McGrath
HUMAN RESOURCES GROUP

Compensation and Benefits Study
Executive Report

for

Rock County, Wisconsin

January 2023

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Introduction

McGrath Human Resources Group, Inc. (Consultants), an organization that specializes in public sector consulting, was commissioned by Rock County, Wisconsin (the County), to conduct a comprehensive classification and compensation study (Study) for all positions, including bargained positions. The scope of services included:

- Guide the County in confirming the County's pay philosophy including its desired position in the market;
- Review the County's existing compensation plans and classifications;
- Obtain and establish benchmark compensation data from the external market through a survey of mutually identified, comparable entities;
- Obtain information on each job title/position for a job evaluation through department meetings, job descriptions, and position description questionnaires;
- Integrate the County's current compensation plans into one system for all County employees;
- Identify career progression opportunities, when supported;
- Establish internal equity among positions within the County through a job evaluation point factor process;
- Integrate the data from the external market, internal market, and job evaluations to develop a comprehensive compensation system by updating your current schedules or designing new salary schedules to align with your compensation philosophy;
- Prepare a cost analysis for implementation of recommended changes;
- Review and recommend compensation policy and procedure changes that will assure consistent implementation and application of compensation; and
- Provide a plan for the County to provide on-going maintenance of the system independently.

The Consultants extend their appreciation to the County Administrator, Human Resources Department, department heads, and employees for their time, cooperation, and sharing of information and perceptions with the Consultants.

Methodology

Data Collection

This project involved several steps including collection of data, interviews, and data analysis. The first step of this Study involved the gathering of data that pertains to the County's current compensation practices. The Consultants received information relating to current salaries, specific policies, collected market data, and current job descriptions.

Interviews were conducted with the County Administrator, Assistant Human Resources Director, department heads, and other management personnel within each department. The purpose of these meetings was to first gain an understanding of the County's current compensation practices and philosophy; secondly, to solicit ideas and input from these stakeholders for future compensation methodologies and practices; and finally, to determine
if there are any positions within the County for which it is difficult to recruit, retain, or have unique responsibilities.

Through a recorded video, employees were provided an introduction session to the project and the Position Questionnaire (PQ) process. Selected employees from each job classification were then asked to complete a PQ which provided extensive information about the positions. The Consultants utilized the PQs completed by the employees, which had been reviewed by supervisors, to gain a better understanding of the job responsibilities, skills, and various competencies of each position.

During the second visit, the Consultants met with the County Administrator and Human Resources to provide a summary of the County against the comparable market. The type of compensation models and compensation philosophy for the County were also discussed.

The Consultant and Human Resources then met with each department head to review the revised schedule, and placement of positions within the schedule.

Labor Market

In order to gain information from the external market, through interviews with the Department Directors and County Administration, a list of comparable organizations was established. Each of the comparable organizations was contacted requesting current salary schedules and incumbent data. The following comparable organizations were contacted:

Table 1: Comparable Organizations

COMPARABLE ORGANIZATIONS	
Brown County	Sheboygan County
Dane County	Walworth County
Eau Claire County	Washington County
Jefferson County	Waukesha County
Kenosha County	Winnebago County
La Crosse County	City of Beloit
Marathon County	City of Eau Claire
Outagamie County	City of Janesville
Racine County	State of WI

Local private comparable data was also collected, when available. The collection of this compensation data was utilized to analyze the average market minimum, midpoint and maximum rates per defined benchmark positions. A comparison of the average salary of the positions to the salary of incumbents within the County was also performed. When necessary, evaluation of the comparable organization's job description, when available online, was utilized to resolve conflicts.

In addition to current positions within the County, the Consultants sought comparable data on future positions/career ladders, and positions with job responsibilities that are combined in the County but might be separate in other organizations. In some cases, titles were altered to better align with the industry. Not all positions are reflected in the following data analysis. In some situations, data was not available in the external market, data was insufficient, or there were no internal matches at the time of the Study.

Market Data Solicited

The market survey gathered the following 2022 information: Minimum, midpoint, and maximum salary for the positions as well as the average salary of the incumbents. Upon examination, salaries were eliminated if statistically too high or too low so as not to skew the average (typically within one to two standard deviations). Then, a new percentile amount was calculated with the remaining salaries. A great deal of time spent in analyzing the data to ensure that each position was examined based on the data available and how the responsibilities of each position align within the County.

Market Analysis

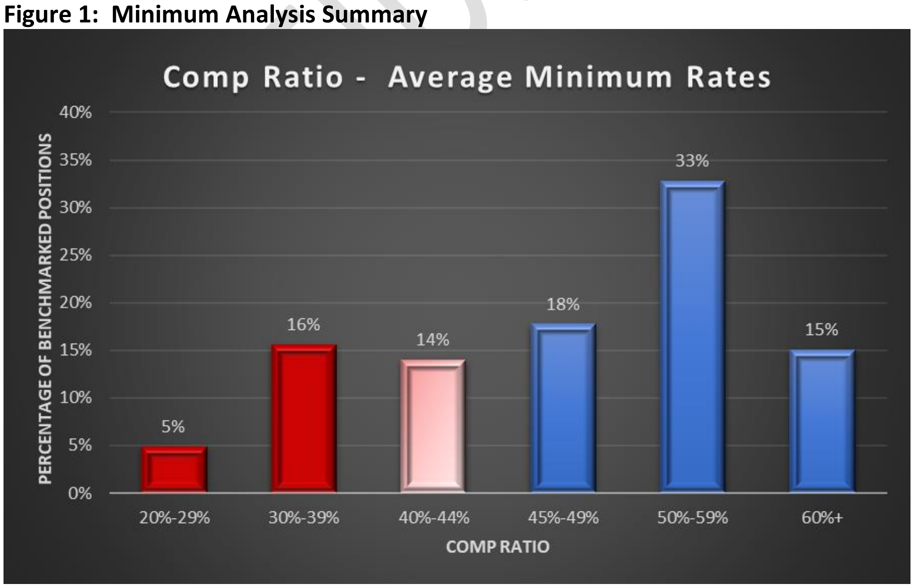
In order to analyze the ranges, a comp ratio is used. This is a ratio of the County's salary in relation to the external market data. A 50% comp ratio would mean that the salary is in line with the external market while utilizing +/-10% range around each data point. Thus, if a position has a comp ratio of 40% or greater, the employee is considered aligned to the market, although positions with lower 40% comp ratios are likely to experience challenges with recruitment/retention due to the current labor market. For this reason, positions with a comp ratio of 40%-44% may be slipping in competitiveness.

