



FY 2014 Proposed Budget Employee Total Compensation

The City Manager presented the FY 2014 Proposed Budget to the City Council on August 8, 2013. As you know, the City will be facing a budgetary shortfall in FY 2014. This means that tough decisions must be made in order to address this situation and ensure the City's continued financial stability. Although adjustments to all areas of the City's budget, including employee compensation and benefits, are proposed, the City's commitment to providing its civilian workforce with a competitive compensation and benefits package remains strong.

The following information outlines the proposed total compensation package for civilian employees in FY 2014.

Employee Compensation

The proposed changes to employee compensation reflect efforts to manage our financial challenges while continuing to recognize employee loyalty and performance. Although a COLA (cost of living adjustment) is not proposed for 2014, opportunities exist for employees to see a rise in their compensation. Those employees on the Step Pay Plan with date-of-rank anniversaries between October—December 2013, will receive their annual step increase on their anniversary date. Remaining employees on the Step Pay Plan will receive their annual step increase on January 1, 2014. In future years, all step increases will occur on January 1. Those employees who are at step 10 as of October 1 will be provided a one-time payment of \$300 (pre-tax) in January. Managers and professionals are not eligible for Step increases, but those employees hired before April 2013 will have the opportunity to earn performance pay in 2014. The Budget includes an allocation equivalent to 3% of salaries for performance pay.

Employee	Pay Increase
Step Plan 0-9 (October 2013—December 2013 Anniversary)	Step Increase on Date-of-Rank Anniversary
Step Plan 0-9 (January 2014 or Later Anniversary)	Step Increase on January 1
Step Plan 10	\$300 One-time Payment in January
Professionals	Performance Pay-Eligible
Managers	Performance Pay-Eligible
Executives	Performance Pay-Eligible

Health Care Plans and Premiums

With health care costs continuing to rise and the City remaining self-insured, meaning the City and employees share all health care costs, the City is presented with the challenge of identifying the best health care plans that are as affordable as possible for the employee and the City. In 2014, the City will continue to absorb the majority of employee health care costs.

The FY 2014 Proposed Budget includes changes to the City's civilian health plan. The Consumer Choice plan and the Premier health plan options will still be offered as they were last year. However, the Value and Standard health plans will be transitioned into one new health plan called the "New Value" plan that will offer the same level of coverage that you have come to expect from Value and Standard.

Let's Talk About...



Health Care Plans and Premiums Continued

A combination of adjustments to office visit co-pays, deductibles, out-of-pocket maximums, and prescription drug co-pays have been made to help you and the City manage costs. The proposed budget calls for both increases and decreases in premiums, based on which plan you choose and the number of dependents covered by your plan. The City will again make a contribution of \$500 for an individual and \$1,000 for a family to your Health Savings Account for those who enroll in the Consumer Choice plan. Flexible Spending Accounts will continue to be available to employees who choose a plan other than Consumer Choice. New for 2014 is the **Premium Designation Specialist** co-pay, which provides a reduced co-pay if an employee chooses an in-network specialist from a designated group of providers who meets national industry standards. All three plan options will continue to cover preventive care at 100%. There are no plan changes proposed for the dental or vision plans; however, there will be an increase in rates for the HMO dental plan.

Proposed Monthly Health Care Premiums

Employees Hired Before January 1, 2009				Employees Hired After January 1, 2009			
	Consumer Choice	New Value	Premier		Consumer Choice	New Value	Premier
Employee Only	\$0	\$40	\$214	Employee Only	\$0	\$83	\$299
Employee + Child(ren)	\$16	\$105	\$437	Employee + Child(ren)	\$32	\$194	\$587
Employee + Spouse / Domestic Partner	\$46	\$196	\$597	Employee + Spouse / Domestic Partner	\$92	\$308	\$768
Employee + Family	\$65	\$265	\$817	Employee + Family	\$130	\$414	\$1,065

Proposed Health Savings Accounts, Deductibles, Out-of-Pocket Maximums & Office Visits

