

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 in order 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 the Salaries and Benefits budget. The total required agency savings in budgeted salary lapse in FY22 is \$22.8 million.

Budget Initiatives

A. Budget Initiatives

1. Pay for Performance Adjustment

Expenditure	\$8,206,624
Revenue	\$0
General Fund Impact	\$8,206,624
FTE Positions	0.00

- a. **Pay for Performance Adjustment** – Funding is included to support a 3.0% pay for performance increase in FY22. Annual pay for performance adjustments of 3.0% are included in each remaining year of the Proposed Five-Year Plan (FY23-26).

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. Maximum salary/pay scales are not extended based on pay for performance adjustments. The total general fund cost of pay for performance adjustments is \$136,266,546 in FY22-26.

- 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

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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 \$19,046,686 in FY22-26.

2. Health and Dental Insurance Adjustment

Expenditure	\$1,585,152
Revenue	\$0
General Fund Impact	\$1,585,152
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 4.55% or 7.0% increase (depending on the health care provider) for the County’s employer health insurance contributions.

There is a 3.0% decrease for dental insurance in FY22. The Proposed Five-Year Plan contains 7.0% annual increases to health insurance rates and 10.0% annual increases to dental insurance rates in FY23-26. The total general fund cost for the County’s employer contribution for health and dental insurance is \$36,468,173 in FY22-26.

3. Pension and Retirement Benefits Adjustment

Expenditure	\$126,961
Revenue	\$0
General Fund Impact	\$126,961
FTE Positions	0.00

a. 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 \$126,961 in the retiree health credit budget is projected to cover growth in this benefit due to additional retirees. The amount paid to each individual retiree has not increased.

b. Virginia Retirement System (VRS) – The certified VRS employer contribution rate for PWC is 14.86% and became effective July 1, 2020. VRS rates are evaluated and certified by the VRS Board of Trustees every two years, therefore there is no change in the County VRS rate for FY22.

The County is projecting a rate increase of 1.30% in FY23. Therefore, the contribution rate is projected to be 16.16% in FY23-26 at an annual general fund costs of \$4.0 million. The additional total general fund cost associated with projected VRS rate increases is \$15,901,436 in FY23-26.

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Summary of Compensation Adjustments in FY2022-2026 Five-Year Plan (Amounts are Cumulative)

	FY22	FY23	FY24	FY25	FY26	Total
Pay for Performance:						
Pay for Performance (3% Increase in FY22; 3% Annual Increase in FY23-26)	\$8,206,624	\$17,729,967	\$27,253,309	\$36,776,653	\$46,299,995	\$136,266,546
Compensation Rollover	\$0	\$1,904,669	\$3,809,337	\$5,714,006	\$7,618,674	\$19,046,686
Subtotal (Pay for Performance)	\$8,206,624	\$19,634,636	\$31,062,646	\$42,490,659	\$53,918,669	\$155,313,232
Pension and Retirement Benefits:						
Virginia Retirement System (VRS) (14.86% Rate in FY22; 16.16% Rate in FY23-26)	\$0	\$3,975,359	\$3,975,359	\$3,975,359	\$3,975,359	\$15,901,436
Retiree Health Credit (5% Annual Increase)	\$126,961	\$260,270	\$400,244	\$547,217	\$701,539	\$2,036,231
Subtotal (Pension and Retirement)	\$126,961	\$4,235,629	\$4,375,603	\$4,522,576	\$4,676,898	\$17,937,667
Health and Dental Insurance:						
Health Insurance (4.55% / 7.00% Increase in FY22; 7% Annual Increase in FY23-26)	\$1,621,138	\$4,162,582	\$6,881,928	\$9,791,628	\$12,905,006	\$35,362,282
Dental Insurance (3% Decrease in FY22; 10% Annual Increase in FY23-26)	(\$35,986)	\$80,367	\$208,356	\$349,144	\$504,010	\$1,105,891
Subtotal (Health and Dental)	\$1,585,152	\$4,242,949	\$7,090,284	\$10,140,772	\$13,409,016	\$36,468,173
Grand Total	\$9,918,737	\$28,113,214	\$42,528,533	\$57,154,007	\$72,004,583	\$209,719,072