Minimum Salary Comparison

The analysis of the minimum salary range gives the initial indication if starting salaries are within an acceptable market range. When building a salary schedule, consideration of this information will ensure the County's minimums are within an acceptable range to the average market minimum; however, this analysis is only the beginning in the development of a compensation schedule.

Approximately 34% of the benchmarked job titles are below the average market for minimums. Of that, 14% are in the lower 40% comp ratio that are just falling short of competitiveness. Overall, 66% of the positions are within the acceptable average market minimum. A portion of County's minimum hiring salaries are sufficient against the average market. The Figure below provides a summary of findings.

Figure 1: Minimum Analysis Summary

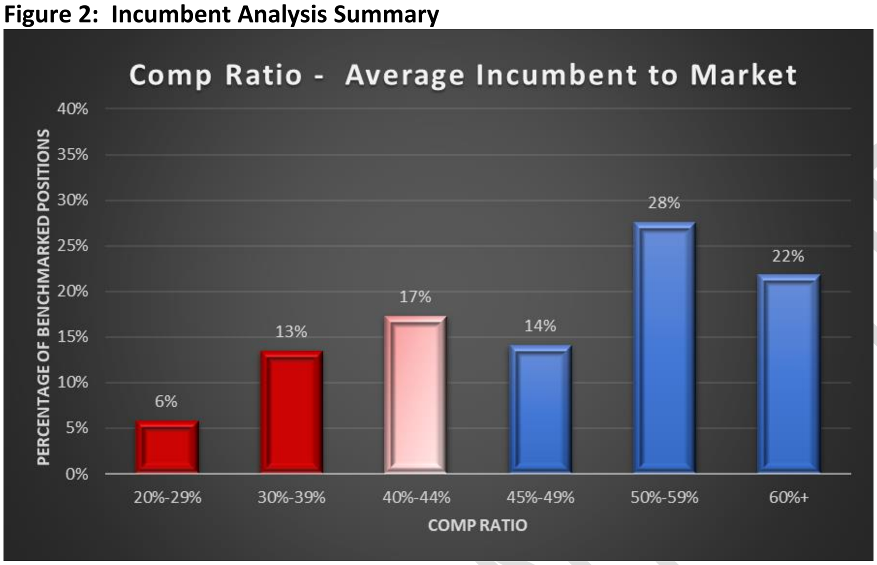


May not equal 100% due to rounding

Average Market Salary Analysis

The next step is to compare the County's current incumbent salaries to the average market rate to assess how competitive incumbent wages are within the market. For this purpose, positions where there are more than one (1) incumbent, an average of the current employees is utilized. Overall, 36% of the positions on average are below the average market rate. Of that, 17% of positions in the lower 40% comp ratio have recently fallen below competitiveness. In total,64% of the positions within the County are at or above the average market rate. The Figure below provides a summary of findings.

Figure 2: Incumbent Analysis Summary



May not equal 100% due to rounding

Average Midpoint and Maximum Salary Analysis

The Consultants have the information to compare the County's salary range midpoints and maximums to the average market. However, due to the variation in salary range and how they have been constructed, the data cannot reasonably be aligned to the market for comparison purposes. More information on this will be covered in the Current Compensation System section of this report.

Internal Equity

Overall, the County generally has kept pace with the external market. The more significant concern rests with equity between the multiple compensation systems, internal equity between positions on separate salary schedules, and the variation of progression through each of the salary ranges. Positions with similar responsibilities are paid differently and have different classifications, or job titles because the County continued using all the existing salary schedules post Act-10 through today. Before Act-10, it was not uncommon to have multiple salary schedules, as each group was looked at independently and rarely, during contract negotiations, was the effect of the negotiations evaluated countywide. Since Act-10, most Wisconsin public sector employers have moved to as few salary schedules as possible to ensure competitiveness in the market and internal equity.

Current Compensation Structures

The County's compensation program is currently made up of 12 non-bargained salary schedules separate from the bargained structures. The structure of each of the salary schedules varies. Following Act-10, the County has simply maintained the salary schedules from the collective bargaining agreements that are no longer in effect. A comparative summary of the major characteristics is provided.

Table 2: Summary of Compensation Structures

SALARY SCHEDULE DESCRIPTION	UNIQUE PAY RANGES	LISTED TITLES	SEPARATION BETWEEN PAY GRADES	NUMBER OF STEPS	PERCENTAGE SPREAD MIN-MAX	STEP PERCENTAGES	YEARS TO MAX
1077	7	15	1%-4%	6	14%	1%-5%	20
1258	27	18	less than .5%-4%	8	29%	2%-7%	20
Unilateral	36	155	2%-19%	5	20%-22%	5%	4
Unilateral Command	4	4	6%-50%	5	21%-22%	5%	4
2489	18	50	.5%-8%	7	16%-25%	1%-6%	20
AMHS - HSD	9	9	3%-10%	12	36%-50%	2%-5%	20
AMHS - RH	3	2	17%-19%	12	35%-45%	2%-4%	20
Appendix J	8	8	3%-30%	3	4%-17%	2%-11%	2.5-4
Attorney Association	1	1	NA	10	86%	2%-13%	20
Pool	5	5	1%-30%	3	6%	3%	2.5
SEIU	1	1	NA	8	18%	1%-5%	15
YSC	1	1	NA	9	33%	1%-10%	20

Percentages are rounded

In summary, there is a concerning level of inconsistency in:

- The amount of time between step increases,
- The percentage of step increases,
- The spread that is afforded an employee to progress through,
- The actual wage difference between positions,
- The duration it takes an employee to attain the maximum, as well as
- The overall lack of internal equity.

Because of the variation of the structures, it is impossible to know how long an employee progresses through their individual range until they reach the going rate in the average market for those responsibilities. The County is unable to consistently approach major policy compensation items for the entire organization which is critical in the current recruitment/retention climate with finite financial resources.

