

Human Resources Committee Meeting

Douglas County, Nebraska

Tuesday, November 1, 2016

The meeting convened at 10:50 A.M. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the October 17, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were Mike Boyle, Clare Duda, James Cavanaugh, Chris Rodgers, Marc Kraft, P.J. Morgan, and Mary Ann Borgeson. Others present at the meeting included Patrick Bloomingdale, Joe Lorenz, Catherine Hall, Diane Carlson, and Marcos San Martin, Administration; Eric Carlson, Purchasing; Wayne Hudson, Sheriff's Office; Carol Donnelly, Karen Buche, Tim McNally and Matthew Oberle, Human Resources; Larry Miller, Assessor/Register of Deeds; Tracy Krause, Aon; Debbie Otwell and Amber Michalski, Corrections; and Sheri Larsen and Constance Mierendorf, Douglas County Clerk/Comptroller's office. Mary Ann Borgeson chairs the Committee.

A video recording of the meeting is available on the Douglas County Website:

<http://commissioners.douglascounty-ne.gov/board-meetings/videos>

Non-union Salary Increase Recommendation

- Matthew Oberle presented a PowerPoint of Compensation Planning 2017 (Attachment).
- Karen Buche said there are 3 different pay plans. The G Plan is primarily clerical; the M Plan is primarily administrative support and supervisory; and the A Plan is the highest level which includes department directors, assistant directors, and highly professional positions.
- Commissioner Boyle said the information being presented was not clear. Commissioner Cavanaugh suggested that the information be condensed and simplified and that acronyms be avoided. He also suggested that handouts be provided whenever a PowerPoint presentation is made.
- Commissioner Cavanaugh said a good starting point would be for Human Resources (HR) to state in 4-5 paragraphs in narrative form, what they are proposing, limiting the narrative to one page.
- Commissioner Cavanaugh asked about the employees on the lowest levels and said supporting a family of four, they are conceivably being paid at poverty level wages.

- Ms. Buche said the County pays the state minimum wage. She explained that HR is proposing to simplify the 3 pay scales and come up with 1 pay scale to eliminate confusion.
- Commissioner Cavanaugh asked how many non-union employees the plan would affect.
- Mr. Oberle said approximately 327 employees are included. The County Attorney's office and the Public Defender's office are not included.
- Human Resources is proposing a pay scale consolidation (Attachment, p. 22). The total cost for the consolidation would be \$871,510. As a point of comparison, the cost of an increase based on the formula that was used last year at a rate of 3% + 1% would be \$867,013.
- Ms. Buche said the average union increase is 3% plus a step increase which comes to about 7%. The adjustment for the non-union employees is an attempt to achieve some equity with the union employees and avoid compression.
- Commissioner Cavanaugh said this system creates a conveyor belt of rising costs for the County at a cost of approximately \$1 million/year. The increase exceeds the CPI (Consumer Price Index), and he suggested that HR look at what the outside world is doing in terms of compensation. It would also be good to have a global view of what all County employees are making.
- Commissioner Rodgers said the bottom line is to make salaries fair at the County. The union employees receive far more compensation than non-union employees. The County does not exist in the outside market.
- Commissioner Borgeson said the County has a two-tiered pay rate. The unions get 2 increases—the negotiated increase and the step increase. Non-union employees get only what the County gives them and this has created compression issues. The HR proposal to put non-union employees on a step plan and reduce the number of categories should level out the inequity. Commissioner Borgeson suggested that a task force be created to ensure that the placements for the non-union employees is appropriate,
- Commissioner Cavanaugh said he objected to making this decision at the end of the calendar year. It should be considered as part of the overall budget in the regular budget cycle, part of Finance Committee discussions.
- Commissioner Duda said that there is no single time when all raises are considered. Union contracts have different timelines; the Board does not have control of the timing.
- Commissioner Cavanaugh said that is true, but the Board does have control over non-union salaries and the budgeting cycle. This decision should be part of the budget cycle, and it should take into consideration the dynamics of the local labor market.
- Patrick Bloomingdale said a committee should be formed with people outside of County government who have experience with pay plans. After that, the plan should be

discussed with department heads to make sure there are no unforeseen consequences of the plan.

- Joe Lorenz said 3% is built into the budget and that the timing of this increase was designed to save money by not making the increase until mid-year. Comparing with other counties is appropriate, but Omaha salaries must also be taken into consideration when establishing pay rates. The dynamics of the local labor market should also be taken into consideration.
- Commissioner Borgeson said HR had hoped to have this consolidation complete by the end of the year, but the conversation about the consolidation can't get done by the end of the year. It may be possible to have a new plan in place by the end of the first quarter and add it to the budget process.
- Commissioner Cavanaugh said he is not operating within a universally shared set of principles. A critique of the plan including outside sources would be valuable.
- Commissioner Kraft pointed out that the pay scale consolidation is a one-time adjustment cost of \$871,510.
- Commissioner Borgeson said that the consolidation plan can be budgeted for next year. The question is what can the Board do for non-union employees this year considering what union employees are getting. Union employees are getting more than 3% + 1%.
- Commissioner Kraft said the 2009 study showed that non-union employees were dramatically under paid.
- Ms. Buche said that what much of what HR is proposing is consistent with the findings of the Fox Lawson study.
- Commissioner Borgeson said the committee would hold one more meeting to decide what to do for this year, and she will work on getting a group together to review the HR proposal.

Gender Reassignment Surgery Coverage

- Commissioner Borgeson said the committee needs to determine whether the County medical insurance plan will cover gender reassignment surgery.
- Tracy Krause said Aon actuaries did a study that indicated that male to female reassignment surgery occurred at a rate of 67% of all reassignment surgeries, and female to male reassignment was at 33%. The average cost of male to female surgery is approximately \$54,000 while female to male surgery averaged about \$94,000. Additionally, the cost after surgery for ongoing therapies and pharmaceuticals is approximately \$10,000/year. More complex or complicated surgeries with unlimited pharmacy could reach as high as \$720,000 over a lifetime. The average lifetime cost with pharmacy and therapies is approximately \$150,000-\$155,000.

- Commissioner Kraft said that the agencies that have federal contracts must provide reassignment coverage and asked if there were limitations on this coverage. The County could impose a dollar limitation.
- Ms. Buche said NACo in Washington has not issued a position on this coverage because it is relatively new; however, the trend has been to offer it.
- Ms. Krause said the coverage was excluded from major insurance carriers until this year. Now major groups are including it.
- Patrick Bloomingdale said people who elect the surgery are living with a hardship and there should not be a limitation imposed on the coverage.
- Commissioner Morgan said it was important to remain consistent with other coverage the County offers.
- Ms. Krause said that bariatric surgery, massage therapy, Botox, and acupuncture were all considered non-essential.
- Commissioner Borgeson said the next step is to prepare a resolution for the November 22 meeting of the Board. The language could simply state that the procedure is covered.

The meeting adjourned at 11:58 A.M.