



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**November 5, 2013**

**Motion 14000**

**Proposed No. 2013-0443.1**

**Sponsors McDermott**

1           A MOTION accepting the executive response to the 2013  
2           Budget Ordinance, Ordinance 17476, Section 19, Proviso  
3           1, office of performance, strategy and budget, Section 26,  
4           Proviso 1, office of labor relations, Section 122, Proviso 1,  
5           employee benefits; and authorizing the release,  
6           respectively, of \$100,000, \$100,000 and \$10,000,000  
7           currently held in reserve.

8           WHEREAS, the 2013 Budget Ordinance 17476 contains a proviso in Section 19,  
9           office of performance, strategy and budget, stating that \$100,000 should not be  
10          encumbered or expended until the executive transmits a report and a motion that  
11          acknowledges receipt of the report and said motion is adopted by council, and

12          WHEREAS, Ordinance 17476 contains a similar proviso in Section 26, office of  
13          labor relations, stating that \$100,000 shall not be encumbered or expended until the  
14          executive transmits a report and a motion that acknowledges receipt of the report and said  
15          motion is adopted by council, and

16          WHEREAS, Ordinance 17476 contains a similar proviso in Section 122,  
17          employee benefits, stating that \$10,000,000 shall not be encumbered or expended until  
18          the executive transmits a report and a motion that acknowledges receipt of the report and  
19          said motion is adopted by council,

20 WHEREAS, the report on updates to the county's personnel code and the benefits  
21 package provided to employees is a joint report from the employee benefits section of the  
22 human resources division, the office of labor relations and the office of performance,  
23 strategy and budget, and

24 WHEREAS, the King County executive has transmitted to the King County  
25 council the requested report, and

26 WHEREAS, the King County council has reviewed the attached report that  
27 addresses the following proviso areas:

28 A. The level and sufficiency, based upon a needs assessment conducted by the  
29 executive, of the mental health benefits provided to employees;

30 B. The benefit to employees and the county from implementing additional leave  
31 options for long-term illness or disability, such as improved retention of valued  
32 employees affected by major illness;

33 C. The appropriateness of a leave bank for long-term illness or disability to  
34 provide a benefit to employees and to reduce administrative costs for the county;

35 D. The competitiveness of the county's leave policy for attracting and retaining  
36 top employees;

37 E. The efficacy for recruitment of the types of jobs eligible for relocation  
38 reimbursements;

39 F. The efficacy for recruitments of the maximum amount that can be paid for  
40 relocation reimbursements;

41 G. Programs that provide merit or incentive pay above the top salary step, and  
42 their effectiveness as an incentive tool. Examine whether there is a better tool that could  
43 be used;

44 H. The appropriate number of ranges and steps for classifications currently in the  
45 county squared salary table;

46 I. Conversion to a single type of paid time off;

47 J. Standardization of work weeks;

48 K. Standardization or reduction of adds to pay; and

49 L. Improvements for the administration of the United States Family and Medical  
50 Leave Act of 1993 and the King County family and medical leave policies in K.C.C.  
51 chapter 3.12.

52 NOW, THEREFORE, BE IT MOVED by the Council of King County:

53 The council acknowledges receipt of the executive's response to the 2013 Budget  
54 Ordinance 17476, Section 19, Proviso 1, Section 26, Proviso 1, and Section 122, Proviso  
55 1, related to the office of performance, strategy and budget, the office of labor relations  
56 and employee benefits, respectively, which is enclosed as Attachment A to this motion.

57 The proviso response is hereby accepted and the \$100,000 currently held in  
58 reserve in Ordinance 17476, Section 19, office of performance, strategy and budget, is  
59 hereby released.

60 The proviso response is hereby accepted and the \$100,000 currently held in  
61 reserve in Ordinance 17476, Sections 26, office of labor relations, is hereby released.

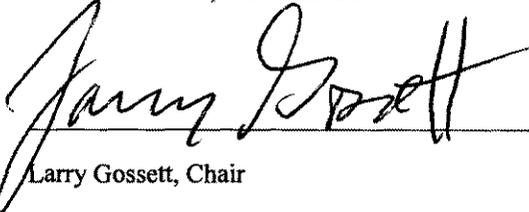
62           The proviso response is hereby accepted and the \$10,000,000 currently held in  
63 reserve in Ordinance 17476, Sections 122, employee benefits, is hereby released.

