

# 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 agency vacancy savings during the fiscal year. Salary lapse is a negative budget line item representing savings to taxpayers which is netted against an agencies Salaries and Benefits budget. The total required agency savings in budgeted salary lapse is \$21.9 million in FY24.
- 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 require two Decision Band Method (DBM) and classification changes as follows, effective July 1, 2023:

DBM Changes in FY2024 Budget			
Department	Title	Current DBM	New DBM
Information Technology	Demographer	C42	C45
Parks, Recreation & Tourism	Chief Park Ranger	C43	C44

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## Budget Initiatives

### A. Budget Initiatives

#### 1. Market Adjustment

Expenditure	\$52,807,104
Revenue	\$0
General Fund Impact	\$52,807,104
FTE Positions	0.00

- a. **Market Adjustment** – Funding is included to support market adjustment increases in FY24. Market adjustments to pay scales help to maintain competitiveness between Prince William County and other Northern Virginia jurisdictions. Market adjustments for General Services employees will occur on July 1, 2024. The BOCS approved that Public Safety employees receive their market adjustments retroactively in FY23, Police on January 1, 2023, and all others on April 1, 2023, with full year costs budgeted in FY2024. Individuals within the pay scale will receive an increased salary based on the percentages identified for their group up to the maximum of the pay scale. In addition to individuals receiving adjustments, some of the pay scale for specific DBMs will change.

The table below shows market adjustment rates by effective fiscal year and employee category. An additional adjustment is planned for General Service (non-sworn) positions in FY25. The total general fund cost of market adjustments is \$292,923,424 in FY24-28.

Market Adjustments in Five-Year Plan				
	FY23	FY24	FY25	Total
<b>Market Pay Adjustment:</b>				
Adult Detention Center (Uniformed) *	15.0%	-	-	<b>15.0%</b>
Fire & Rescue (Uniformed) *	15.0%	-	-	<b>15.0%</b>
General Service (Non-sworn)	-	6.0%	2.5%	<b>8.5%</b>
Police (Sworn) **	17.5%	-	-	<b>17.5%</b>
Public Safety Communicators (Non-sworn) *	15.0%	-	-	<b>15.0%</b>
Sheriff (Sworn) *	15.0%	-	-	<b>15.0%</b>

\* During the FY24 Budget adoption the BOCS approved market adjustments to begin on April 1, 2023 (FY23).

\*\* BOCS took off-cycle action on Police market adjustments in December, 2022 (FY23).

#### 2. Merit/Year of Service Adjustment

Expenditure	\$9,879,889
Revenue	\$0
General Fund Impact	\$9,879,889
FTE Positions	0.00

- a. **Merit/Year of Service Adjustment** – Funding is included to support a 3.0% pay for performance increase for General Service personnel and a year of service (step) increase for sworn personnel in FY24. Annual pay for performance/year of service adjustments of 3.0% are included in each remaining year of the Five-Year Plan (FY25-28). Individuals receive this increase on their annual employment anniversary date (also referred to as the 'adjustment date'). The total general fund cost of pay for performance/year of service adjustments is \$148,198,339 in FY24-28.

For General Service personnel, 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. Individuals receive their pay for performance adjustment on their adjustment date.

For sworn personnel, their year of service is credited annually on their individual adjustment date. Each year of service is equal to a 3% increase in pay until the individual has achieved the maximum salary in the pay scale for their job classification.

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- 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 \$32,932,964 in FY24-28.

### 3. Health and Dental Insurance Adjustment

Expenditure	\$3,915,810
Revenue	\$0
General Fund Impact	\$3,915,810
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 9.5% or 10.0% increase (depending on the employee choice of health care provider) for the County’s employer health insurance contributions. The increase for dental insurance in FY24 is 4.6%.

The Five-Year Plan contains 10.0% annual increases to health insurance rates and 10.0% annual increases to dental insurance rates in FY25-28. The total general fund cost for the County’s employer contribution for health and dental insurance is \$70,004,572 in FY24-28.

### 4. Retiree Health and Future Virginia Retirement System (VRS) Adjustment

Expenditure	\$173,071
Revenue	\$0
General Fund Impact	\$173,071
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 \$173,071 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 \$2,775,751 in FY24-28.

- b. Virginia Retirement System (VRS)** – The certified VRS employer contribution rate for PWC will continue to be 15.92% of employee salaries in FY24. This rate became 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. The Five-Year Plan in FY25 includes funding to support a 1.25% (125 basis point) rate increase to a new rate of 17.17% at a cost of \$4.5 million per year. The additional total general fund cost associated with the VRS rate increase is \$18,070,124 in FY24-28.