As previously stated, prior to Act-10 it was not uncommon to have multiple salary schedules, as each group was looked at independently and rarely, during contract negotiations was the effect of the negotiations evaluated countywide. The County is now recommended to develop a single countywide compensation structure inclusive of all positions to ensure alignment with the market and internal alignment between similar positions.

Organizational Culture

The key to a successful organization is to have a culture based on a strongly held and widely shared set of beliefs that are supported by strategy and structure. An organization's culture defines the proper way to behave within the organization. This culture consists of shared beliefs and values established by leaders and then communicated and reinforced through various methods, ultimately shaping employee perceptions, behaviors and understanding. A strong culture does not focus on individuals, but on the organization and its goals, and leaders live the culture and communicate this to employees. An ineffective culture can bring down the organization and its leadership.

Many of the department directors were in favor of a change in the current compensation systems, noting reducing the number of schedules would be easier to manage. However, with that sentiment came a concern that employees may not be receptive to the change.

Calling attention to this challenge will create awareness to help shift the focus away from what the County currently has, to the competitive options the County will be able to provide. For this to occur, there needs to be a cultural shift to support and promote the County from all levels of the organization, including employees, management, and elected officials, and a commitment to move the County forward to support and promote its current opportunities.

Compensation Philosophy

A compensation philosophy is an organization’s financial commitment to how it values its employees. The goal of this philosophy is to attract, retain, and motivate qualified people. A consistent philosophy provides a strong foundation in determining the type of total compensation package to offer employees.

There are foundational aspects of compensation to assist with the development of a compensation philosophy to ensure the goals of compensation align with the goals of the organization. First, there are basic questions to consider:

1. What is considered a fair wage?
2. Are wages too high for the financial health of the organization?
3. Does the compensation system reflect the value of positions within the organization?
4. Is the compensation strong enough to retain employees?
5. Is there currently a defined compensation philosophy?
6. If so, is the compensation philosophy keeping in line with labor market change, industry change, and organizational change?

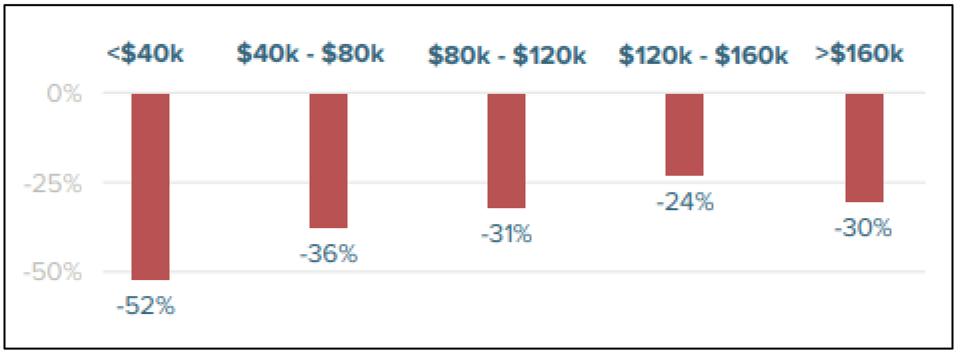
The County is in business to provide an essential and difficult service to the community and does so by hiring qualified employees with skills and talents provided to various positions within the organization. Without those individuals, the County would not be able to provide these services. In order to be competitive for retention of existing personnel and have successful recruitment efforts to replace future turnover, the County needs to be competitive with the targeted comparables.

For the County to be competitive with recruitment and retention, it is recommended the County establish its compensation philosophy based on average market wages so the County can be competitive in the current labor market. The following sections support that recommendation.

Public Sector Turnover/Recruitment Challenges

According to human resources professionals across the United States, it is becoming progressively harder to hire qualified personnel. Looking at a tight labor market, recruitment, and retention of qualified personnel with the necessary skills for public service has topped the list of workforce challenges for the last several years, and in 2021 nearly 86% of human resources professionals reported moderate to significant increases in vacancies within their organization. Between 2015 and 2021, applicant volume for government jobs has dropped 21%, resulting in a significant work gap in the public sector (Neogov Job Seeker Report 2021).

Figure 3: Percentage of Applications for Government Employment 2015-2021



(Source: Neogov)

> *"The decline in job applications per job over the last six years is being felt across all job types and salary levels. The hardest hit are jobs that pay below $40,000 per year, which are frequently the jobs that interface with the public and community members the most. This may unfortunately lead to a decrease in the quality of services that agencies are able to provide." (Source: Neogov 2021 Job Seeker Report.)*

This is not necessarily a new issue, but some employers do state it has become increasingly problematic to operations. Public employers have been experiencing ongoing challenges of this nature for almost a decade. Governments historically have had a compelling proposition to offer workers with secure lifetime employment and generous health benefits followed by a robust pension for retirement, which is no longer the case. Public employers are battling for their talent because:

- Long term employment has less appeal to the younger workforce,
- There is a real or perceived decline in public support for government workers,
- Public employers do not feel they can compete with salaries and benefits as benefits erode and the private sector is more competitive,
- There is a growing skills gap. Many government jobs now require specialized education or training. Fewer positions are" learn on the job,"
- Public employers are not able to offer the same level of flexible work arrangements to all employees,
- Limitations in technologies prevent efficiencies and automation,
- There are limited financial resources, and
- Not all work cultures are pleasing and supportive.

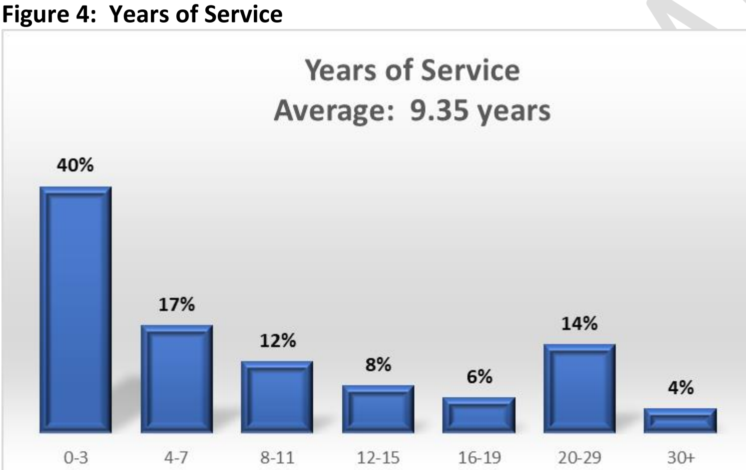
The Great Resignation and Private Sector Influence

Compounding the public sector recruitment challenges, in 2021, as the nation re-opened following COVID shutdowns, the country has experienced continued private industry prosperity, record inflation, record retirements, and record turnover from an otherwise qualified workforce, causing all industries, both public and private, to be competing for already limited human resources. This has led employers to escalate wages for all positions to help recruit and retain their talent. The effect has been substantial, and nearly every employer is experiencing recruitment and retention challenges. Many businesses report the lack of available workers and have curtailed their ability to meet current work demands, while raising wages. As a result, all employers, including the County, will need to ensure their wage structure is as competitive as financially possible in order to help mitigate turnover and facilitate recruitment success.