64

Motion 14000 was introduced on 10/14/2013 and passed by the Metropolitan King  
County Council on 11/4/2013, by the following vote:

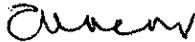
Yes: 8 - Mr. Phillips, Mr. Gossett, Ms. Hague, Ms. Patterson, Ms.  
Lambert, Mr. Dunn, Mr. McDermott and Mr. Dembowski  
No: 0  
Excused: 1 - Mr. von Reichbauer

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

**Attachments:** A. 2013 Budget Proviso Report

# King County Department of Executive Services



**King County**

## **Attachment A - 2013 Budget Proviso Report:** *A Look at the Employer of the Future*

**As Requested By:**  
**Ordinance 17476, Sections 19, 26 & 122**  
**King County's Personnel Code – Analysis & Recommendations**

Caroline Whalen - County Administrative Officer  
Dwight Dively - Director, Office of Performance, Strategy & Budget  
Patti Cole-Tindall - Director, Office of Labor Relations  
Nancy Buonanno Grennan - Human Resources Director

September 30, 2013

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## Executive Summary

Budget Ordinance 17476, Sections 19, 26, and 122 required a report summarizing analysis and recommendations on changes to several key areas of the County's personnel code and benefit package offered to employees. At a minimum, the report must contain an analysis of the following:

- A. *The level and sufficiency, based upon a needs assessment conducted by the Executive, of the mental health benefits provided to employees;*
- B. *The benefit to employees and the County from implementing additional leave options for long-term illness or disability, such as improved retention of valued employees affected by major illness;*
- C. *The appropriateness of a leave bank for long-term illness or disability to provide a benefit to employees and to reduce administrative costs for the County;*
- D. *The competitiveness of the County's leave policy for attracting and retaining top employees;*
- E. *The efficacy for recruitment of the types of jobs eligible for relocation reimbursements;*
- F. *The efficacy for recruitment of the maximum amount that can be paid for relocation reimbursements;*
- G. *Programs that provide merit or incentive pay above the top salary step and their effectiveness as an incentive tool. Examine whether there is a better tool that could be used;*
- H. *The appropriate number of ranges and steps for classifications currently in the County squared salary table;*
- I. *Conversion to a single type of paid time off;*
- J. *Standardization of workweeks;*
- K. *Standardization or reduction of adds to pay; and*
- L. *Improvements for the administration of the United States Family and Medical Leave Act of 1993 and the King County family and medical leave policies in K.C.C. chapter 3.12.*

The attached report responds to these requirements. It contains analysis of our current system, research into competitive practices of comparable employers in both the private and public sectors, and recommended next steps. At the conclusion of this Executive Summary is a high-level summary response on each of the discrete areas noted above as well as a road map where more detailed analysis on the topic area may be found within the report itself.

### BACKGROUND

The personnel code provides the foundation of the employment experience for employees within the government's executive branch. These impact the County's ability to attract and retain talented employees, and its ability to manage, develop and reward its workforce. These matter because the rules significantly impact the County's ability to provide effective and efficient services to customers. Without a sound foundation, the County puts itself at significant risk for

losing talent, stifling innovation and process improvement, and ultimately failing to provide quality service to King County residents.

As detailed in the sections to follow, the personnel code was in large part adopted in the early 1970's and has remained largely unchanged since that time. The County and the issues facing it as a service provider and employer have changed significantly in the intervening years, and employees' expectations about their employment experience have changed as well. In short, the overall analysis demonstrates a significant overhaul is in order.

## **RECOMMENDED NEXT STEPS**

Rather than recommending slight changes to discrete parts of the code, which would be at best window-dressing, staff is recommending leadership engage in a more fundamental review. As set forth in the attached report, based upon the analysis, outreach to staff and prospective job candidates through focus groups, as well as research into competitive practices across all sectors, staff is recommending the following:

1. Provide a clear definition of the kind of employer King County wants to be with respect to the areas of workforce management, total reward, absence management, and employee support services. A recommended employer value statement was crafted through a stakeholder process that would benefit from Council's input to drive legislation.
2. Consider revising existing labor policies. Setting labor policy is one of Council's primary avenues to direct labor contract negotiations and overall human resource policy, given the need to maintain equity between represented and non-represented employees. Some of the existing policies need to be revised in light of this study's findings, including the compensation policy.
3. Consider legislation that will be transmitted in early 2014 to remove barriers to on-boarding qualified candidates for hard-to-fill positions. A legislative package in early 2014 will include provisions to increase flexibility in offering moving expenses, different vacation use and accrual options, and other tools to improve recruitment and retention.
4. Consider legislation that will be transmitted in early 2014 to address key pain points related to leave administration, specifically (a) a major revision in the County's Family and Medical leave policies and procedures, making it more similar to comparably-sized organizations, and (b) standardizing and streamlining bereavement and donated leave provisions.
5. Reviewing and considering if any changes are warranted to Section VI of the County's charter that governs the personnel system. A number of other jurisdictions have recently adopted more flexible charter requirements and King County could consider such a path.

Additional steps within the Human Resources Division are being taken on the following:

1. Resourcing the Hire Well Initiative to brand King County employment, and having a more unified and standardized approach to recruitment.

