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ORDINANCE 2007-020

DELAWARE COUNTY LONGEVITY PAY STUDY REPORT

8/28/2007

AN ORDINANCE REPEALING ORDINANCE NOS. 1996-018, 1996-

018a, 1997-017, 2002-025, 2003-018, 2004-020, AND 2005-030 AND ADOPTING THE

DELAWARE COUNTY LONGEVITY PAY STUDY REPORT DATED AUGUST 27, 2007

AUTHORED BY JEFFREY S. HORNSBY, Ph.D., SPHR

WHEREAS, the Delaware County Council has from time to time enacted certain

ordinances authorizing longevity pay for employees of Delaware County; and,

WHEREAS, the administration of the various longevity programs in the different

departments of the county has created confusion and the Delaware County Council

wishes to repeal all other existing longevity programs above referred to; and

WHEREAS, the Delaware County Council wishes to adopt the Delaware County

Longevity Pay Study Report dated August 28, 2007, which includes recommendations

concerning longevity that applies to all county employees, excluding Delaware County

Community Corrections, which said longevity study report, replaces all other said

longevity programs. Said Delaware County Longevity Pay Study Report is attached

hereto and made a part of this ordinance. However, should employees represented by a

labor contract accept this plan by December 15, 2007 said represented employees shall

also be paid under this 2007 Longevity Plan (effective January 1, 2008)

WHEREAS, it is the Councils desire that when current Union contracts expire

the longevity would then be based on the 2007 Longevity Plan (effective January 1,

2008) numbers.

NOW THEREFORE BE IT ORDAINED by the Delaware County Council as

follows:

The Delaware County Longevity Pay Study Report dated August 28, 2007 as modified by Jeffrey S. Hornsby, Ph.D., SPHR is hereby adopted by the Delaware County Council.

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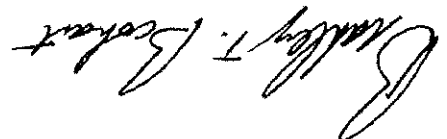
DELAWARE COUNTY LONGEVITY PAY STUDY REPORT DATED AUGUST 27, 2007

AUTHORED BY JEFFREY S. HORNSBY, PH.D., SPHR

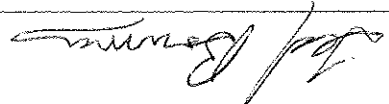
FURTHER, when current Union contracts expire the longevity shall then be based on the 2008 longevity plan numbers.

ADOPTED and modified by the 2008 annual salary ordinances and all


subsequent salary ordinances. ADOPTED by the Delaware County Council this 27th day of November, 2007.



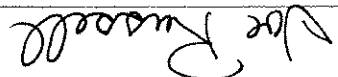
Brad Bookout, President




Ted Bowman, Council Member



Chris Matchett, Council Member



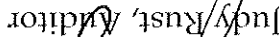
Joe Russell, Council Member



Mary Chambers, Vice President



Ken Gnakenbush, Council Member



Judy Rust, Auditor



Mel Botkin, Council Member

Delaware County Longevity Pay Study Report

8/28/2007

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Delaware County Longevity Pay Study Report

Overview

Based on a meeting held on March 20, 2007, the consultant, Jeff Hornsby agreed to conduct a study related to the longevity pay practices of Delaware County. With the goal of advancing the consistency of human resource practices in the County, the following steps were recommended and completed:

Steps

1. A complete review of current Delaware County longevity pay practices.
2. Focus groups with county constituencies (i.e., compensation committee, department heads, and other employees) to obtain input on the longevity pay issue.
3. Review of longevity information for comparable counties.
4. Identify strategic scenarios based on the data obtained in steps 1 - 3. The results will be utilized to form several different scenarios for recommendation to the county. Each scenario will be assessed in terms of implementation issues.

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Step 1: Review of County Longevity Pay Practices

Delaware County Employees Ord 1996-18	911 Communications Center, County Police and Jail Correctional Officers
a. 400	a. 1% after one year of service
b. 800	b. 2% after two years of service
c. 1200	c. 3% after three years of service
d. 1600	d. 4% after four years of service
e. 2000	e. 6% after five years of service
	f. 7% after six years of service
	g. 8% after seven years of service
	h. 10% after eight years of service
	i. 10% after nine years of service
	j. 10% after ten years of service
	k. 11% after eleven years of service
	l. 11% after twelve years of service
	m. 11% after thirteen years of service
	n. 12% after fourteen years of service
	o. 12% after fifteen years of service
	p. 12% after sixteen years of service
	q. 13% after seventeen years of service
	r. 13% after eighteen years of service
	s. 13% after nineteen years of service
	t. 14% after twenty years of service (maximum)