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Summary of Compensation Adjustments in FY2024-2028 Five-Year Plan (Amounts are Cumulative)						
	FY24	FY25	FY26	FY27	FY28	Total
<b>Market Pay Adjustment:</b>						
Market Pay Adjustment - Adult Detention Center (15% Increase in FY23) - Uniform	\$ 4.7 M	\$ 4.7 M	\$ 4.7 M	\$ 4.7 M	\$ 4.7 M	\$ 23.5 M
Market Pay Adjustment - Fire & Rescue (15% Increase in FY23) - Uniform	12.3 M	12.3 M	12.3 M	12.3 M	12.3 M	61.4 M
Market Pay Adjustment - General Service (6% Increase in FY24; 2.5% Increase in FY25) - Nonsworn/Nonuniform	17.3 M	24.6 M	24.6 M	24.6 M	24.6 M	115.6 M
Market Pay Adjustment - Police (17.5% Increase in FY23) - Sworn	12.9 M	12.9 M	12.9 M	12.9 M	12.9 M	64.5 M
Market Pay Adjustment - Public Safety Communications (15% Increase in FY23) - Telecommunicators Only	2.0 M	2.0 M	2.0 M	2.0 M	2.0 M	10.0 M
Market Pay Adjustment - Sheriff (15% Increase in FY23) - Sworn	2.3 M	2.3 M	2.3 M	2.3 M	2.3 M	11.4 M
Overtime, Sunday & Holiday Pay	1.3 M	1.3 M	1.3 M	1.3 M	1.3 M	6.6 M
<b>Subtotal (Market Pay Adjustment)</b>	<b>\$ 52.8 M</b>	<b>\$ 60.0 M</b>	<b>\$ 60.0 M</b>	<b>\$ 60.0 M</b>	<b>\$ 60.0 M</b>	<b>\$ 292.9 M</b>
<b>Pay for Performance:</b>						
Pay for Performance (3% Increase in FY24; 3% Annual Increase in FY25-28)	\$ 9.9 M	\$ 19.8 M	\$ 29.6 M	\$ 39.5 M	\$ 49.4 M	\$ 148.2 M
Compensation Rollover	0.0 M	3.3 M	6.6 M	9.9 M	13.2 M	32.9 M
<b>Subtotal (Pay for Performance)</b>	<b>\$ 9.9 M</b>	<b>\$ 23.1 M</b>	<b>\$ 36.2 M</b>	<b>\$ 49.4 M</b>	<b>\$ 62.6 M</b>	<b>\$ 181.1 M</b>
<b>Pension and Retirement Benefits:</b>						
Virginia Retirement System (VRS) (No change to 15.92% Rate in FY24; 17.17% Rate in FY25-28)	\$ 0.0 M	\$ 4.5 M	\$ 4.5 M	\$ 4.5 M	\$ 4.5 M	\$ 18.1 M
Retiree Health Credit (5% Annual Increase)	0.2 M	0.4 M	0.5 M	0.7 M	1.0 M	2.8 M
<b>Subtotal (Pension and Retirement)</b>	<b>\$ 0.2 M</b>	<b>\$ 4.9 M</b>	<b>\$ 5.1 M</b>	<b>\$ 5.3 M</b>	<b>\$ 5.5 M</b>	<b>\$ 20.8 M</b>
<b>Health and Dental Insurance:</b>						
Health Insurance (9.5% / 10% Increase in FY24; 10% Annual Increase in FY25-28)	\$ 3.9 M	\$ 8.3 M	\$ 13.1 M	\$ 18.5 M	\$ 24.4 M	\$ 68.1 M
Dental Insurance (4.6% Increase in FY24; 10% Annual Increase in FY25-28)	0.1 M	0.2 M	0.4 M	0.5 M	0.7 M	1.9 M
<b>Subtotal (Health and Dental)</b>	<b>\$ 3.9 M</b>	<b>\$ 8.5 M</b>	<b>\$ 13.5 M</b>	<b>\$ 19.0 M</b>	<b>\$ 25.1 M</b>	<b>\$ 70.0 M</b>
<b>Grand Total</b>	<b>\$ 66.8 M</b>	<b>\$ 96.4 M</b>	<b>\$ 114.8 M</b>	<b>\$ 133.7 M</b>	<b>\$ 153.2 M</b>	<b>\$ 564.9 M</b>

Totals may not add due to rounding.