2. Resourcing the Employee Development and Organizational Effectiveness Team to create development tools and provide managers with opportunities to learn and apply the necessary skills to engage their staff on development.
3. Reviewing the County's approach to leave benefits to determine the feasibility of moving to a paid time off program with short and long term disability programs, thereby providing continued wage insurance when employees face illness and injury yet reducing the administrative burden and costs of the current leave package.

While taking these initial steps, the employer value statements and high-level policy direction will guide more fundamental and systemic change – such as potential changes to our classification structure and compensation philosophy. Simultaneously, the County will need to be working through strategies to negotiate and implement, from a systems perspective, the many changes that may result from these efforts.

## **SUMMARY OF FINDINGS**

### **a. Mental Health benefits**

The County offers a broad array of behavior health services to employees and their families. Employees' use of mental health benefits offered through its health insurance packages as well as the supplemental Making Life Easier program indicate employees' use is at higher levels than the providers' standard book of business, demonstrating that employees are aware of and using the offered benefits. Stress is the fourth most prevalent health risk behind weight, blood pressure, and diet on the County's annual wellness assessment. In order to further connect employees to and educate them about available benefits, staff will continue to develop a comprehensive organizational stress management strategy. More detailed analysis is available in Appendix E.

### **b. Additional leave options for long-term illness or disability**

Many employers are moving to offering a paid time off program that combines vacation and a portion of what was traditionally sick leave, in combination with short and long-term disability options. The County currently offers a long-term disability insurance benefit, and use of accrued leaves as well as donated leave. This issue should be addressed as part of a larger analysis of absence management approaches and the costs associated with different approaches. More detail regarding absence management practices across all sectors can be found in Appendix B.

### **c. Appropriateness of a leave bank for long-term illness or disability**

On a short-term basis, using a leave bank in lieu of the County's current donated leave program would increase efficiency in administering the program, as well as provide more consistency in how the program benefits are offered to employees. That said, a longer-term, more holistic solution may include providing short-term disability insurance in lieu of providing some or all of sick leave. More detail is provided in Appendix B – Absence Management Competitive Practices and Appendix C – Absence Management, Current State Overview.

**d. Competitiveness of the County's leave policy for attracting and retaining top employees.**

Analysis of the County's current practices and those of other employers revealed we lag behind other employers in offering vacation leave to new hires. Immediate steps should be taken to enable recruiters to incorporate additional leave into negotiations with job candidates and to remove the current prohibition on allowing employees from taking vacation leave during the first six months of employment. More detail can be found in Appendix C – Workforce Management and Absence Management.

**e. Relocation reimbursement for job recruitment for certain types of jobs**

Immediate steps should be taken to allow recruiters to offer relocation expenses for hard-to-recruit positions (such as information technology candidates, physicians, psychiatrists, and other, hard to fill jobs). The County's practices lag behind comparable employers in the public sector and are no match for when we compete with the private sector. More information can be found in Appendix C – Workforce Management.

**f. Maximum amount that can be paid for relocation expenses**

The County currently limits the amount it will reimburse for moving expenses to \$6,000. Most agencies of the County's size and complexity pay for actual expenses based upon a three-bid quote. Still others pay in an amount not to exceed a certain percentage of the candidate's starting salary, and pay for temporary housing. Private sector companies go far beyond simply reimbursing expenses. More information can be found in Appendix C – Workforce Management.

**g. Programs that provide merit or incentive pay above the top salary step, and their effectiveness as an incentive tool; and whether a better tool could be used**

Performance incentives are usually designed to deliver timely rewards and often are not monetary in nature. The County's current system is not working well as an incentive tool for a variety of reasons. Employees receive merit pay co-mingled with their base pay, and thus is perceived as an entitlement. It is not perceived as timely. To determine what will work as a better tool will require more research, costing analysis and some thinking about the County's Employer Values – we want to reward what we value. More analysis of this issue can be found in Appendix B – Total Compensation Competitive Practices and Appendix C – Total Compensation.

**h. Appropriate number of ranges and steps for classifications currently paid on the County squared salary table**

Most employers, across all sectors, have different kinds of compensation bands for different kinds of jobs. Many will employ a broader, more flexible salary banding for executive level positions, and fewer steps and less time to get to the market based salary step than what is the County's current system. More information can be found in Appendix C – Total Compensation.

**i. Conversion to a single type of paid time off**

There are many reasons to consider moving to a consolidated paid time off system. Many private sector employers provide this type of leave, particularly in the health care industry. Employers who use the plan report it is more efficient to administer and reduces unplanned absences. Often these are offered in conjunction with short and long-term disability plans. More research and analysis will need to be performed to determine whether this is feasible for the County. More information on this topic can be found in Appendix B – Absence Management Competitive Practices and Appendix C – Absence Management.

