



COUNTY ADMINISTRATOR
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MEMORANDUM

TO: Conan Smith
Chair, Ways & Means Committee

FROM: Robert E. Guenzel
Washtenaw County Administrator

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

DATE: November 18, 2009

BOARD ACTION REQUESTED

Approval of the recommendations set forth to modify compensation and benefits for Non-Union (Group 32) employees for 2009, 2010 and 2011.

BACKGROUND

With Washtenaw County 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. Options to balance included the review of revenue generation options, reducing the cost of doing business, organizational restructuring, collaborations, and 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.

DISCUSSION

A comprehensive review of employee compensation and benefit levels was 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.

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

Therefore, in July, 2009, the Washtenaw County Board of Commissioners authorized a resolution (#09-0115) modifying Non-Union (Group 32) compensation and benefits in response to the budgetary concerns, with an estimated \$2.3 million in General Fund savings to be realized in 2011.

Since that time, negotiations with the bargaining units have been ongoing. Ratified union tentative agreements were authorized by the Board of Commissioners on October 21, 2009 for eleven (11) of the seventeen (17) bargaining units. The modifications negotiated with the Unions have resulted in inconsistent wage reductions, furlough days, banked leave days and medical modifications as outlined below:

	Non-Union 249	AFSCME Local 2733 A=353; B=188; C=56; Juv Ct=32; Detention=25 (654 total)	APA 2 units = 24	PDA 2 units = 13	MNA - Unit I 13	MNA - Unit II 2
Wages						
2010	Cancel across-the-board increases of 1.5% in January & 1.5% in July 3% salary reduction	Cancel across-the-board increases of 1.5% in January & 1.5% in July	Cancel across-the-board increases of 1.5% in January & 1.5% in July	Cancel across-the-board increases of 1.5% in January & 1.5% in July	Cancel across-the-board increases of 1.5% in January & 1.5% in July	Cancel across-the-board increases of 1.5% in January & 1.5% in July
2011	2% salary reduction	0%	0%	0%	0%	0%
Pay-for-Performance						
2009	Cancelled	receive step increases & longevity	receive longevity	receive longevity	receive step increases & longevity	receive longevity
2010	Cancelled					
2011	Cancelled					
Healthcare						
2010	PPO3 \$250/%500 family deductible	PPO1 \$0 annual deductible	PPO1 \$0 annual deductible	PPO1 \$0 annual deductible	PPO1 \$0 annual deductible	PPO1 \$0 annual deductible

	80%/20% co-insurance w/\$1,000/\$2,000 annual maximums \$20 Office Visits \$20 Chiropractic Visits \$10/\$40 prescriptions	100% employer paid	100% employer paid	100% employer paid	100% employer paid	100% employer paid
			\$20 Office Visits \$20 Chiropractic Visits \$75 Emergency Room	\$20 Office Visits \$20 Chiropractic Visits \$75 Emergency Room	\$20 Office Visits \$20 Chiropractic Visits \$75 Emergency Room	\$20 Office Visits \$20 Chiropractic Visits \$75 Emergency Room
Premium Sharing						
2010	\$0	\$0	\$40 / month	\$40 / month	\$50/month	\$50/month
2011	\$50/month	\$0	\$40 / month	\$40 / month	\$50/month	\$50/month
Furlough Days						
2009	0	0	0	0	3 minor holidays	3 minor holidays
2010	0	0	6	6	5 minor holidays	5 minor holidays
2011	0	0	7	7	5 minor holidays	5 minor holidays
Banked Leave Days						
2010	0	8 (4 designated)	0	0	0	0
2011	0	8 (4 designated)	0	0	0	0

In an effort to maintain consistency, equity and uniformity of staff throughout the County to the extent possible, as well as achieve the estimated cost savings originally projected for Non-Union employees, the following modified 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%

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

Medical Benefits

- 1/1/2010 Implement Blue Cross/Blue Shield Community Blue PPO 1 with the following parameters:
 - \$15 Office Visits
 - \$20 Chiropractic Visits
 - \$75 Emergency Room Visits
 - Prescriptions - \$5 generic / \$30 brand name

- 1/1/2010 Medical premium sharing of \$50 per month (pre-tax)

Furlough Days

2010 Eight (8) days
2011 Eight (8) days

Even with these adjustments, there will still be differences between the Non Union Compensation & Benefit package and that of the unions. Typically the county has aligned the Non Union staff with the county’s largest union AFSCME. Below is a comparison of these two units if this proposed Non Union modification is adopted:

Non Union	AFSCME
Forego Wage Increases	Forego Wage Increases
8 Furlough Days / Year	8 Banked Leave Days / Year
No Pay for Performance	Receive Longevity and Step Increases
Medical PPO1 with Higher Co-Pays	Medical PPO1 with Previous Co-Pays
Medical Premium Sharing of \$50/Month Starting in 2010	No Medical Premium Sharing
Previous flex benefit package including pension, life insurance, LTD and other benefits	Previous flex benefit package including pension, life insurance, LTD and other benefits

As demonstrated above, the union employees will receive certain wage adjustments and pay less for benefits than the non-union employees. This is a reality that cannot be helped given the economic climate currently before the county, and the good-will of the union discussions that occurred this year. The county will attempt for further alignment of all county employee groups in future contract deliberations.

