

Human Resources Committee Meeting

Douglas County, Nebraska

Monday, October 24, 2016

The meeting convened at 1:02 P.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 Marc Kraft, Chris Rodgers, Mike Boyle, Clare Duda, and Mary Ann Borgeson. Others present at the meeting included Patrick Bloomingdale, Joe Lorenz, Diane Carlson, Marcos San Martin, and Catherine Hall, Administration; Carol Donnelly, Karen Buche, Tim McNally and Matthew Oberle, Human Resources; 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>

- Matthew Oberle presented the Compensation Planning PowerPoint (Attachment). The areas covered in the presentation included
 - Strategic Planning Initiatives
 - Pay Scale Consolidation
 - Evaluation of all jobs
 - Descriptions and Pay Ranges for County Attorney, Public Defender & Court Employees
 - Employee pay issues
 - FLSA Changes-Coming 12/1/2016
 - Fox Lawson Study Recommendations (2009)
 - HR Recommendations

Pay Scale Consolidation

- Issues with the current system include overlapping grades on separate scales and staff and supervisors making a similar amount even on separate scales. This was an area recommended by Fox Lawson to correct
- The proposed non-union salary structure is to consolidate from 48 pay scales to 28 pay scales.
- Marcos San Martin asked what per cent of employees are moving from ranges to steps.
- Mr. Oberle replied that 39 employees are moving from range to step; 143 are on steps and will remain on steps; and 63 are on range and will remain on range.
- Commissioner Boyle said the County cannot sustain 7-8% pay increases each year and asked if the County is required to pay over-time if any employee comes to work early.

- Patrick Bloomingdale said employees who make over the \$47,000 threshold are exempt and are not paid over time.
- Karen Buche said there are a very few rare exceptions to this, but it depends on how a job is classified.
- Theresia Urich said the Department of Labor determines how jobs are classified.
- Mr. Oberle said all non-union positions have been regraded. Grades for each position have increased and decreased. No one will receive a reduction in pay. Grades Increased =122; grades decreased=73; and 46 have no change. The cost to implement this for 2017 is \$277,352.

Compensation for County Attorney's Office

- Mr. Oberle said draft descriptions have been updated. A matrix increase proposal has been created and is being reviewed by the County Attorney's office. Pay ranges still need to be determined for the positions. Human Resources (HR) may conduct a market/comparable salary study and then finalize.

Over Range Maximum Employees

- Currently 18 employees are over range. 16 are non-union. 4 employees have been hired above maximum because of market conditions. Using new pay scales, the annual cost is \$533,842 more than if paid at the range maximum.

FLSA Changes 12/1/16

- A lawsuit has been filed challenging FLSA (Fair Labor Standards Act) changes; however, HR professionals have been advised to plan for the changes. Memos have been sent to affected departments.
- The plan is to initiate the changes on 10/23/16 for arrears payroll and 11/6/16 for current payroll with a pay date of 11/18/16. This is the latest date for change before the 12/2 16 pay date.

Fox Lawson Recommendations

- Salary ranges overall are 8.8% above market; Human Resources recommends 5% to be competitive.
- To deal with pay grade compression issues, HR recommends consolidation scales as previously outlined.
- To address pay compression issues because of disparate treatment in pay practices, HR recommends an increase in range job percentages to move them within the range.
- Offer market premium rates for difficult to fill, specialized or market driven compensation positions.

- Formalize pay relationships between supervisors and staff.

Human Resources Recommendations

- Mr. Oberle continued the presentation. Non-union pay increases would increase percentage and individual pay rate in an attempt to fix inequities with range grade employees. Non-union scales have to be adjusted every year to keep pace with union groups.
- If the County does everything it did last year, the total cost for the non-union increase would be \$867,013. This would affect 327 employees.
- Legal and court employees using the same methodology as last year would increase 3% and 1%. The total for each area follows:

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| ▪ County Attorney | \$263,229 |
| ▪ Public Defender | \$178,126 |
| ▪ District Court | \$103,617 |
| ▪ Juvenile Court | \$34,253 |
- Historically, the disparities accumulate over time. In projecting for 2017, the total average union step increase with the pay scale increase is 7.5%. The total non-union range increase is 4%, creating a range-union step grade disparity of -3.5%.
- HR did a comparable jobs analysis with similar sized counties.
- Joe Lorenz asked about the Legal/Court Employees salaries and commented that there seemed to be an escalating spiral of increasing salaries between the Public Defender's office and the County Attorney's Office.
- Commissioner Boyle said that the Legislature mandated the two branches be treated equally.
- Karen Buche said some structure needs to be proposed that both the Public Defender and the County Attorney will be comfortable with.
- Mr. Lorenz said pay for performance is an approach that could be tried, but it is not ready.
- Discussion followed about step increases; union steps were initially negotiated and if they were to be changed, they would have to be re-negotiated.
- Pay for performance was also discussed and Commissioner Boyle said he did not believe it was effective for government employees. It requires training and establishment of criteria upon which employees are measured.
- Marcos San Martin had a question about how people who had their ranges decreased perceived that change. If someone was hired at a given range and that range decreased, did that employee feel that their job was being downgraded?
- Ms. Buche answered that there are always perception problems when changes are made to ranges.
- Over maximum employees could be paid a lump sum in lieu of a pay rate increase in the range of 1%-3%. There could be no increase until the pay scale catches up with the pay rate, or the County could apply the same increase as others receive leaving the over maximum employees continually above the range maximum.

- Mr. Oberle presented the Human Resources Recommendations:
 - A mechanism to progress employees through range grades
 - Salary increases
 - Pay scale consolidation as part of Strategic Planning
 - Salary treatment for those above the range max
- Commissioner Kraft asked that Mr. Oberle send the PowerPoint and Fox Lawson to Commissioners and they will have time to study it.
- Commissioner Borgeson said that this discussion is much bigger than just this meeting and suggested that the committee meet again within the next week.

Human Resources Strategic Planning Update

- Karen Buche said the first part of the Strategic Planning effort is the consolidation of pay scales which is under discussion.
- The second strategic goal is succession planning and Ms. Buche said this is not going to be possible during this calendar year given all of the activity that is going on

Consideration of Adding Coverage for Gender Reassignment Surgery

- Ms. Buche said that before the County begins with Blue Cross Blue Shield on December 1, the County Board needs to decide whether to extend this benefit to all County employees.
- The Federal government has mandated that any entity doing business with Federal contracts must extend this benefit. Douglas County currently has Federal contracts in the Health Center, the Youth Center, and Corrections.
- Commissioner Morgan asked about the cost of the extension and Ms. Buche said there is no way to know what financial impact this would have on the County health plan. It would not affect this year's health plan.
- Commissioner Kraft said that if the County does not extend benefits to all employees, then it is creating 2 classes of employees. The process is long and expensive.
- Kathy Adair said she had been approached by 1 employee about the process.
- Ms. Buche said the decision needs to be made by December 1 because changes cannot be made mid-year.
- Mr. Bloomingdale said the number of people taking advantage of the benefit would probably be very low. The addition sends a good message about the County—that government is taking the lead.
- Commissioner Borgeson said the issue could be discussed further at the next meeting. The November 22 Board Meeting would be the last day the issue could be up for a vote.

The meeting adjourned at 2:18 P.M.