**j. Standardization of workweeks**

The Office of Labor Relations has made significant strides in negotiating reductions to the number of workweeks the County offers to employees, moving from dozens to five. This will continue to be an issue to address and is summarized in greater detail in the Overview section.

**k. Standardization or reductions of adds to pay**

The County provides a number of premium pays – 149 total in 2013 – that add to the complexity of both the payroll system and administering collective bargaining agreement provisions. Over 60% of the premium pays benefit twenty or fewer employees, indicating there is room to negotiate consolidation or reduction in the numbers. More information on this topic may be found in Appendix F.

**l. Improvements for the administration benefits provided under the Family and Medical Leave Act and the King County family and medical leave policies in KCC chapter 3.12**

The County's current policies promulgated to supplement the federal Family and Medical Leave Act are difficult to administer. Most employers simply comply with the FMLA. It is recommended the County take immediate steps to streamline the current KCFML policies to be more consistent with federal law and that of other jurisdictions. More information on this topic may be found in Appendix C – Absence Management.

## Introduction

### BACKGROUND

As part of the 2013 budget adoption, the King County Council enacted a proviso requiring a report on key elements of King County's personnel code - reviewing everything from the kinds of recruitment tools necessary to bring in a qualified and diverse workforce to the benefits the County provides to its employees, including mental health benefits. The proviso was well-timed, as the County's personnel code was adopted in large part more than forty years ago and has remained relatively unchanged. Revisions that have occurred in subsequent years have been reactive – in response to federal or state employment law changes or in response to issues raised in audits or litigation.

The County and the issues facing it as a service provider and an employer have changed significantly since the early 1970's. The geographic region of King County has moved from a relatively homogeneous, Caucasian working class region with Boeing as its primary employer to a vibrant, multi-cultural region with a key, competitive hub for information technology professionals and other industries. Serving the diverse communities within King County well requires a diverse, agile and highly technically skilled workforce. A fundamental rethinking of our current systems will be necessary in order to remain competitive in this changing labor market, and ultimately to continue to be able to provide services to the public in an efficient and effective manner.

Per the proviso, the project was a collaborative effort across the Human Resources Division (HRD), the Office of Labor Relations (OLR), the Office of Performance, Strategy and Budget (PSB), and many other King County organizations and employees.

Specifically, the proviso required a report that addressed the following:

- A. The level and sufficiency, based upon a needs assessment conducted by the Executive, of the mental health benefits provided to employees;
- B. The benefit to employees and the County from implementing additional leave options for long-term illness or disability, such as improved retention of valued employees affected by major illness;
- C. The appropriateness of a leave bank for long-term illness or disability to provide a benefit to employees and to reduce administrative costs for the County;
- D. The competitiveness of the County's leave policy for attracting and retaining top employees;
- E. The efficacy for recruitment of the types of jobs eligible for relocation reimbursements;
- F. The efficacy for recruitments of the maximum amount that can be paid for relocation reimbursements;
- G. Programs that provide merit or incentive pay above the top salary step, and their effectiveness as an incentive tool. Examine whether there is a better tool that could be used;
- H. The appropriate number of ranges and steps for classifications currently in the County squared salary table;

- I. Conversion to a single type of paid time off;
- J. Standardization of workweeks;
- K. Standardization or reduction of adds to pay; and
- L. Improvements for the administration of the United States Family and Medical Leave Act of 1993 and the King County family and medical leave policies in K.C.C. chapter 3.12.

These specific issues are part of several key main categories of employment: Workforce Management, Total Compensation, Absence Management, and Benefits, specifically those parts of the benefit package addressing stress and well-being. This report contains (1) an analysis of the current state of the County's personnel system in these key areas, (2) employees' perceptions of that current state, and what they and prospective employees want in each area, and (3) a review of current competitive practices across all industries in each area. Appendix D on page 79 in this report details where specific analysis for items A-L listed above may be found.

Before recommendations on specific changes to these key areas can be made, it is necessary to take a step back and consider the County's more general policy direction. In short, the County first needs to answer some fundamental questions about what kind of employer it wants to be and what kind of employment experience it desires for its staff.

To that end, the following objectives were developed under a broad umbrella effort coined "Employer of the Future"

1. Clear definition of the kind of employer King County wants to be with respect to the areas of workforce management, total reward, absence management and employee support services.
2. A report, transmitted to Council by September 30, 2013, that includes analysis on the County's current state and potential best practices for the categories identified in the proviso, in order to elicit policy direction and guidance from Council.
3. Clear standards, based on best practices and King County's current state, for each of the areas identified above (and appropriate legislation required to implement those standards).
4. A future collective bargaining agreement format which adopts countywide standards (laws, ordinances, and policies) by reference.
5. A sequenced plan for negotiating the future collective bargaining agreement across bargaining units and over bargaining cycles.
6. Clear priorities – based on practicality, importance and workload – for system changes (and associated resource needs) required for standard implementation, and a process for regular review and revision of those priorities.

