



COUNTY ADMINISTRATOR
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TO: Conan Smith
Chair, Ways & Means Committee

FROM: Robert E. Guenzel
County Administrator

DATE: June 3, 2009

SUBJECT: Non-Union (Group 32) Compensation & Benefits
Recommendations for 2009, 2010 and 2011

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners approve the recommendations set forth to modify compensation and benefits for Non-Union (Group 32) employees for 2009, 2010 and 2011.

BACKGROUND:

Washtenaw County is facing a \$26 million deficit over the next budget cycle (2010-2011). The Board of Commissioners instructed Administration to take a multi-faceted approach to bring the budget into balance, including review of revenue generation options, reducing the cost of doing business, organizational restructuring, collaborations, service level reductions in both mandated and non-mandated programs, elimination of non-mandated programs, as well as employee compensation & benefits.

With the cost of personnel comprising over 60% of the General Fund budget and even more with support through appropriations to Non General Fund programs, it is imperative that part of the budget balancing solution include some modifications to employee compensation and benefit levels provided to county employees, and possibly retirees.

The county has approximately 1350 employees within 17 unions, as well as non-union employees to consider. Just over 80% of the organization is unionized. Negotiations have recently been completed with all bargaining units, with current labor contracts extending until the end of 2010 for most and 2012 for a few.

DISCUSSION:

A comprehensive review of employee compensation and benefit levels has been completed as part of the 2010/11 budget development. This started with a brainstormed list of options, which was developed by a workgroup dedicated to this process (the

Employee Compensation & Benefits Workgroup), discussions at Labor Management Team meetings as well as through employee suggestions raised at Town Hall Sessions or through eCentral. These options were categorized as follows:

1. Number of Positions
2. Salaries & Work Hours
3. Time Off Banks
4. Benefits – Medical
5. Benefits – Retirement
6. Benefits – Retiree Health Care (VEBA)
7. Benefits – Other
8. Miscellaneous

Each category was discussed with the Employee Compensation & Benefits Workgroup to identify potential organizational impacts if such changes were implemented. Financial analysis was completed where data is available internally. An external consultant assisted with data for retirement and retiree health care since the county's costs for these are actuarially determined each fiscal year. County Administration with the assistance of Labor Relations and the Budget Office developed scenarios of possible modifications.

Numerous options were identified to assist in balancing the budget in the area of employee compensation & benefits included a review of positions, salaries & work hours, time off banks, healthcare benefits, pension, as well as several other miscellaneous items.

It has been a difficult and necessary decision to recommend reductions of employee salaries and benefits. Such decision has not been made lightly, but rather with a interest and focus on preserving services for the community, as well as jobs. Even with the recommended modifications, County employee salary and benefits will remain comparable to other like organizations.

As a result, the following recommendations are being made relative to all Non-Union (Group 32) employees for 2009, 2010 and 2011:

Wages

1/1/2010 Cancel salary adjustment of 1 ½%

7/1/2010 Cancel salary adjustment of 1 ½%

1/1/2010 3% Reduction in salary

1/1/2011 2% Reduction in salary

Cancellation of pay-for-performance for 2009, 2010 and 2011

Medical Benefits

1/1/2010 Implement Blue Cross/Blue Shield Community Blue PPO 3 with the following parameters:

- \$250 single / \$500 family deductible
- 80%/20% co-insurance with \$1,000 single / \$2,000 annual maximums
- \$20 Office Visits
- \$20 Chiropractic Visits
- Prescriptions - \$10 generic / \$40 brand name

1/1/2011 Medical premium sharing of \$50 per month (pre-tax)

IMPACT ON HUMAN RESOURCES:

None

IMPACT ON BUDGET:

The requested board action is being built into the 2010/2011 budget recommendations. The estimated wage & pay-for-performance savings have been calculated at \$1,905,499. The estimated benefit savings have been calculated at \$452,546. (NOTE: there is an initial 6-month delay in realizing medical cost savings for the initial year of implementation.)

IMPACT ON INDIRECT COSTS:

None

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

None

CONFORMITY TO COUNTY POLICIES:

The requested board action is in conformity with county policies.

ATTACHMENTS/APPENDICES:

Resolution

A RESOLUTION APPROVING THE RECOMMENDATIONS SET FORTH TO MODIFY
COMPENSATION & BENEFITS FOR NON-UNION (GROUP 32) EMPLOYEES FOR
2009, 2010 and 2011

WASHTENAW COUNTY BOARD OF COMMISSIONERS

July 8, 2009

WHEREAS, Washtenaw County is facing a \$26 million deficit over the next budget cycle (2010-2011); and

WHEREAS, the Board of Commissioners instructed Administration to take a multi-faceted approach to bring the budget into balance, including review of revenue generation options, reducing the cost of doing business, organizational restructuring, collaborations, service level reductions in both mandated and non-mandated programs, elimination of non-mandated programs, as well as employee compensation & benefits; and

WHEREAS, with the cost of personnel comprising over 60% of the General Fund budget and even more with support through appropriations to Non General Fund programs, it is imperative that part of the budget balancing solution include some modifications to employee compensation and benefit levels provided to county employees, and possibly retirees; and

WHEREAS, the county has approximately 1350 employees within 17 unions, as well as non-union employees to consider; and

WHEREAS, just over 80% of the organization is unionized and negotiations have recently been completed with all bargaining units, with current labor contracts extending until the end of 2010 for most and 2012 for a few; and

WHEREAS, a comprehensive review of employee compensation and benefit levels has been completed as part of the 2010/11 budget development, which includes a brainstormed list of options developed by a workgroup dedicated to this process (the Employee Compensation & Benefits Workgroup), discussions at Labor Management Team meetings as well as employee suggestions raised at Town Hall Sessions or through eCentral; and

WHEREAS, each category was discussed with the Employee Compensation & Benefits Workgroup to identify potential organizational impacts if such changes were implemented, a financial analysis was completed where data is available internally, and an external consultant assisted with data for retirement and retiree health care since the county costs for these are actuarially determined each fiscal year; and

WHEREAS, County Administration with the assistance of Labor Relations and the Budget Office developed scenarios of possible modifications; and

WHEREAS, numerous options were identified to assist in balancing the budget in the area of employee compensation & benefits included a review of positions, salaries & work hours, time off banks, healthcare benefits, pension, as well as several other miscellaneous items; and

WHEREAS, it has been a difficult and necessary decision to recommend reductions of employee salaries and benefits and such decision has not been made lightly, but rather with an interest and focus on preserving services for the community, as well as; and

WHEREAS, even with the recommended modifications, County employee salary and benefits will remain comparable to other like organizations; and

WHEREAS, this matter has been reviewed by the County Administrator's Office, Corporation Counsel, the Finance Office, Human Resources, and the Ways and Means Committee.

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the following modification to compensation & benefits for Non-Union employees for 2009, 2010 and 2011:

Wages

1/1/2010 Cancel salary adjustment of 1 ½%

7/1/2010 Cancel salary adjustment of 1 ½%

1/1/2010 3% Reduction in salary

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