Employee Demographics

In reviewing the County's employee demographics, the tenure of the organization ranges from new hire to 45 years. The overall tenure average of the employees is 9.35 years. The national average in the public sector is currently 6.5 years (*Local Government-Bureau of Labor Statistics, September 2020*), showing the County is *above* average in overall tenure, which is positive. In order to have a full picture of the County, one needs to explore these demographics further.

Figure 4: Years of Service



Currently, 40% of the workforce has less than four (4) years of service and there is a significant gap of experience within the workforce, with the percentage of tenure declining as the years progress. There is spike at 20 years of service or greater, likely meaning that if an employee attains 20 years, they are currently staying until they retire. It is the 18% of the workforce with 20 or more years of experience that is keeping the average tenure inflated. The County should expect that as these long-term employees leave employment, the tenure rate will fall. The noticeable decline in tenure is an indication that the County is simply not retaining their personnel over time as it did historically. This can be concerning in future years considering the age of the tenured staff, and when their retirements will occur.

Also of interest, current staff who were employed prior to Act-10 represent 37% of the current workforce. This means that 63% of employees are compensated on legacy salary structures and the historical nature surrounding their compensation model is likely less relevant, except that is has "always been this way."

The County is recommended to monitor its demographics periodically to properly respond to shifts within the organization as needed. The demographics indicate the County should be focusing not only on wages to be competitive for recruitment, but also wages that incentivize employees to stay.

Recommended Salary Schedule

The recommended compensation system is a 14-step schedule (Appendix A). The percent between steps starts at 2.5% for Steps 2 through 6; 2.3% for Steps 7 through 9 and 2% for the remainder of the schedule. This results in a 28% salary range which is below a traditional salary schedule. The schedule is built off the 50^{th} percentile of the market, which is Step 6 of the recommended salary schedule. The distance between pay grades varies to minimize compression between superior and subordinate positions.

Starting rates for Pool personnel are included in the schedule. The County has had a philosophy of paying these employees at a higher rate due the flexible nature of the position and the fact that they receive no benefits. The consultant recommends this practice and has recommended steps further in the salary range. The rules previously utilized for movement to the next step remain: from the start rate after 1,000 hours move to the next step and movement again after 5,200 hours.

Position Placement

Placement of positions onto the respective salary schedule is based upon several criteria:

- Point factor system
- Market analysis
- Compression analysis
- Internal equity

The point factor system is a system that evaluates a position based on 13 competencies. Information in these categories is obtained through the completion of a PQ completed by employees and reviewed by the supervisor. The system evaluates a position on the following criteria:

- Education
- Licenses/Certifications
- Procedures/Guidelines
- Job Complexity
- Consequence of Errors
- Confidential Information
- Contact with Others

- Equipment, Machinery, Tools
- Use/Type of Technology
- Financial
- Leadership/Supervision
- Work Environment
- Physical Requirements

This point factor system will remain confidential. Often when supervisors and employees know the point factor system, an objective evaluation of the position becomes suspect, as the PQ is written to the points rather than the true responsibilities of the position.

The County must understand that it is the combination of the minimum salary, market salary, points, and maintaining a sufficient spread between positions that makes up the recommended compensation plan – it is not just one (1) factor.

To implement the recommended salary schedule, it is recommended that employees currently below minimum of the new pay range Step 1 will be placed on Step 1. Employees above Step 1 will be placed on the step closest to their current salary without a decrease. This may not be a significant increase and should only be viewed as a wage adjustment to move onto the new salary schedule, i.e., consideration is not given to how the employee is valued by the County, but rather it is a re-set of the salary schedule.

In most organizations, this type of placement proves problematic, as employees feel that if they have more tenure in the position, they should be higher within the salary range. Although there is merit to this argument, placement on the schedule by years in the position proves to be very costly – something most municipalities cannot afford.

The County should seriously consider moving employees with more than five (5) years of service and below Step 6 of the salary schedule, two (2) steps in 2023, and if needed, again in 2024 until these employees reach Step 6 of the salary schedule. Not only will this help what is called in-range compression (newer employees earning as much as longer-tenured employees), it will also free up the lower portion of the salary range to allow flexibility to attract more experienced applicants to the County. Obviously, the challenge is the ability to financially support such a recommendation.

Position Title Recommendations

In the proposal, the County requested a compensation and classification study which involves not only integrating the external market into position placement but also aligning job titles for either internal equity or to reference a more common job title. These recommended titles are reflected in the updated salary schedule.

Position Levels

The Consultants created or defined levels for several positions. The differences in the levels should be codified in the County's job descriptions.

Exempt Status

The County has determined three (3) levels of positions that are either non-exempt (receive overtime for hours worked over 40 in a defined work week); and those that qualify as non-exempt per the Fair Labor Standards Act (FLSA) exemptions. These categories are:

- Unilateral (A): These employees are non-exempt FLSA-covered employees and eligible for overtime compensation on a time and one-half basis over 40 hours per week;
- Unilateral (B): These employees are exempt employees for the purposes of the FLSA, but the County has decided that they are eligible for overtime compensation on a straight time basis for hour over 40 hours per week; and
- Unilateral (C): These employees are exempt employees for purposes of FLSA, and are not eligible for overtime, but can utilize "flex" hours.

The Consultants identified positions, based on the job description and PQs as exempt and non-exempt. The various FLSA categories should be eliminated.