The following is a summary of the work that commenced in early 2013 toward meeting objectives #1 and #2, as stated above. Objectives #3 through #6 will be an on-going process in the coming years.

## PROCESS

Between March and August of 2013, the Employer of the Future team undertook a variety of activities to re-envision King County's personnel system. Key process components included:

- Focus Groups— To better understand what draws employees to County employment, HRD staff held seventeen focus groups with King County employees and potential employees, including specific sessions for: King County employees with more than 30-years tenure; King County employees with fewer than two years tenure; King County field employees; King County employees in IT-related positions; non-employees in technical college trade programs; non-employees in public administration graduate programs, and many others. Focus group participants were asked questions like – “Why did you apply for a job at King County originally?” and “What would have to be true in five years for you to still be working at King County?” (A full focus group summary can be found in Appendix A)
- Subject Matter Expert Work Groups – In May of 2013, four teams were convened to review and bring their knowledge to bear on various aspects of the proviso. The teams were – (1) Workforce Management, (2) Total Compensation, (3) Absence Management, and (4) Employee Stress and Support Services. Work groups were comprised of a combination of Human Resources Division (HRD), Office of Labor Relations (OLR), Office of Performance, Strategy & Budget (PSB) and operational department staff. They met, with varying degrees of frequency, from May through August. Work groups were charged with assessing King County's current state and coming up with ideas for best practices (more information regarding the work from three of the groups can be found in Appendix C; Employee Stress and Support Services' work is found in Appendix E)
- Competitive Practices Research – Working in collaboration with consultants and doing independent research, HRD staff took a broad look at best practices – both in the public and private sectors – with respect to the issues in the proviso and others raised by work groups (more information regarding best practices research and next steps can be found in Appendix B)
- Employer Values Development – In the process of looking at best practices, several work groups raised the issue that there are widely varying “best practices” dependent on the objectives of the organization. The best practices on which we should model King County's system depend on what kind of employer the organization wants to be. Consequently, with models from other employers in hand, leaders in the executive branch worked on developing a draft statement of employer values for King County for Council consideration (that draft is set forth below in detail)

The results of all of these process elements are shared in this report, but this is by no means the end of the effort. With policy direction from the King County Council and additional best practices research, work groups will develop more specific standards and code changes that will move us in the direction of the employer the County wants to become.

## Vision for King County as an Employer

It is becoming increasingly common for major organizations to define their values as an employer, the personnel system and employment policies regarding compensation, retention, performance and engagement should align with the organization's values. Companies like Netflix, Google and Zappos have taken the lead in creating these value statements. For example, Netflix champions "Freedom and Responsibility" as a value, stating "Netflix does not have a vacation policy or tracking - leaders take long vacations and come back rejuvenated." For these companies, their values provide the fundamental structure and policy direction for their human resources system. Organizational value statements provide clarity when determining what the "ground rules" should be and whether or not they are working; values remain constant but allow for change and pragmatism for how they are implemented.

### IMPLIED VALUES OF THE CURRENT SYSTEM & UNINTENDED CONSEQUENCES

A number of values can be inferred from King County's current personnel system. For example, predictability and consistency feature prominently – if you perform "x" body of work and have been doing it for "y" years, you are entitled to "z" in terms of compensation. Longevity, experience and specifically, experience at the County, are also implied values of our current system. We value longevity in that we compensate employees more for longer tenure (until they reach the top step of their range) and grant additional vacation with tenure. We value experience in that we expect candidates to be able to "hit the ground running," rather than allowing them room to grow into a particular role; and, we don't provide a total compensation package that reflects experience gained elsewhere – employees must earn the additional rewards based upon their tenure here at the County.

These values imbedded in the current personnel system addressed concerns present in 1972, when most of the critical elements were adopted. In the intervening 41 years, the County, our workforce and the way we do our work have changed significantly. Some of the current values may no longer be valid and others, while still appropriate, may be having adverse consequences as a result of how they are implemented. Some unintended impacts of the current system identified by work groups included:

- There are few tools and flexibility to recognize talent earned elsewhere beyond the base salary, thereby driving up starting salary costs and, at times, leaving hiring managers unable to secure the candidate of choice because of the lack of flexibility to address candidates' diverse needs (including moving expenses, time off, training and growth opportunities)
- There are very few entry-level positions or opportunities that don't require extensive previous experience, making the County a hard place to enter for a younger, more diverse workforce
- Once an employee is on board, career advancement is primarily achieved through taking on managerial or supervisory positions with very few paths to advancement for individual contributors

- There are perceived and sometimes real inequities in pay, leave and benefits, often the result of negotiations with individual bargaining units

Because of these and other unintended consequences and in line with the trend toward employer value statements, it was imperative that King County revisit the fundamental question of who we want to be as an employer.

