

FY 2012 Proposed Budget Employee Total Compensation

On August 11, 2011, the City Manager presented the FY 2012 budget to the City Council, including recommendations on adjustments to civilian employee wages and benefits. While the City continues to face economic challenges, the Proposed Budget reflects the City Manager's top workforce priority, which is to maintain a competitive employee total compensation package. The City strives to provide a competitive compensation and benefits package to attract and retain a highly skilled workforce. Historically, wages were low and benefits were rich. In the last five years, the City has increased salaries to market competitive rates and adjusted benefits to have employees share in the cost to be aligned with industry standards.

Reductions of Positions

As a result of efficiencies and redirections, the City has proposed the reduction of 200 positions, about half of which are filled. It is estimated that all classified employees will be placed in positions within the City with no changes to their dates of rank.

Cost of Living Adjustment (COLA) and Living Wage

The Proposed Budget includes a 2.4% COLA for all full-time and part-time civilian employees. To continue the City's commitment to ensure that employees earn a Living Wage, the minimum hourly rate for all full-time and part-time City positions is proposed to increase from \$10.60 per hour to \$10.75 per hour, effective October 1, 2011.

Step Pay Plan Implementation

The implementation of the Step Pay Plan will continue. Phase 5 in FY 2012 is proposed as developed with the input of the Employee Management Committee and provides step increases to 1,938 employees. The average salary increase is 5.6%, in addition to the proposed 2.4% COLA. The FY 2012 implementation plan provides salary increases to employees with years in rank as follows (as of January 1, 2012):

Employees with 10+ years	move to Step 10
Employees with 8 - 9 years	move to Step 8
Employees with 6 - 7 years	move to Step 6
Employees with 4 - 5 years	move to Step 4
Employees with 2 - 3 years	move to Step 2

Performance Pay

Performance pay has been proposed as a method to move managers and professionals through the pay range since they are not eligible for Step increases. The program rewards performance through base salary increases. An equity component is included to accelerate pay growth for top performers paid lower in the pay range. These increases are in addition to the 2.4% COLA and will be effective January 1, 2012.

Holiday Closing

The Proposed Budget also includes closing City offices during the week between Christmas and New Year's to give employees more time off during the end of the year holidays. In order to accomplish this, Christmas Eve, President's Day and the Floating Holiday will be allocated to facilitate the Winter Holiday in FY 2012. This program will be evaluated in FY 2013 for continuity.

Voluntary Furlough

The City will be introducing a Voluntary Furlough Program of up to five days, with departmental approval. Program guidelines will be forthcoming in a separate document.

Let's Talk About...



Health Care Plans and Premiums

The City will continue to offer employees the choice of three affordable health plan options which are the Value PPO, Standard PPO, and Premier PPO. It is the City's goal to achieve an 80% / 20% employer to employee cost-share for employees hired before January 1, 2009 and 70% / 30% for employees hired after January 1, 2009. Last year, this goal was delayed to minimize the impact to employees.

In 2012, a combination of health care plan design changes and moderate premium increases in the Standard PPO and Premier PPO health plans have been proposed to help contain the rising costs of health care. Deductibles and out-of-pocket maximum amounts have been adjusted to align the health plans with industry standards and result in savings that allow the City to minimize premium increases.

2012 Proposed Monthly Health Care Premiums

Employees Hired Before January 1, 2009				Employees Hired After January 1, 2009			
	Value PPO	Standard PPO	Premier PPO		Value PPO	Standard PPO	Premier PPO
Employee Only	\$7	\$27	\$112	Employee Only	\$12	\$79	\$186
Employee + Child(ren)	\$18	\$70	\$245	Employee + Child(ren)	\$83	\$199	\$418
Employee + Spouse	\$72	\$141	\$374	Employee + Spouse	\$192	\$331	\$595
Employee + Family	\$92	\$185	\$509	Employee + Family	\$250	\$449	\$825

2012 Proposed Deductibles and Out-of-Pocket Maximums

Deductibles and Out-of-Pocket Maximums (In-network Benefits)			
	Value PPO	Standard PPO	Premier PPO
Annual Deductible (Individual/Family)	\$900/ \$1,800	\$600/ \$1,200	\$300/ \$600
Annual Out-of-Pocket Max (Individual/Family)	\$3,000/ \$6,000	\$2,400/ \$4,800	\$1,200/ \$2,400

Other proposed plan design changes will help employees to make wise consumer choices when using their health plan. The 2012 prescription drug plan lowers the price of generics for employees by 50%, while brand name prescription drugs will be based on coinsurance with a maximum set for employee cost. To avoid incurring benefit costs that belong to other employers, a surcharge will be assessed to employees with spouses who are eligible for health insurance coverage through his/her employer, but choose to have coverage through the City's richer benefit plans. This surcharge will assist in offsetting the cost of covering these individuals. More detailed information will be provided during Employee Benefits Open Enrollment, which will be held **October 17 — November 16, 2011**.

Wellness Program

The 2012 Wellness Program continues to focus on disease management, physical activity, tobacco cessation, and more. Because diabetes is one of the City's most challenging issues, co-pays for generic diabetes prescription drugs will be eliminated to encourage employees to adhere to their prescription regimen. Tobacco related claims have impacted employees and the medical plan significantly, and the Wellness Program will strengthen its support to employees through tobacco cessation programs. In 2013, the City will consider changing its hiring policy in relation to tobacco users and adjusting benefit costs for existing tobacco users.

The Wellness Program will include incentives to participate at fitness centers and Wellness Coaches who will focus on prevention and lifestyle intervention services that include physical activity, nutrition, weight management and reduction of risk for chronic diseases.

Once the budget is adopted on September 15, more information will be provided on the approved compensation and benefits plan. Contact Human Resources Customer Service at (210) 207-8705 for assistance with selecting a health plan or to speak to the City's onsite UnitedHealthcare representative.