There is a perception that all non-union staff are management. In reality, there is a significant variation of the work performed by non-union staff and a proper classification system has been established in response taking into account the operational knowledge /complexity, supervisory / managerial knowledge, problem solving, authority for action, interpersonal skills, and working conditions of the position. There are 105 FTE between Grade 23 – 30 with an average salary of \$50,440. These are classified as direct service staff. Grade levels 31 and 32 are typically departmental project or program managers, with grades 33 – 34 being department heads. The average salary of grade levels 31 – 34 is \$91,036, and represents 86 FTE. The average salary is dependent on the salary range allowed for a grade as well as the length of time employees have worked for the county.

These recommendations for non-union employee compensation and benefit modifications represent a 91% savings of that which was originally projected. Therefore, it is further recommended that the County Administrator be given the authority to eliminate through attrition non union position appropriations in order to achieve the full amount of savings originally realized (approximately \$324K).

The Memorandum of Understanding (#04-0016) that is currently in effect for Court employees indicates that there shall be no modifications to fringe benefit policies (including health) for said employees. Therefore, Trial Court and District Court group 32 employees shall align with the AFSCME Local 2733 (Resolution #09-0179) settlement in the areas of wages, health care benefits and bank leave days for 2010. This means that the projected savings will be approximately \$47,000 less than anticipated for the Trial Court and \$16,000 less for the District Court. The courts have agreed to make this shortfall up in their existing budgets.

IMPACT ON HUMAN RESOURCES

None

IMPACT ON BUDGET

The modification in Non-Union benefits represents 91% of the originally projected savings.

Total projected all county savings of \$4,845,012 over two years. It is estimated that \$3,404,904 will be general fund savings and has been considered as part of the 2010/2011 budget.

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

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

November 18, 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. Just over 80% of the organization is unionized; and

WHEREAS, a comprehensive review of employee compensation and benefit levels was 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; and

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

WHEREAS, in July, 2009, the Washtenaw County Board of Commissioners authorized a resolution (#09-0115) modifying Non-Union (Group 32) compensation and benefits in response to the budgetary concerns, with an estimated \$2.3 million in savings to be realized over the next two (2) years (2010/11); and

WHEREAS, since that time, negotiations with the bargaining units have been ongoing. Ratified union tentative agreements were authorized by the Board of Commissioners on October 21, 2009 for eleven (11) of the seventeen (17) bargaining units; and

WHEREAS, the modifications negotiated with the Unions have resulted in inconsistent wage reductions, furlough days, banked leave days and medical modifications; and

WHEREAS, typically the county has aligned the Non Union staff with the county's largest union AFSCME; and

WHEREAS, union employees will receive certain wage adjustments and pay less for benefits than the non-union employees; and

WHEREAS, this is a reality that cannot be helped given the economic climate currently before the county, and the good-will of the union discussions that occurred this year. The county will attempt for further alignment of all county employee groups in future contract deliberations; and

WHEREAS, there is a perception that all non-union staff are management. In reality, there is a significant variation of the work performed by non-union staff and a proper classification system has been established in response taking into account the operational knowledge /complexity, supervisory / managerial knowledge, problem solving, authority for action, interpersonal skills, and working conditions of the position; 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 resinds resolution #09-0115 and authorizes the following modification to compensation & benefits for Non-Union employees for 2009, 2010 and 2011 in an effort to maintain consistency, equity and uniformity of staff throughout the County to the extent possible, as well as achieve the estimated cost savings originally projected for Non-Union employees:

Wages

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

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

Medical Benefits

1/1/2010 Implement Blue Cross/Blue Shield Community Blue PPO 1 with the following parameters:
➤ \$15 Office Visits
➤ \$20 Chiropractic Visits
➤ \$75 Emergency Room Visits

- Prescriptions - \$5 generic / \$30 brand name

1/1/2010 Medical premium sharing of \$50 per month (pre-tax)

Furlough Days

2010 Eight (8) days

2011 Eight (8) days

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners authorizes the County Administrator make the necessary adjustments to non union positions through attrition in order to achieve the full amount of savings originally realized (approximately \$324K).

BE IT FURTHER RESOLVED that the group 32 fringe benefit modifications do not pertain to the courts as a result of the lump sum agreement in effect at this time. Therefore, Trial Court and District Court group 32 employees shall align with the AFSCME Local 2733 (Resolution #09-0179) settlement in the areas of wages, health care benefits and bank leave days for 2010, with the understanding that the shortfall in anticipated savings of approximately \$47,000 for the Trial Court and \$16,000 for the District Court will be made up within their existing budgets.