There may situations in which the County wants to provide a stipend or incentive to exempt positions that require an extensive amount of extra time outside of traditional work hours. This should be limited to situations where an exempt employee must work evenings and/or weekends on a regular basis, or the employee must limit his/her personal activities to be on call. However, there should be only two (2) classifications of employees: (1) Non-exempt eligible for overtime, and (2) Exempt no extra pay for hours worked over 40. The County has a flex time policy for exempt employees and this should be extended to all exempt level employees when scheduling and coverage allow.

Bilingual Pay

There are some positions in the County that require or would prefer employees with translation skills. The County should consider a stipend for positions that can provide these services.

The County should create a policy that requires the employee to complete a proficiency test to assure his/her competency in the language. The policy should include the types of responsibilities to be performed to receive the stipend, as well as when the stipend is to be paid (all the time, or only when using). There may be some positions, that an hourly or monthly amount is needed because translations are needed on a regular basis, whereas other positions may receive an hourly or smaller stipend when services are performed.

Elected Officials

Elected officials were not part of the study as their salaries are determined for a four-year period. When elected official salaries are up for discussion, the County should conduct a salary survey to determine the average salary for the position. There is compression among several supervisory personnel and the elected official they report to. This is a good indication that the elected official's salary is out of line with the market.

General Operational Guidelines

It is important for the County to have a standardized procedure to annually adjust the general salary schedule for consistency and for budgetary forecasting. It is the Consultants' recommendation that on a set date each year (such as January 1), the salary schedule be increased by an amount close to the national Consumer Price Index – Urban (CPI -U) percentage. For example, since budgeting is done at approximately the same time each year, the County should establish a specific month in which to capture the average of the previous 12 months of the selected economic indicator for a recommended adjustment. The County will still maintain control if conditions and finances fluctuate in a specific year. It is recommended the adjustment to the salary schedule be done on a date other than salary increases so employees understand there are two (2) separate adjustments per year.

Maintaining the salary ranges is a critical component in a compensation structure. The structure maintains the competitiveness of positions to the external market. Failure to maintain the salary schedule will result in non-competitive wages, higher turnover, and possibly spending substantial financial resources for another compensation study in order to return to competitive salaries.

Employees move to the next step in the schedule each year, based upon acceptable performance. It is recommended that the step increase occurs in the first pay period of July. A simple performance evaluation form, along with training, should be developed and conducted in the months prior to June. Acceptable performance would then designate a step increase.

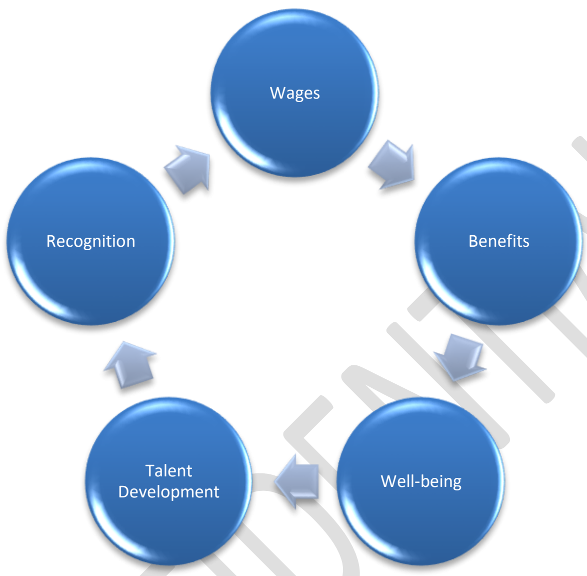
If the County desires an alternate schedule of salary schedule and performance increases, it is recommended the two (2) be separated to distinguish between the schedule increase and the step/performance increase.

<u>Market Updates</u>

One of the main concerns in any salary schedule is the ability to keep it current. Organizations often spend time and resources to review and reevaluate their salary schedule, resulting in providing employees or pay grades significant increases because either the positions or the schedule is not in line with the external market. A salary schedule has a typical life span of three (3) to five (5) years, at which time market conditions typically necessitate a review. The County can strive to prolong the life of their schedule if it continues to commit to maintaining its competitiveness with the external market by ensuring market updates occur. Given the current competitive market, the County is recommended to initially conduct a market update in three (3) years. In addition, maintaining metrics should help indicate if an external market update is required even sooner.

Total Rewards Model

Attraction, motivation, engagement, and retention are critical issues facing all employers. Successfully addressing these issues begins with, at a minimum, having a strategy that aligns certain elements of the employment experience with the goals and objectives of the employer. A Total Rewards model encompasses specific employment elements to drive performance. A Total Rewards model considers all the following areas (Source: WorldatWork):



Based on the Total Rewards Model, following is an inventory of the County's current compensation, benefits, and related opportunities it provides its employees:

- **Wages (Base Pay and Variable Pay)**. Pay provided by an employer for services rendered. This includes both fixed pay and variable pay tied to performance.
    - Base Wages, Annual Cost-of -living Adjustment
    - Performance Step Increase or Lump Payments
    - On-call pay
    - Shift and Weekend Differential pay
    - Bilingual pay

- **Benefits.** Programs an employer uses to supplement the cash compensation that employees receive. These include health, income protection, retirement programs that provide security for employees and their families, etc.
  - Social Security - mandatory
  - Medicare - mandatory
  - Workers Compensation - mandatory
  - Unemployment Compensation -mandatory
  - Health, Dental, and Vision Insurance
  - Life Insurance
  - Voluntary Benefits (Accident, Critical Illness, Hospital Indemnity)
  - Short-Term and Long-Term Disability
  - WRS Retirement System
  - Deferred Compensation options
  - Flexible Spending Account
  - Paid Observed Holiday and Floating Holiday
  - Vacation and Sick Leave, with payout provisions
  - Compensatory time off option in lieu of overtime pay
  - Federal and State FMLA, non-FLMA medical leave options
  - Personal Leave of Absence
  - Paid Bereavement Leave
  - Paid Jury Duty and Subpoenaed Witness
  - Military Leave
  - Voluntary Public Service Leave and Poll Worker Paid Leave
  - Training and Education Leave
  - Paid breaks
  - Retiree Health Insurance for employee and spouse
  - Employer provided uniforms or uniform allowance
  - Professional Liability Insurance

