007.
- Start of FY 2008 Fiscal Year—October 1, 2007.
- Employee Benefits open enrollment—October 29 to November 28, 2007.