

Compensation

Attracting and Retaining Quality County Employees

The County's compensation policy is as follows:

Prince William County (PWC) will have a combination of salaries, benefits, employee development, and workplace environment that will attract and retain the most qualified employees to implement the County's vision. To accomplish this, the County recognizes the importance of maintaining salaries that are competitive with other Northern Virginia jurisdictions. Success in implementing this strategy will be measured by the ability to attract quality applicants, retain quality employees, and maintain employee satisfaction.

To implement this compensation policy, PWC will make every effort, within the County's position classification structures, to maintain salaries comparable to salaries of similar positions in Fairfax, Loudoun, and Arlington counties, and the City of Alexandria. The County will annually benchmark position classifications at the midpoint and make adjustments when necessary to maintain market competitiveness.

General Overview

- A. **Budgeted Salary Lapse** – This account reduces agency expenditure authority to account for vacancies and is located within each agency's Salaries and Benefits budget. The total required agency savings in budgeted salary lapse is \$22.6 million in FY23.
- B. **Classification and Compensation Study/Position Reclassifications** – The County implemented a new classification and compensation structure during FY21 to more accurately reflect the work performed by employees while allowing the flexibility needed to effectively attract, manage, and retain employees.

Organizational changes over the past two years require a limited number of Decision Band Method (DBM) and classification changes as follows:

Establish New Classification in FY2023 Budget			
Department	Title	Grade	Code
Community Services	Nurse Practitioner	C52	X225

DBM Changes in FY2023 Budget			
Department	Title	Current DBM	New DBM
Public Works	Solid Waste Supervisor	B21	B22

In addition, the proposed creation of a County Public Health Department and the creation of 101 positions will require some additional classification modifications that will require Board of County Supervisors approval. The specific details on position classification will be provided in the future. For additional detail on the creation of the new department, see the Public Health agency budget pages in this document.

In FY23, pay scales will be adjusted based on three proposed actions. First, the proposed budget includes a Market Pay Plan adjustment resulting in the County's various pay scales changing to reflect a 1% increase in the minimum and maximum salary for each DBM.

Second, three pay scales on the Police salary schedule are proposed for adjustment. The scales being revised include PD03 (Police Sergeant), PD04 (Police First Sergeant), and PD05 (Police Lieutenant) and adjust the entry minimum to better align similar position classifications within the County's various public safety agencies.

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Third, the County's General Service salary structure will be adjusted at the entry levels in three DBM categories in accordance with Virginia minimum wage requirements and the County's compensation philosophy as follows:

DBM Salary Structure FY2023 (effective 1/1/2023)			
DBM	Minimum	Midpoint	Maximum
A01	\$12.00	\$15.94	\$19.87
A02	\$13.43	\$17.83	\$22.24
A03	\$15.03	\$19.92	\$24.80

Budget Initiatives

A. Budget Initiatives

1. Pay for Performance Adjustment

Expenditure	\$7,621,016
Revenue	\$0
General Fund Impact	\$7,621,016
FTE Positions	0.00

- a. **Pay for Performance Adjustment** – Funding is included to support a 3.0% pay for performance increase in FY23. Annual pay for performance adjustments of 3.0% are included in each remaining year of the proposed Five-Year Plan (FY24-27).

The basic pay for performance increase is calculated on the employee's current salary/pay as a percentage increase until the employee reaches the maximum salary/pay for that position. The County classification system establishes the pay scale (minimum/maximum) for each position classification and those scales are not extended beyond the maximum due to pay for performance adjustments. The total general fund cost of pay for performance adjustments is \$114,315,234 in FY23-27.

- b. **Future Compensation Rollover** – Each year compensation actions are rolled over into the next budget year. This includes positions which were initially funded for a partial year and require a full year budget in the next fiscal year. Pay for performance rollovers are necessary because not all employees receive pay for performance increases at the beginning of the fiscal year. Therefore, a pay for performance increase given halfway through a fiscal year needs to be funded for the entire next fiscal year. This rollover captures the full cost of providing pay for performance increases to employees. When no pay for performance increase is authorized, little if any compensation rollover funds are added to the budget in the next budget year. The total general fund cost of compensation rollover is \$19,052,540 in FY23-27.

2. Market Pay Plan Adjustment

Expenditure	\$4,107,756
Revenue	\$0
General Fund Impact	\$4,107,756
FTE Positions	0.00

- a. **Market Pay Plan Adjustment** – This initiative funds an across-the-board market pay plan adjustment for all County employees to maintain competitive salaries. A market pay plan adjustment of 1% is included in the FY23 budget and will be effective on July 1 of the fiscal year. The total general fund cost of the adjustment is \$20,314,704 in FY23-27. No additional pay plan adjustments are included in the proposed Five-Year Plan for FY23-27.