With input from the Executive, the Executive Leadership Team, Executive Cabinet and employees who work within the County's current personnel system, a draft list of recommended values emerged. Once input is received from the King County Council regarding a final King County employer value statement can be developed.

### **KING COUNTY'S VALUES AS AN EMPLOYER**

King County provides fiscally responsible, high-quality local and regional services that promote healthy, safe, and vibrant communities. To achieve this mission, we need competent and committed employees who reflect the diversity of the communities we serve. As a major regional employer, and in partnership with the public and our labor partners, King County seeks to be an Employer of the Future:

1. King County is an innovative, high-quality employer that demonstrates in its policies and practices it values its employees.
2. King County employees are committed to public service and to building a legacy for future generations.

To meet these objectives, we will:

#### *Pay competitively and ethically*

- Compensation is based on our real market, not just traditional public sector comparables
- Compensation is more than just wages in dollars, it includes benefits, flexibility and opportunities, and should reflect skill-level and performance
- A reasonable quality of life for our employees and their families is the floor, even if that means paying above market

#### *Offer flexibility and choice*

- Employees have compensation options that support their changing life and career goals and which reflect the diversity of our workforce
- Employees have flexibility about when and how they accomplish their work

#### *Drive improvement and embrace change*

- Employees aren't satisfied with the status quo
- Learning and development are part of everyone's job
- People are supported for being innovative, even if they don't always succeed

*Expect quality work*

- Employees have a deep commitment to public service
- High performance is the standard and expectation; we value and reward capable, committed and engaged employees
- Customer service is the cornerstone of everyone's job
- It's not "my" work, it's "our" work – we work together

*Create opportunity and access to King County employment*

- Entry-level positions allow ready access to career opportunities at King County
- Every employee has access to opportunities to learn, grow, and advance up and across the organization
- Our workforce reflects our community at all levels of the organization

## Focus Group Lessons

The Employer of the Future team held focus groups with County employees and prospective employees between June and August, 2013. Participants were randomly selected, with some specific sampling for particular characteristics to ensure broad perspective across age, tenure, hourly wage, and work location.

### MAJOR THEMES ACROSS FOCUS GROUPS

Conversations with employees and potential employees provided a great deal of insight into what they value about their employment experience. Major themes across all focus groups included:

1. Personnel rules, policies and procedures are overly rigid, inconsistently understood and perceived to be erratically applied, which creates frustration and perceptions of inequity on the part of employees.
2. The biggest reason current employees would consider leaving their job is "poor" management or supervision - for example, managers or supervisors who fail to articulate a clear vision, priorities or expectations about what should be accomplished and then who fail to empower employees to figure out how to make that happen.
3. Many employees are attracted to the County because they perceive opportunities for work/life balance, flexible schedules, and mobility across departments and divisions. In reality, these opportunities are not consistently advertised or implemented across the government.
4. In general, employees are satisfied with their benefits and compensation. Concerns stem primarily from perceived inequities and inconsistencies within the organization (as opposed to inequities with respect to the external market).
5. Career advancement and professional growth, in the form of training and development, coaching, mentoring, continuing education, and "stretch" opportunities, are highly valued by employees and are improving. However, there continues to be inconsistent access to or knowledge about these opportunities, which leaves many employees feeling "stuck."
6. Public service and relationships with co-workers and clients are the primary reasons employees come to work for the County and big factors in why they stay.
7. Employees value diversity in a variety of forms and believe it makes the County a stronger organization.

A complete summary of focus group results can be found in Appendix A, starting at page 18 in this report.

## Current State and Competitive Practices: Lessons Learned

Work groups were formed for four subject matter areas: absence management, total compensation, employee services and stress, and workforce management. Teams were made up of a combination of HRD, PSB, OLR and operating department staff and were charged with assessing the current state, identifying key issues, and brainstorming solutions. Simultaneously, HRD worked with several consultants and did independent research on the current, competitive practices in both the private and public sectors for each area.

Below is a summary of the high-level findings.

