

Human Resources Committee Meeting

Douglas County, Nebraska

Wednesday, June 22, 2016

The meeting convened at 10:03 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 June 15, 2016, issue of *The Daily Record*. The County Commissioners present at the meeting were Mary Ann Borgeson, Chris Rodgers, P.J. Morgan, and Marc Kraft. Others present at the meeting were Patrick Bloomingdale, Chief Administrative Officer; Theresia Urich, Douglas County Attorney's office; Joe Lorenz, Diane Carlson, and Catherine Hall, County Administration; Karen Buche, Matt Oberle, and Tim McNally, Human Resources; Jane Faust and Constance Mierendorf, Douglas County Clerk/Comptroller's office. Commissioner 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>.

Compensation 101

- Matt Oberle presented an overview of Compensation including a recap of the Fox Lawson Study findings from 2009 (See Attachment A). He reviewed definitions of Compensation, Compensation Program Design, and Salary Structures (See A 2-8).
- Mr. Oberle also discussed Methodology for Objective Job Analysis that involves 3 basic steps:
 - The organization chooses compensable factors that are valued for its jobs. This includes education, experience requirements and level of responsibility.
 - Each compensable factor is weighted and scaled.
 - Each job is measured against each factor and a total score is derived and compared with the scores of other jobs.
- He discussed Market Pricing. This methodology identifies jobs that are a common match in the market, e.g. Administrative Assistant, Accountant, etc. Using published salary surveys, the jobs match base pay to remain market-competitive. Ideally, local data and employers of comparable size and industry are used.
- The advantages to Market Pricing are that it is easy to use; it enhances competitiveness and provides solid data for pay discussions.
- The disadvantages to Market Pricing include the cost of surveys, the fact that not every job can be market priced, the fact that statistics can be manipulated or misreported, and the level of expertise required to do market pricing correctly.

- For the most part, the County is considered “Market Aware” where the pace of industry change is low. Entry level jobs at the County usually begin at a rate over the minimum wage.
- Salary surveys are not reliable sources of data because data is self-reported and information comes from unnamed sources. There are no checks and balances on the data.
- Mr. Oberle reviewed the Fox Lawson Study that was completed in 2009. The study benchmarked 47 jobs at that time. Salaries were 8.8% above the market. To be competitive, Fox Lawson recommends 10% and Human Resources recommends 5% above market. At the time of the study, Douglas County minimums were 1.3% below market; midpoints averaged 3.8% above market and maximums averaged 7.6% above market.
- Commissioner Morgan asked how many County jobs are below market.
- Karen Buche said most of the County’s entry level positions are above minimum wage. She cited a recent position for a \$15/hour clerk with 1 year of experience and the office received 200 applicants for the job.
- When Human Resources met with the Commissioners last year, the focus of that meeting was Management and Professional Range Employees as well as Administrative employees who only have COLA as an opportunity for a pay increase. The other groups, General/Administrative, Management/ Professional and Unions, have essentially 2 opportunities for increases: a step increase and a COLA increase.
- Mr. Oberle said Fox Lawson had 5 recommendations: 3 Immediate and 2 long-term (see A 18-24).
- Commissioner Morgan asked what the cost of the study was and Ms. Buche responded that the cost was \$75,000 in 2009.
- Mr. Oberle said the Fox Lawson findings were costly and the recommendation was to implement changes over several years, adopt the pay policies that did not cost additional money, and begin development on a performance evaluation system. Most of the focus of Fox Lawson was on the non-union jobs.
- Recommendations from Human Resources:
 1. Eliminate the 3 separate structures for nonunion staff and create one salary structure.
 2. Design a market driven compensation plan for selected positions that are difficult to fill.
 3. Review supervisors’ pay related to subordinate and other management staff.
 4. Implement a matrix for non-union employees to move through steps, tenure, merit, etc.
 5. Create an equitable system of descriptions and structures for the County Attorney and Public Defender offices.
 6. Create descriptions and structures for other legal/ court employees who do not have an assigned pay grade.
- Commissioner Borgeson asked which of the recommendations Human Resources wanted the County Board to support.

- Ms. Buche responded that she believed the last 2 recommendations addressing the legal/court employees could be done with the cooperation of the Public Defender and the County Attorney. Both Lancaster and Sarpy counties have similar systems to what the Human Resources office is proposing. The changes to the County Attorney and Public Defender's offices could probably be accomplished in 2016.
- The first two recommendations could also be accomplished this year in-house.
- Recommendations 3 and 4 would be costlier to implement, might require hiring an outside consultant, and would need to be delayed until 2017.

Fair Labor Standards Act (FLSA)

- Karen Buche said the new minimum salary for nonexempt status is \$47,476 and the effective date of the new standard is December 1, 2016.
- Jobs that pay less than \$47,476 will be switched from exempt to nonexempt. The transaction should be fairly seamless since only 35 employees would be affected and most of them do not put in any kind of overtime.
- Joe Lorenz asked about what the likelihood is that Congress will try to stop this order.
- Ms. Buche said that the trade associations she participates in think the FLSA will be successful and labor attorneys plan to proceed with the December 1 deadline. Human Resources is not implementing changes until that deadline. Once it is implemented, it will most likely be permanent.
- Two other executive orders will be issuing regulations in September. Ms. Buche will prepare a memo explaining the regulations.
- Commissioner Borgeson suggested that Ms. Buche prepare a power point presentation on the executive orders that could be presented to the board.

Health Savings Account Hosting Services

- Diane Carlson said Union Bank hosts the County employees' high deductible plan for health insurance. It is raising its rates from \$20/year to \$24/year. When the County first began the plan in 2010-11, it did not issue an RFP (Request for Proposal). At that time, the County collected information from area banks and Union Bank had no maintenance fees.
- In June, an employee contacted a Board member complaining that the fees from Union keep going up.
- Ms. Carlson said the County does not currently have a contract with Union Bank, but they are willing to negotiate a contract. Their fees have increased because they have a new online system that is more customer friendly. Union Bank would work with us and agree not to raise fees for 3 more years.
- Ms. Carlson contacted 6 other banks: Security National Bank has a fee but might be willing to waive it. First National Bank has a \$3 monthly fee, but Ms. Carlson was not able to speak with anyone at the bank in person. Mutual of Omaha Bank also has a \$2/ month fee but would probably waive it. Core Bank does not have a maintenance fee.

- The employees are interested in having the County pay the fees.
- Ms. Buche said that moving from Union Bank might be more difficult than anticipated since employees may have investments at Union and may be using other services.
- 50 employees are enrolled in this plan.
- Ms. Carlson said the new fee goes into effect mid-July.
- Mr. Lorenz recommended that the County go where there is no fee; however, Ms. Buche noted that often banks will waive fees, but in exchange, they want an organization's entire banking business.
- Commissioner Morgan asked Ms. Carlson to contact Core Bank and Commissioner Borgeson suggested that she do more research on what other banks would be willing to offer as well as what their other fees are. Commissioner Borgeson asked Ms. Carlson to investigate whether any of the banks would agree to a 3-5 year contract.
- Commissioner Borgeson said the County is not going to pay the fee.
- Ms. Carlson said she would also contact Brian Parizek and Union Bank again.

The meeting adjourned at 11:04 A.M.