- b. **Sunday and Holiday Pay Increase** – This initiative funds the increased cost of Sunday and holiday pay due to the market pay adjustment increases. The total general fund cost is \$388,384 in FY23-27.

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3. Pension and Retirement Benefits Adjustment

Expenditure	\$3,669,094
Revenue	\$0
General Fund Impact	\$3,669,094
FTE Positions	0.00

a. **Virginia Retirement System (VRS)** – The certified VRS employer contribution rate for PWC will be 15.92% of employee salaries and become effective July 1, 2022. VRS rates are evaluated and certified by the VRS Board of Trustees every two years coinciding with the State's biennium budget. This represents a 1.06% (106 basis point) increase to the current rate of 14.86% at a cost of \$3.5 million per year. The additional total general fund cost associated with the VRS rate increase is \$17,722,190 in FY23-27.

b. **Retiree Health Credit** – County employees are not provided health insurance coverage upon retirement. The County Retiree Health Credit program is available to employees upon separation and retirement from County service. All full-time employees and existing retirees with a minimum of 15 years of County service can receive \$5.50 per month for each year of service, up to a maximum of \$165 per month for 30 years of County service. When the \$45 maximum per month currently offered as part of the State VRS is added, the maximum for 30 years of County service increases to \$210 per month.

The Retiree Health Credit Program is separate from and in addition to the existing VRS Health Credit program, which is also completely funded by County contributions. A 5.0% cost increase of \$124,656 in the retiree health credit budget is projected to cover growth in this benefit due to additional retirees. The benefit paid to each individual retiree has not increased. The additional total general fund cost associated with the Retiree Health increase is \$1,999,269 in FY23-27.

4. Health and Dental Insurance Adjustment

Expenditure	\$2,734,329
Revenue	\$0
General Fund Impact	\$2,734,329
FTE Positions	0.00

a. **Health and Dental Insurance** – This initiative funds County employer contributions for health insurance increases required to maintain the stability of the County's self-insurance fund. The expenditure increase is due to an average 7% or 9% increase (depending on the employee choice of health care provider) for the County's employer health insurance contributions.

There is a 4.6% increase for dental insurance in FY23. The Five-Year Plan contains 7.0% annual increases to health insurance rates and 10.0% annual increases to dental insurance rates in FY24-27. The total general fund cost for the County's employer contribution for health and dental insurance is \$45,129,516 in FY23-27.

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Summary of Compensation Adjustments in FY2023-2027 Five-Year Plan (Amounts are Cumulative)						
	FY23	FY24	FY25	FY26	FY27	Total
Market Pay Adjustment:						
Market Pay Adjustment (1% Increase in FY23; 0% Annual Increase in FY24-27)	\$4,030,696	\$4,071,002	\$4,071,002	\$4,071,002	\$4,071,002	\$20,314,704
Sunday & Holiday Pay (1% Increase in FY23; 0% Annual Increase in FY24-27)	\$77,060	\$77,831	\$77,831	\$77,831	\$77,831	\$388,384
Subtotal (Market Pay Adjustment)	\$4,107,756	\$4,148,833	\$4,148,833	\$4,148,833	\$4,148,833	\$20,703,088
Pay for Performance:						
Pay for Performance (3% Increase in FY23; 3% Annual Increase in FY24-27)	\$7,621,016	\$15,242,031	\$22,863,047	\$30,484,062	\$38,105,078	\$114,315,234
Compensation Rollover	\$0	\$1,905,254	\$3,810,508	\$5,715,762	\$7,621,016	\$19,052,540
Subtotal (Pay for Performance)	\$7,621,016	\$17,147,285	\$26,673,555	\$36,199,824	\$45,726,094	\$133,367,774
Pension and Retirement Benefits:						
Virginia Retirement System (VRS) (15.92% Rate in FY24-27)	\$3,544,438	\$3,544,438	\$3,544,438	\$3,544,438	\$3,544,438	\$17,722,190
Retiree Health Credit (5% Annual Increase)	\$124,656	\$255,545	\$392,979	\$537,284	\$688,805	\$1,999,269
Subtotal (Pension and Retirement)	\$3,669,094	\$3,799,983	\$3,937,417	\$4,081,722	\$4,233,243	\$19,721,459
Health and Dental Insurance:						
Health Insurance (7% / 9% Increase in FY23; 7% Annual Increase in FY24-27)	\$2,675,848	\$5,472,001	\$8,463,884	\$11,665,199	\$15,090,606	\$43,367,538
Dental Insurance (4.6% Decrease in FY23; 10% Annual Increase in FY24-27)	\$58,481	\$191,462	\$337,741	\$498,648	\$675,646	\$1,761,978
Subtotal (Health and Dental)	\$2,734,329	\$5,663,463	\$8,801,625	\$12,163,847	\$15,766,252	\$45,129,516
Grand Total	\$18,132,195	\$30,759,564	\$43,561,430	\$56,594,226	\$69,874,422	\$218,921,837