- **Well-being**. Organizational practices, policies and programs that help employees achieve success both at work and outside of work.
  - Wellness Initiatives including Health Employee Incentive Program including: Lunch and Learn, Self-Paced Learning Modules, Flu shot, COVID vaccine/boosters, Nutritionist/Dietician consultation, tobacco cessation, blood donation.
  - Annual Diversity and Inclusion training
  - Nursing mother-friendly environment with breastfeeding information and support through Public Health Department
  - Employee Assistance Program
  - Job Share opportunities
  - Worker Comp Light duty opportunities
  - Telecommuting opportunities

- **Talent Development.** Provides the opportunity and tools for employees to advance their skills and competencies in both short- and long-term careers
  - Internal vacancy policy opportunities
  - Employer paid licensing, professional dues, and mandated CEUs
  - Training and Development Courses
  - On the job training
  - Annual Inservice Training
  - Performance Management Feedback
- **Recognition.** Acknowledgement of employee behaviors/outcomes that support the organization's success. Recognition programs can be formal or informal, do not need to have a financial component.

The County is building a robust model that can positively influence the culture of the organization and the employees that make up that work culture. This visual should help the County as it considers new Total Rewards opportunities for employees, to provide a balanced and engaging employment experience to its employees when it is not able to provide the highest wages in the region. Compensation is not the only driving factor for recruitment and retention, although it is currently the highest rated factor for both recruitment and retention feedback (Neogov Job Seeker Report 2021). The second highest rated item for retention is a positive work environment/culture, followed by challenging work and the ability to utilize their skills and talents.

Benefits

In addition to compensation, the County asked that a comparison of major benefits be completed. Below is a summary of these comparisons. It should be noted the recommendations contained in the Benefit Analysis will take time to evaluate with a benefits broker, and most cannot be quickly changed. This allows the County to understand their benefit among the comparable market and is independent of the compensation recommendations.

Health Insurance

<u>Plan Design Overview</u>

The County offers one (1) health plan design with two (2) provider network options. The health plan is summarized as follows:

Table 3: Health Plan Summary

PLAN DESCRIPTION	DEDUCTIBLE AMOUNTS	EMPLOYEE CONTRIBUTION (S/F)
POS	$500/$1,500	$0/$0 (wellness) $66.48/$219.38 (Mercy)* $65.47/$215.98 (Dean)*

10% employee contribution if employee does not participate in wellness initiatives

Multiple plan designs would allow employees the opportunity to select from the coverage that best matches their personal situation, such as a high deductible health plan with a Health Savings Account (HSA) to build a medical account Most organizations have added higher deductibles and coinsurance limits onto at least one health plan to force better and more active consumerism by those who utilize the health plan with the option of building a portable HSA fund for unreimbursed medical expenses for current or future use. This is something the County should consider in future years.

Premiums

It is extremely difficult to compare health insurance, as the number of plans and the plan designs are significantly different among organizations. What can be compared is the amount the employee contributes toward the cost of that insurance. As the County is aware, the cost of health insurance is a large budget item for any organization. Health insurance is also often the single largest benefit looked at by potential new hires with the County, so a review of employee contributions to this benefit is imperative for offering a comprehensive benefit package.

The Consultants compared the County's 2022 health plan with comparable organizations' health plans for a more accurate reflection of insurance in this geographical region. Following are the results from comparable entities that provided benefit data, broken down into single and family coverage. Wellness incentives are identified for the County.

Table 4: Single Plan Premium Comparison

Comparable	Health Plan Description	Single Monthly Premium	Single Annual Premium	In Network Deductible
Waukesha	PPO2	$0.00	$0.00	$1,450.00
Rock	POS (Wellness)	$0.00	$0.00	$500.00
Jefferson	High Deductible 2.1	$35.32	$423.84	$1,500.00
Jefferson	High Deductible 2.0	$37.78	$453.36	$1,500.00
Rock	POS-Dean (no wellness)	$65.47	$785.64	$500.00
Rock	POS-Mercy (no wellness)	$66.48	$797.76	$500.00
Outagamie	High Deductible	$80.66	$967.92	$2,000.00
Washington		$93.68	$1,124.16	$1,500.00
Janesville		$115.00	$1,380.00	Not provided
Janesville		$115.00	$1,380.00	Not provided
Walworth	Tier 2	$116.92	$1,403.04	$1,500.00
Walworth	Tier 1	$127.50	$1,530.00	$1,000.00
Winnebago		$140.32	$1,683.84	$750.00

Waukesha	PPO1	$141.56	$1,698.72	$750.00
Outagamie	Low Deductible	$153.02	$1,836.24	$1,000.00
Kenosha	Blue/Bronze	$167.84	$2,014.08	$500.00
Sheboygan	Without Health Assessment	$221.50	$2,658.00	$1,350.00
Jefferson	Low Deductible	$259.42	$3,113.04	$500.00

Table 5: Family Plan Premium Comparison

Comparable	Health Plan Description	Family Monthly Premium	Family Annual Premium	In Network Deductible
Waukesha	PPO2	$0.00	$0.00	$2,650.00
Rock	POS (Wellness)	$0.00	$0.00	$1,500.00
Jefferson	High Deductible 2.1	$88.31	$1,059.72	$3,000.00
Jefferson	High Deductible 2.0	$94.45	$1,133.40	$3,000.00
Outagamie	High Deductible	$196.74	$2,360.88	$4,000.00
Outagamie	Low Deductible	$206.86	$2,482.32	$2,000.00
Rock	POS-Dean (no wellness)	$215.98	$2,591.76	$1,500.00
Rock	POS-Mercy (no wellness)	$219.38	$2,632.56	$1,500.00
Washington		$233.44	$2,801.28	$4,000.00
Janesville		$246.76	$2,961.12	Not provided
Janesville		$246.76	$2,961.12	Not provided
Walworth	Tier 2	$282.04	$3,384.48	$3,000.00
Walworth	Tier 1	$314.94	$3,779.28	$3,000.00
Winnebago		$368.88	$4,426.56	$1,500.00
Kenosha	Blue/Bronze	$402.80	$4,833.60	$1,000.00
Waukesha	PPO1	$443.00	$5,316.00	$1,250.00
Sheboygan	Without Health Assessment	$479.91	$5,758.92	$2,700.00
Jefferson	Low Deductible	$674.58	$8,094.96	$1,000.00

The table above indicates the County is at the top of the comparable market that provided health data in terms of premium only. However, that is not a comprehensive picture because employees have actual claims costs as well.