- There is currently a tremendous amount of rigidity in the County's personnel code which ultimately impedes hiring, developing and retaining employees. Providing more flexibility in compensation packages, specifically to meet new hires' needs and to offer affordable part-time work options, is a key first step in overhauling our current system.
- The County needs a more unified approach to marketing or branding itself as an employer. Its current recruitment efforts are decentralized, fragmented and cumbersome to candidates. Best in class employers use a branding technique to attract candidates.
- Autonomy and having control over one's work are some of the most important drivers in terms of decreasing employee stress and increasing engagement, both of which increase productivity and decrease unplanned absences.
- Moving to a total rewards program will give flexibility to reflect the needs of a changing demographic of employees while providing more meaningful tools for managers to recognize high performance. A direct link from performance to base compensation, while popular with leaders, appears to have had limited success across all sectors in driving true performance. Rather, finding other ways to reward high performance in a timely way resonates with a more diverse workforce and may be more financially sustainable.
- Career development, access to promotional training and other opportunities, drives employee engagement and satisfaction across all sectors. The County's recent investment in creating the Employee Development and Organizational Effectiveness Team is a step in the right direction.
- Inconsistencies and inequities, either real or perceived, drive the most dissatisfaction with the County's current system. This is true for everything from monetary compensation to benefits to rule enforcement. Causes include differences in bargaining agreements, disparate management practices or quality of management and unintended consequences from our current classification and compensation structure.
- The foundation of our compensation structure, our classification system, isn't working well. Forty-one percent of our 1,310 classifications have only one incumbent, making our system unwieldy and inefficient. Further, it is hard to differentiate between the classification series and the levels within classifications. The classification series were completed as part of the Class/Comp Project undertaken following the merger of Metro and King County and no longer reflect the changing work, making strategic workforce planning, including succession planning, difficult. In contrast to the County's structure,

most employers, across all sectors, have different classification and compensation bands for other executive, managerial and independent contributors.

- Leave benefits vary greatly depending on what provisions have been bargained by a particular unit. This variation, in addition to issues associated with donated leave and tracking family medical leave, makes leave administration extremely cumbersome. The administrative burden requires too much of managers, human resource and fiscal staff's time and effort.
- The complexity of the leave and other benefits have made them difficult not just to administer but to communicate, with the result that employees are unaware of some of the benefits the County currently provides. No employer had a similar approach to Family and Medical Leave, making the County's program a clear outlier. Trends are moving to a more streamlined approach to leaves, and utilizing short-term disability plans as a wage insurance for employees with illness or injuries, replacing traditional sick leave, and the multiple, at times bewildering, array of leaves offered for this purpose at the County.
- Employee choice and flexibility in a total rewards approach needs to be standardized to be administratively feasible to implement in the County's enterprise business systems. In other words, create standard choices for employees based around their diversity of needs.
- Significant work was done to reduce the number of work weeks and create other efficiencies when moving all of the government to the PeopleSoft system to pay employees. The Business Resource Center staff, in conjunction with OLR, FBOD, and HRD staff, continue to work to streamline and reduce variation to ensure our enterprise business systems can work as intended.
- Finally, in 2013 there are 149 actively used additional premium pays, for an estimated \$23 million paid out to slightly over 4,800 employees. Approximately 60% of the premium pays were received by 20 or fewer employees. More research in conjunction with the Office of Labor Relations will need to be conducted to determine how to approach reducing the numbers of premium pays, given the complexity they add to payroll administration and yet benefit relatively few in the workforce. Reducing these kinds of variations will result in fewer customizations, more efficient processes, and ultimately allow the County to leverage its enterprise system investments.

A complete summary of competitive practice research can be found in Appendix B on page 26. A complete summary of work group analysis of the current state can be found in Appendix C on page 51.

## Next Steps

This report is a milestone in the early stages of what will be an on-going process. In collaboration with PSB and OLR, HRD, the Business Resource Center (BRC) and Finance and Business Operations Division (FBOD) will continue to research best practices and develop more detailed code and administrative changes per the policy direction of Council and the Executive.

Specifically, there are five key areas that would especially benefit from Council's perspective and, in some cases, action.

1. Providing policy direction and guidance with respect to the Employer values statements.
2. That policy guidance would then be used to revise or create new labor policies, one of the Council's primary avenues to direct labor contract negotiations. Some of the existing policies need to be revised in light of this study's findings, including the labor policy on compensation.
3. Considering legislation to improve workforce management tools and removing barriers to recruitment and securing top candidates. A legislative package in early 2014 will include provisions to increase flexibility in offering moving expenses, different vacation use and accrual options, and other tools to improve recruitment and retention.
4. Considering legislation to address key pain points related to leave administration, specifically (a) a major revision in the County's Family and Medical leave policies and procedures, making it more similar to comparably-sized organizations, and (b) standardizing and streamlining bereavement and donated leave provisions.
5. Reviewing and considering if any changes are warranted to Section VI of the County's charter that governs the personnel system. A number of other jurisdictions have recently adopted more flexible charter requirements and King County could consider such a path.

Additional steps within the Human Resources Division are being taken on the following:

1. Resourcing the Hire Well Initiative to brand King County employment, and having a more unified and standardized approach to recruitment.
2. Resourcing the Employee Development and Organizational Effectiveness Team to create development tools and provide managers with opportunities to learn and apply the necessary skills to engage their staff on development.
3. Reviewing the County's approach to leave benefits to determine the feasibility of moving to a paid time off program with short and long term disability programs, thereby providing continued wage insurance when employees face illness and injury yet reducing the administrative burden and costs of the current leave package.

