



MEMORANDUM

Stafford County Administrator's Office

April 10, 2007

To: Board of Supervisors

From: Anthony J. Romanello
Deputy County Administrator

RE: **Board Committee on Employee Health Insurance
Mr. Brito and Mr. Gibbons**

On April 9, 2007, Mr. Brito and Mr. Gibbons met to discuss the recommendation in the proposed budget for FY 2008 concerning employee health insurance. Their recommendation is attached to this memorandum.

If implemented as the committee recommends, staff projects this program will reduce health insurance costs by \$350,000 in FY 2008.

In addition, the committee requested that staff run the total compensation analysis weighting health insurance at various levels. The approved compensation philosophy weighs health insurance at 20% of total compensation. Attached are comparisons showing total compensation with health insurance weighted at 20%, 25%, and 30%. To put this comparison in context, in the proposed budget compensation totals \$63.9 million for all funds. Of that, health insurance totals \$9.2 million or 14.4% of total compensation.

Attachment (4 pages)

Employee Health Insurance
Mr. Brito & Mr. Gibbons' Committee Recommendation
April 9, 2007

- No change to health insurance plan offered.
- Implement \$100 monthly opt out credit effective July 1, 2007.
- Eliminate proposed \$400 salary increase effective January 1, 2008.

Effective January 1, 2008, implement premiums for employees hired prior to July 1, 2007 as shown below:

| Employees hired prior to July 1, 2007 | <u>Employee Cost:</u> Employee Only Coverage | <u>Employee Cost:</u> Dependent Coverage % Above Employee Only Cost |
|---------------------------------------|---|---|
| FY 2008 | 0% | 5% |
| FY 2009 | | 10% |
| FY 2010 | | 15% |
| FY 2011 and beyond | | 20% |

Effective July 1, 2007, implement premiums for employees hired July 1, 2007 or after as follows:

| Employees Hired on or after July 1, 2007 | <u>Employee Cost:</u> Employee Only Coverage | <u>Employee Cost:</u> Dependent Coverage % Above Employee Only Cost |
|--|---|---|
| < 5 Five Years with Stafford | 10% | 20% |
| > 5 Years with Stafford | 0% | |

Total Compensation @ 60% Pay, 20%
Health & 20%
Other Benefits

Total Compensation Philosophy: *Target the 75th
Percentile of
Comparative
Peers*

All Staff - Currently

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|-----------------|
| Pay | 94.2% | 60.0% | 56.5% |
| Health | 133.0% | 20.0% | 26.6% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 96.1% of Market |

All Staff - July 1, 2007

**As Proposed
in the FY08
Budget**

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|-----------------|
| Pay | 96.3% | 60.0% | 57.8% |
| Health | 133.0% | 20.0% | 26.6% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 97.4% of Market |

**Staff Below Market - July 1,
2007**

**As Proposed
in the FY08
Budget**

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|-----------------|
| Pay | 93.0% | 60.0% | 55.8% |
| Health | 133.0% | 20.0% | 26.6% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 95.4% of Market |

"Other Benefits" Includes:
Retirement
Sick Leave/Sick Leave Bank
Annual Leave and Other Paid
Time Off
Post-Retiree Benefits
Supplemental Benefits

Total Compensation @ 55% Pay, 25%
Health & 20%
Other Benefits

Total Compensation Philosophy: *Target the 75th
Percentile of
Comparative Peers*

All Staff - Currently

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|------------------------|
| Pay | 94.2% | 55.0% | 51.8% |
| Health | 133.0% | 25.0% | 33.3% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 98.1% of Market |

All Staff - July 1, 2007

**As Proposed
in the FY08
Budget**

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|------------------------|
| Pay | 96.3% | 55.0% | 53.0% |
| Health | 133.0% | 25.0% | 33.3% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 99.3% of Market |

**Staff Below Market - July 1,
2007**

**As Proposed
in the FY08
Budget**

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|------------------------|
| Pay | 93.0% | 55.0% | 51.2% |
| Health | 133.0% | 25.0% | 33.3% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 97.5% of Market |

"Other Benefits" Includes:
Retirement
Sick Leave/Sick Leave Bank
Annual Leave and Other Paid
Time Off
Post-Retiree Benefits
Supplemental Benefits

Total Compensation @ 50% Pay, 30%
Health, 20% Other
Benefits

Total Compensation Philosophy: *Target the 75th
Percentile of
Comparative
Peers*

All Staff - Currently

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|-----------------|
| Pay | 94.2% | 50.0% | 47.1% |
| Health | 133.0% | 30.0% | 39.9% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 100 % of Market |

All Staff - July 1, 2007

**As Proposed
in the FY08
Budget**

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|------------------|
| Pay | 96.3% | 50.0% | 48.2% |
| Health | 133.0% | 30.0% | 39.9% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 101.1% of Market |

**Staff Below Market - July 1,
2007**

**As Proposed
in the FY08
Budget**

| | <u>Where Are We?</u> % of Market | Weighting | Composite Score |
|----------------|--|-----------|-----------------|
| Pay | 93.0% | 50.0% | 46.5% |
| Health | 133.0% | 30.0% | 39.9% |
| Other Benefits | 65.0% | 20.0% | 13.0% |
| | | | 99.4% of Market |

"Other Benefits" Includes:
Retirement
Sick Leave/Sick Leave Bank
Annual Leave and Other Paid
Time Off
Post-Retiree Benefits
Supplemental Benefits