Health Savings Accounts, Deductibles, Out-of-Pocket Maximums & Office Visits			
In-Network Benefits	Consumer Choice	New Value	Premier
City Contribution to Health Savings Account (HSA) (Individual/Family)	\$500/ \$1,000	N/A	N/A
Preventive Care	Covered at 100%		
Annual Deductible (Individual/Family)	\$1,250/ \$2,500	\$1,250/ \$2,500	\$600/ \$1,500
Annual Out-of-Pocket Maximum (Individual/Family)	\$4,000/ \$8,000	\$3,000/ \$6,000	\$2,200/ \$4,400
Office Visits: Primary Care Specialist (Premium Designation) Specialist Urgent Care	20% (after deductible)	\$30 \$35 \$55 \$50	\$30 \$35 \$55 \$50

Proposed Prescription Drug Co-Pays

Although co-pays for prescription medications will increase in the coming year, four pricing tiers will continue to be offered. The 2014 prescription drug plan helps you manage pharmacy costs by encouraging the use of generic medications, when available.

Additionally, the City's Value-Based Co-Pay plan continues in 2014. This plan offers prescription drugs related to diabetes at reduced costs. There are no co-pays for generic Tier 1 medications and co-pays for Tier 2 and Tier 3 medications are reduced.

Note: Prescription drug co-pays do not apply to the Consumer Choice plan. With this plan, you pay the full cost of the medications until you meet the deductible. For IRS-approved maintenance drugs, such as those used to manage blood pressure, diabetes, osteoporosis, and cholesterol, you will only pay 20% of the cost since they are not subject to the deductible.

Tier	30-Day Retail Co-Pay
Tier 1 (Generics)	\$10
Tier 2 (Preferred Brand Formulary)	\$35
Tier 3 (Non-preferred Brand)	\$65
Tier 4 (Specialty)	\$100



Employee Wellness Program

Wellness is a key component of managing health care costs and will continue to be a focus in FY 2014. The Employee Wellness Program will continue offering popular initiatives such as Virgin HealthMiles, Weight Watchers at Work, and Health Coaches with incentives for participation.

Your current tobacco-use status will roll over to 2014. If you remain tobacco-free, you will continue to avoid the \$40 monthly fee. If you are currently a tobacco-user and incurring the \$40 monthly fee, this will continue in 2014. The City's Tobacco Cessation Program, which includes tobacco cessation classes and tobacco cessation prescription medications, will continue to be offered to employees and their spouses / certified domestic partners who would like to quit using tobacco and stop the monthly fee.

Holiday Closing

City offices will again close during the week between Christmas and New Year's Day from December 23rd to January 1st. Of these days, five are paid City holidays and two are on a weekend. For the three remaining days, employees will have the option of using Personal Leave, Annual Leave, Comp Time, or Voluntary Leave Without Pay. The FY 2014 proposed holiday schedule is listed below.

- Veterans Day – November 11, 2013
- Thanksgiving Day – November 28, 2013
- Day after Thanksgiving – November 29, 2013
- Winter Holiday – December 23, 2013
- Christmas Eve – December 24, 2013
- Christmas Day – December 25, 2013
- Winter Holiday – December 26, 2013
- City Closure – December 27, 2013 (Employee Leave)
- City Closure – December 30, 2013 (Employee Leave)
- City Closure – December 31, 2013 (Employee Leave)
- New Year's Day – January 1, 2014
- Martin Luther King – January 20, 2014
- Fiesta San Jacinto Day – April 25, 2014
- Memorial Day – May 26, 2014
- Independence Day – July 4, 2014
- Labor Day – September 1, 2014

Reduction of Positions

As a result of streamlining processes, reducing administrative costs, and prioritizing current services, the City has proposed the reduction of 279 total positions (243 full time and 36 part time), more than half of which are filled. It is estimated that all classified employees will be provided placement options within the City with no changes to their salaries or dates of rank. In addition, the Budget proposes 117 new positions through mandates, improvements, and grants.

Coming Your Way

In the coming weeks, you will be provided with additional information about your 2014 health care plan options and Health Care Reform. 2014 Employee Benefits Open Enrollment will take place **October 14—November 8. This year, there are a number of proposed changes to the health plans so it is critical that you actively enroll yourself and your eligible dependents during this time.** If you have any questions, contact your department's Human Resources Generalist or Human Resources Customer Service at 207-8705.