IAFF Local 1348-EMS	Years of Service	Amount
Re-hires start over		
a. 4		
b. 8		
c. 12		
d. 16		
e. 20		
EMS Director No Longevity Pay* figured on base pay + specialty pay		
Lieutenant	\$850.00	
Captain	\$1700.00	

Highway	Certain County employees in the positions of COMOT, LTC, and PAT under the labor contract Highway Dept.
a. After 4 years	\$600.00
b. After eight years	\$1000.00
c. After twelve years	\$1400.00
d. After sixteen years	\$1800.00
e. After twenty years	\$2200.00

Additional \$300.00 per year for per certification
Specialty Teams and Special Certifications
Additional \$100.00 per year per team and/or certification

Basic Wage Statistics

Total Payroll - 16,137,056.66
 Total Longevity Pay - 717426.4
 Compa-ratio w/o longevity - 1.00
 Compa-ratio with longevity - 1.04
 % in range without longevity - 0.49
 % in range with longevity - 0.57
 Cost to 15% in Range - 36,769.35

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Step 2: Focus Groups with County Constituencies

Overview

The consultant initiated the longevity study with the following activities

1. Met with the job evaluation committee to get input. Committee members completed questionnaires.
2. Met twice with the department heads. The first meeting was an overview and the second was a question and answer session. See attached results for department heads.
3. Conducted four meetings with employees at the Horizon Convention Center. Approximately 200 hundred employees attended the meetings and 67 employees returned questionnaires. See attached results for employees.
4. Completed draft of survey for counties. See attached survey draft.
5. With the HR Director, we have begun to build an employee data base on spreadsheet for longevity pay.

Recommendations to date based on focus groups:

1. The county should update county-wide job study conducted approximately three years ago. There are many loose ends and the pay ranges should be updated to determine the relevance of current pay rates. This is where the majority of county resources should be applied.
2. The county should work toward standardizing a longevity pay formula for all employees.

**Delaware County Longevity Analysis
 Compensation Committee Focus Group
 County Employees**

At total of 67 surveys were returned. Below is a summary of the answers provided by county employees.

1. What does longevity pay mean to you?

- Separate pay from new hires. (4)
- Lump sum helps me pay down debt.
- It means a lot. (2)
- Keep knowledgeable, qualified employees with county. (7)
- Rewards years of service. (44)
- Great for Christmas. (12)
- Keep younger employees.
- Supplements pay raise.

2. What is longevity pay supposed to accomplish?

- The longer the years, the bigger the paycheck. (3)
- Makes long-time employees feel appreciated. (17)
- Extra that makes up for pay inequities.
- Provides incentive to work extra hours (3)
- Reduce turnover. (8)

3. Is it fair across all departments?

- It is not. It is different for other departments and unions. (14)
- Should be same formula for all employees.
- I am not aware of what others receive. (8)
- Change to rate of department you are currently working in. (2)
- Fair for unions. (4)
- Each department should be separate.

4. What changes would you like to see made to longevity pay?

- Should go back to how it was paid before, separately. (4)
- Remove the 20 year cap. (14)
- It does not matter how it is paid as long as it is not reduced.
- Pay it out weekly.
- Do not change it. (4)
- Standardize it. (22)
- Base it on a percentage of salary. (7)
- Pay twice a year
- Increase it. (3)

5. Are there any ways the County could pay for longevity besides the current process?

- Make part of regular pay

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- Approximately 83 percent of the respondents said that they like the current payment system that involves a lump sum in December.
- A majority of the employees attending the meetings on June 19 were frustrated that the job study has not been updated.

**Delaware County Longevity Analysis
Compensation Committee Focus Group
Department Heads**

At total of 23 surveys were returned. Two were not readable (fax). Below is a summary of the answers provided by the department heads.

1. What does longevity pay mean to you?

- When I received it, it was like a Christmas bonus, we received it in late November or early December.
- Longevity means a lot to my employees. It is part of their income. (3)
- It is a bonus. A thank you for staying with us. (12)
- Financially it is a great help. I only make 27000 a year.
- This is what we have waited for four years to get it at the end of the year.
- I can buy Christmas without worrying where I am going to get the money.
- It means the county appreciates experience. (3)
- The longevity Sheriff's receive is for the uniqueness of their jobs.