Expected Employee Cost

Because premiums and deductibles are varied in the region, considering the cost of the monthly premium plus the deductible is a truer look at the expected employee cost. This calculation shows the County's true position in the market as shown in the Tables below.

Table 6: Single Plan Comparable Review

Comparable	Health Plan Description	Single Annual Premium	In Network Deductible	Expected Annual Risk to Employee
Rock	POS (Wellness)	$0.00	$500.00	$500.00
Rock	POS-Dean (no wellness)	$785.64	$500.00	$1,285.64
Rock	POS-Mercy (no wellness)	$797.76	$500.00	$1,297.76
Waukesha	PPO2	$0.00	$1,450.00	$1,450.00

Comparable	Health Plan Description	Single Annual Premium	In Network Deductible	Expected Annual Risk to Employee
Jefferson	High Deductible 2.1	$423.84	$1,500.00	$1,923.84
Jefferson	High Deductible 2.0	$453.36	$1,500.00	$1,953.36
Winnebago		$1,683.84	$750.00	$2,433.84
Waukesha	PPO1	$1,698.72	$750.00	$2,448.72
Kenosha	Blue/Bronze	$2,014.08	$500.00	$2,514.08
Walworth	Tier 1	$1,530.00	$1,000.00	$2,530.00
Washington		$1,124.16	$1,500.00	$2,624.16
Outagamie	Low Deductible	$1,836.24	$1,000.00	$2,836.24
Walworth	Tier 2	$1,403.04	$1,500.00	$2,903.04
Outagamie	High Deductible	$967.92	$2,000.00	$2,967.92
Jefferson	Low Deductible	$3,113.04	$500.00	$3,613.04
Sheboygan	Without Health Assessment	$2,658.00	$1,350.00	$4,008.00

*Comparables that did not provide deductible and out of pocket amounts excluded

Table 7: Family Plan Comparable Review

Comparable	Health Plan Description	Family Annual Premium	In Network Deductible	Expected Annual Risk to Employee
Rock	POS (Wellness)	$0.00	$1,500.00	$1,500.00
Waukesha	PPO2	$0.00	$2,650.00	$2,650.00
Jefferson	High Deductible 2.1	$1,059.72	$3,000.00	$4,059.72
Rock	POS-Dean (no wellness)	$2,591.76	$1,500.00	$4,091.76
Rock	POS-Mercy (no wellness)	$2,632.56	$1,500.00	$4,132.56
Jefferson	High Deductible 2.0	$1,133.40	$3,000.00	$4,133.40
Outagamie	Low Deductible	$2,482.32	$2,000.00	$4,482.32
Kenosha	Blue/Bronze	$4,833.60	$1,000.00	$5,833.60
Winnebago		$4,426.56	$1,500.00	$5,926.56
Outagamie	High Deductible	$2,360.88	$4,000.00	$6,360.88
Walworth	Tier 2	$3,384.48	$3,000.00	$6,384.48
Waukesha	PPO1	$5,316.00	$1,250.00	$6,566.00
Walworth	Tier 1	$3,779.28	$3,000.00	$6,779.28
Washington		$2,801.28	$4,000.00	$6,801.28
Sheboygan	Without Health Assessment	$5,758.92	$2,700.00	$8,458.92
Jefferson	Low Deductible	$8,094.96	$1,000.00	$9,094.96

*Comparables that did not provide deductible and out of pocket amounts excluded

Looking at deductible amount with premium cost, the County is now at the top of the comparable market, with wellness and very competitive even when an employee declines the wellness initiatives. A final look at the County in relation to out-of-pocket maximums, follows. The tables below show employees that experience a major medical event that exceeds the deductible costs will have a lower financial risk in the County's plan than other comparables when considering the maximum out-of-pocket expenses. This positions the County's plan very competitively in the market.

Table 8: Single Plan Maximum Risk Comparable Review

Comparable	Health Plan Description	Single Annual Premium	In Network Out of Pocket Maximum	Maximum Annual Risk to Employee
Rock	POS (Wellness)	$0.00	$1,500.00	$1,500.00
Jefferson	High Deductible 2.0	$453.36	$1,500.00	$1,953.36
Rock	POS-Dean (no wellness)	$785.64	$1,500.00	$2,285.64
Rock	POS-Mercy (no wellness)	$797.76	$1,500.00	$2,297.76
Jefferson	High Deductible 2.1	$423.84	$2,000.00	$2,423.84
Washington		$1,124.16	$1,500.00	$2,624.16
Waukesha	PPO1	$1,698.72	$1,100.00	$2,798.72
Waukesha	PPO2	$0.00	$2,950.00	$2,950.00
Jefferson	Low Deductible	$3,113.04	$500.00	$3,613.04
Winnebago		$1,683.84	$2,000.00	$3,683.84
Outagamie	High Deductible	$967.92	$3,000.00	$3,967.92
Walworth	Tier 2	$1,403.04	$3,000.00	$4,403.04
Outagamie	Low Deductible	$1,836.24	$2,750.00	$4,586.24
Kenosha	Blue/Bronze	$2,014.08	$3,000.00	$5,014.08
Sheboygan	Without Health Assessment	$2,658.00	$3,000.00	$5,658.00
Walworth	Tier 1	$1,530.00	$6,000.00	$7,530.00