2. What is longevity pay supposed to accomplish?

- To reward you for your time of service and knowledge.
- Respect for years of service. (11)
- Separate pay from new employees.
- Successful conclusion for that year of work.
- A way for retaining employees. (4)
- Offsets our low wages. (2)
- Incentive for additional training and meeting standards.
- Make workers happy.

3. Is it fair across all departments?

- No (3)
- No. Should be equal across all departments. (8)
- I believe it should be broke down year by year, not every 4 years.
- Need simple plan.
- EMS should be the same as sheriff. We are losing people to other EMS.
- Sheriff's department gets more than other departments. This is true in other communities.
- It is inconsistent.
- yes (2)
- I do not know? (3)

4. What changes would you like to see made to longevity pay?

- Make it the same for all departments and all employees. (8)
- Keep it. (2)
- Increase it.
- Increase it at least after 20 years of service. (2)
- Eliminate subjectivity.
- Reward accomplishments.

5. Are there any ways the County could pay for longevity besides the current process?

- I think that the time we receive it now is fine. (3)
- Keep EMS the same.
- Reward performance.
- Maybe twice a year?
- Time instead of money.
- Increase vacation. (2)
- Keep it in December. (2)
- Check other counties.

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6. What have you heard from your employees regarding longevity pay?
- Employees like it. Leave it alone. (3)
 - The only thing I have heard from them is that they would like for it to be the same for everyone. (6)
 - Also the employees have little knowledge of how longevity pay is calculated and I think that this needs to be addressed.
 - I heard it was going to be stopped for new employees.
 - Many fear it will be phased out over time. I hope not since wages have not kept up to cost of living.
 - It is a fair compensation.
 - Reductions in the plan will result in low morale.

Step 3: Longevity Pay Benchmarking Study

Conducted July/August 2007

A longevity pay benchmarking study was undertaken in July/August 2007 with six counties similar in many respects to Delaware County. These counties were Clark, Howard, LaPorte, Madison, Monroe and Vigo Counties. Information was obtained from all six counties. The following questions were utilized in the survey:

1. Do you currently have a pay structure in place for county employees?
 - a. If yes, how was this pay structure created?
 - b. If yes, how often is this pay structure updated?
 - c. If yes, when was the last update performed for this pay structure?
 - d. If yes, how was this update performed?
2. Do you currently use a formal job evaluation structure to grade jobs and create pay ranges?
 - a. If yes, is this standardized across the county?
 - b. If yes, what compensable factors do you use?
 - c. If yes, how often are these job evaluations updated?
3. Do you currently use formal job descriptions for county jobs?
 - a. If yes, how often are these job descriptions updated?
 - b. If yes, who is primarily responsible for the writing and maintenance of these job descriptions (e.g., personnel supervisor for county, direct managers)?
4. Do you currently adjust county wages?
 - a. If yes, how often are these adjusted?
 - b. If yes, how are these adjusted?
 - c. If yes, is the adjustment county-wide or done department by department?
5. Do you offer pay-for-performance?
 - a. If yes, in what departments (if not all)?
 - b. If yes, how is this determined?
 - c. If yes, what type of plans do you use (bonus, merit increase)?
6. Do you offer longevity pay? Seniority pay?
 - a. If yes, how is this determined?
 - b. If yes, how is this administered?
 - c. If yes, how often is this process updated?
 - d. What specific types of longevity/seniority pay do you offer?
 - e. If yes, is this longevity pay the same across all groups or does it differ by department/function?

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Demographic questions:

1. How many different groups are supervised under county government?
2. How many unions operate for county employees?
3. How many employees work for the county?

Data regarding the longevity pay structures for these and other Indiana Counties is presented in Table 1.

General Conclusions from Benchmark Study

Overall, if longevity pay is offered to County employees, it is traditionally offered for the Sheriff's Department (deputies and matrons). Of the benchmark counties, two provided longevity pay after three years of service (Clark, Howard), while the other three provided longevity pay within/at the conclusion of the first year (LaPorte, Madison, Monroe). Most of the benchmark counties offered longevity pay as a flat rate (e.g., \$50 per year); only LaPorte County offered longevity pay as a percent of salary. Interestingly, only one county included in this survey suspended longevity pay (Wabash County).

Table 1. Summary of Longevity Pay Structures from Indiana Counties (Benchmark Counties highlighted in grey)

County	Longevity Pay Structure
Bartholomew	Sheriff's deputies
Carroll	Sheriff's Department, E911
Clark	After three years, \$100 per year up to year 20
Franklin	Sheriff's Department only
Greene	No longevity pay
Hendricks	No longevity pay
Howard	Sheriff's Department and Matrons receive longevity pay at \$50 per year after 3 years (receive \$150 at year 3). Ceiling at \$1250 after 25 years. Paid in January; employee must complete full year to receive longevity pay.
LaPorte	2% increase at hire date, after 6 months, after three years, every three years after that
Madison	All employees with one year of service; \$75 per year up to a maximum of 25 years of service
Monroe	All full time employees receive longevity pay according to the following schedule: <ul style="list-style-type: none"> • \$200 year 1 on anniversary date • \$400 year 2 • \$600 year 5 • \$800 year 10 • \$1200 year 15 • \$1400 year 20 • \$1700 year 25 • \$2000 year 30 • \$2300 year 35
Randolph	No longevity pay
Switzerland	No longevity pay
Tipton	Sheriff's deputies only
Vigo	Sheriff's Department has one system - \$500 added for each 5 years of service; All other employees proceed to the next step in a 30-step system for each year of service. Scale for the steps is adjusted for COLAs. Highway Dept. is unionized and on own longevity system according to bargaining agreement.
Wabash	All employees and elected officials; suspended in this budget year

Step 4: Recommended Scenarios for Longevity Pay

Possible Scenarios – All scenarios are based on the premise that current employees will not lose pay when and if the longevity pay plan(s) is changed.

1. Do nothing.
2. Merge current longevity into salary for current employees and discontinue future longevity.
3. Transition into 100.00 per year after 5 years in lieu of pay raises for next year.

Based on the results of the employee focus groups, the benchmark study, and an analysis of current pay practices and issues, choice 3 is recommended by the consultant. The following is a financial analysis of the cost and process for implementation if Choice 3 is selected. See the attached spreadsheet for specific details.

Current Pay Practices

Total Payroll - 16,137,056.66
 Projected Pay Increase of 2.5% - 403,426.42
 Total Longevity Pay - 717426.4

Recommended Changes for Transition

- Implement this transition plan instead of giving an across-the-board increase of a projected 2.5 percent. Utilize this money to implement new longevity plan and maintain current employee total compensation.
- Add 60% of current longevity pay into the salary of current employees. This will be referred to as "protected longevity pay." Since no current employee is to lose pay, any transition into a new plan that results in consistent longevity bonuses across all county departments requires a pay adjustment.
- Implement the new longevity plan as follows:
 - o Each employee, regardless of department, will receive a yearly bonus after completing 5 years of continuous employment with the county. The bonus will be in the amount of 100.00 per year for the total years served.
 - o The bonus will be capped at 2500.00.
 - o In the transition year, the maximum increase to total compensation (salary plus longevity) will be 1000.00.
 - o Since no pay increase will be given, all employees will receive a 250.00 bonus in the transition year.

Cost Implications

- 100 per yr 2500 max- 484040
- 60% Protected Longevity - 393484.52
- Initial Longevity Increase/Absolute Value - 260182.75
- Additional Longevity Corrected for negative or 0 - 295165.84
- Additional Longevity maxed at 1000 - 257120.81

Projected Cost Comparisons
*Current Year, Transition Year, Following Year**

Current Year	Transition Year	Following Year
Current Payroll 16,137,056.66	Current Payroll 16,137,056.66	Current Payroll 16,981,700 (Based on 2.5% increase)
2.5% Increase 403,426.42	Additional Longevity 257,120.81	Longevity 530,140
Current Longevity 717,426.4	Current Longevity 717,426.4	
	<i>Cost to 15% in Range</i> 36,769.35	
Total Payroll 17,257,909.48	Total Payroll 17,148,373.22	Total Payroll 17,511,840

*All estimates are based on numbers provided by the County. Part-time employees and elected officials who are not department heads were not included in these analyses.

Where do you go from here?

The realigning of longevity pay provides a solid foundation for pay stability in Delaware County. However, longevity pay is only part of the total compensation picture. The current pay structure, specifically the pay ranges, are three years old and need to be adjusted based on current internal and market conditions. Currently, under the direction of Beverly Evans, the job evaluation committee is evaluating new jobs, changed jobs, and jobs that have been questioned in terms of the accuracy of the previous evaluation.

A new market study and wage regression should be calculated so that the entire wage system is up-to-date. Right now, County employees perceive that the ball has been dropped in terms of the pay structure. The longevity changes and pay structure update will mitigate those perceptions and keep the County competitive in attracting and retaining employees.