*Comparables that did not provide deductible and out of pocket amounts excluded

Table 9: Family Plan Maximum Risk Comparable Review

Comparable	Health Plan Description	Family Annual Premium	In Network Out of Pocket Maximum	Maximum Annual Risk to Employee
Rock	POS (Wellness)	$0.00	$3,000.00	$3,000.00
Jefferson	High Deductible 2.0	$1,133.40	$3,000.00	$4,133.40
Jefferson	High Deductible 2.1	$1,059.72	$4,000.00	$5,059.72
Rock	POS-Dean (no wellness)	$2,591.76	$3,000.00	$5,591.76
Rock	POS-Mercy (no wellness)	$2,632.56	$3,000.00	$5,632.56
Waukesha	PPO2	$0.00	$5,650.00	$5,650.00
Washington		$2,801.28	$4,000.00	$6,801.28
Waukesha	PPO1	$5,316.00	$1,950.00	$7,266.00
Outagamie	Low Deductible	$2,482.32	$5,500.00	$7,982.32
Outagamie	High Deductible	$2,360.88	$6,000.00	$8,360.88
Winnebago		$4,426.56	$4,000.00	$8,426.56
Jefferson	Low Deductible	$8,094.96	$1,000.00	$9,094.96
Walworth	Tier 2	$3,384.48	$6,000.00	$9,384.48
Kenosha	Blue/Bronze	$4,833.60	$6,000.00	$10,833.60
Sheboygan	Without Health Assessment	$5,758.92	$6,000.00	$11,758.92
Walworth	Tier 1	$3,779.28	$12,000.00	$15,779.28

*Comparables that did not provide deductible and out of pocket amounts excluded

Wellness Program

The County HR Department is responsible for the administration of the "Health Employee Incentive Program (HEIP)." This program allows for the 10% premium incentive on insurance costs annually, to all employees in order to experience zero premium for both single and family plans.

Wellness initiatives can be positive influences toward the work culture and health of the organization. However, although Human Resources does not request nor receive any private medical information, the administration of this benefit should not occur at the County level. All insurance carriers offer wellness programs for a very nominal fee, and have a Third-Party Administrator to manage this program. This removes any perception that the County has access to employee medical information and removes the administrative burden away from the department that needs to focus on the recruitment, engagement, and retention of a qualified workforce for the organization. The nominal cost to the County will allow for additional service to be provided from Human Resources on other critical strategic matters for the County, and likely will experience enhancements to employee benefits.

Time Off Benefits

Time off and work life balance continue to be top areas candidates (and employees) look at when considering employment and retention. Therefore, the County's paid time off benefits were also reviewed.

Holidays

Currently the County offers 10 observed holidays and one (1) floating holiday for a total of 11. The County Administrator also has discretion to designate additional holidays with the approval of the County Board Chair and/or Vice Chair. The comparables that provided holiday information reported combined totals between 10 to 12 days, with one (1) County offering 15 days. The County offers a floating holiday which is beneficial when a County does not observe a federal holiday, or for an individual religious holiday or traditional practices that do not align with the County's holiday schedule. The County should be commended for having flexible benefits. No changes to Holidays are recommended.

Vacation

The County has two (2) vacation models as of 1/1/2022, which provides up-front vacation in the first year.

Because time off and work/life balance is a major component of today's total compensation package due to the shifting values in the workforce, the County should consider increasing the amount of vacation in the first year to a prorated portion of 10 days.

The County provides additional vacation annually on the Unilateral A&B schedule, which is more enriched than the market requires. The vacation models provided by the comparables offered four (4) to 11 levels of vacation. It is standard for employees to have fewer levels and wait a few years for each level adjustment. In this case, any adjustment would have a lower vacation calculation to many existing employees, unless the County desires to grandfather yet another vacation model and develop one (1) with fewer progression levels for new hires going forward. There is an administrative element of overcomplicating the vacation benefit to consider, so no other changes are recommended at this time other than to clarify that Unilateral A&B Vacation (and any other former collective bargaining referenced vacation schedule) is classified for Non-Exempt; and Unilateral C Vacation is classified for Exempt employees.

Sick Leave

The County offers one (1) sick day per month which results in 96 hours per year. There is a maximum payout of 520 hours. The comps provide similar sick leave accruals from 72 to 96 hours per year, with most at 96 hours. No recommendations to change sick leave is recommended

Paid Time-Off

Although the County has sufficient time-off benefits, work-life balance, flexibility, and paid time -off topics are very important to the total compensation package. Having the rules and variations for each of the traditional methods of time-off may be confusing and frustrating for employees and managers, and it is likely a significant administrative burden to the administrative staff who setup and monitor the use of these forms of leave. Many organizations add stringent rules for the use of benefits to help the employees manage their personal situations, but that often makes programs more difficult to manage, so considering an alternative time-off program option may be beneficial to the County. This may also be very advantageous for future recruitment, when candidates are looking for increased flexibility with time-off.

Paid Time-Off (PTO) is a single bank of time-off, which is then used for sick, vacation, and even bereavement time, instead of having different banks of time for different purposes. Some organizations include holidays into this program, while others do not. Generally, PTO has a larger overall rate than vacation, but less than vacation and sick time combined as a tradeoff for the increased flexibility provided under a PTO program, and there is an overall payout on the benefit. The benefit has administrative ease, simplification, and new flexibility for employees. Oftentimes the biggest challenge is transitioning accumulated sick and vacation hours into a new program, but this can be done successfully without loss of accumulated time. Organizations that have done this are satisfied with the result, once the transition is complete. Although few comparable organizations identify PTO as a program they offer, the County could consider the concept of PTO to offer more flexibility within their benefits in the future.

Typically, when an organization transitions to a PTO program, there is discussion of what to do with the current banks of time. It is customary for vacation to be rolled over into the PTO program so employees start with a balance of time. Available sick time can then be rolled into an Extended Leave Bank, in which employees may utilize this bank for major illness/accident events and FMLA qualifying events. This way, the sick time the employee has already accumulated is still available for significant events in their personal life. For hours that have been earned and are vested, there will need to be a payout mechanism built into these banks so there is no loss to the employee as a result of the change in programs, but the banks simply do not need to accumulate new hours, if not desired by the County. Extended Leave Banks could be a grandfathered provision for current employees with sick time, so new employees would not be eligible. Other programs allow employees to move PTO into the Extended Leave Bank annually.

Policy Updates

In consideration of where the County needs to move forward for recruitment and retention purposes, it is going to be more beneficial for the organization to conduct a major overhaul of the County's Policies in a single manner, so the County can simply move forward as one uniform entity. Human Resources should redevelop the County policies based on legal compliance and best practices, with the intent of uniformity across the organization. Once draft policies have been developed, the County can request overall department head and employee feedback/suggestions in a structured manner, which may include educational meetings on recommended employee policy changes. After that feedback has been vetted, the final policy recommendations can be taken to the County Board for adoption.

Appendix A: Recommended Salary Schedule