While taking these initial steps, the employer value statements and high-level policy direction will guide more fundamental and systemic change, such as potential changes to our classification structure and compensation philosophy. Simultaneously, the County will need to be working through strategies to negotiate and implement, from a systems perspective, the many changes that may result from these efforts.

# Appendix A: Focus Group Data Summary Report

## OVERVIEW OF THE PROCESS

The purpose of conducting focus groups was to gain a broad understanding of how the current state of the personnel system impacts different types of employees, both positive and negative, and to identify perceived gaps in the current personnel system.

Prior to conducting the focus groups, the Employer of the Future team conducted outreach to determine who to talk to and what types of information to gather. The Employer of the Future team met with a variety of leadership groups around the County, including the Executive Cabinet, the Executive Operations Cabinet, the Equal Employment Opportunity/Affirmative Action Committee, Human Resource Service Delivery Managers, and many department and agency leadership teams, as well as managers who participated in the University of Washington's Evans School leadership programs.

Based on the input gathered from leaders throughout the County, the Employer of the Future team began holding focus groups with a variety of current employees, thinking specifically about the following dimensions:

<b>Dimension</b>	<b>Categories</b>
Tenure	<ul style="list-style-type: none"><li>• Less than 2 years, above range 72</li><li>• Less than 2 years, over age 50</li><li>• Less than 2 years, under age 35</li><li>• More than 30 years service</li><li>• 2-8 years service</li><li>• 8-15 years service</li><li>• 15-30 years service</li><li>• Recently separated employees</li></ul>
Work Location	<ul style="list-style-type: none"><li>• Downtown</li><li>• Various Field locations</li></ul>
Prospective Employees	<ul style="list-style-type: none"><li>• Renton Technical College – various programs</li><li>• University of Washington Evans School – various programs</li><li>• Career fairs</li></ul>

Ethnicity, job type, and supervisory responsibilities were also considered to ensure a balance of perspectives, but focus groups were not specifically selected along any of those dimensions.

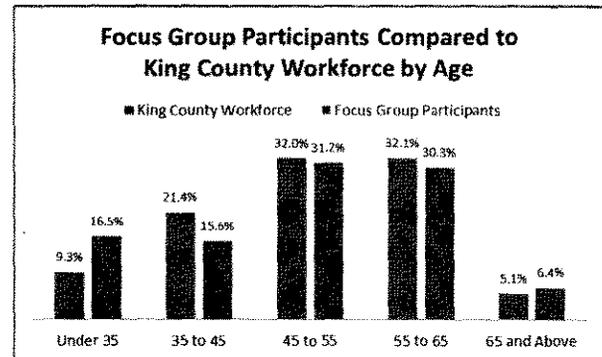
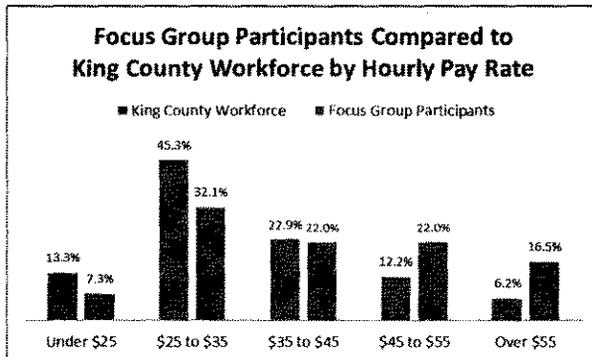
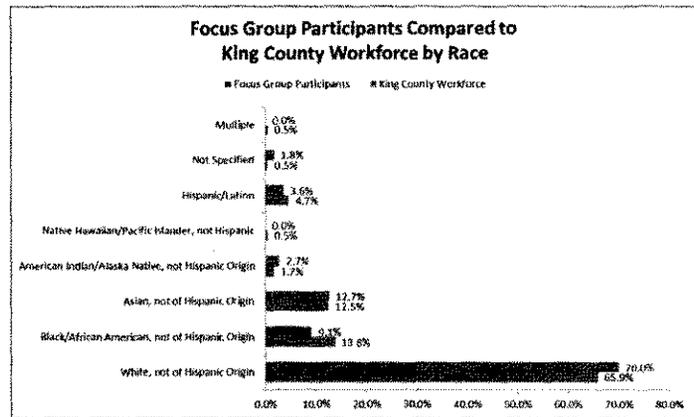
Focus group panels convened employees with the above characteristics in an effort to identify differences in how the current personnel system affects different types of employees.

Participants for focus groups were identified randomly using PeopleSoft data based upon the identified criteria for each focus group. All identified participants were encouraged to attend and asked to secure supervisor approval when appropriate; the Employer of the Future team worked with management to minimize the impact on operations where direct service providers were involved.

Each focus group was provided with a list of questions developed by the team based on input from the leadership groups mentioned above. Participants were asked about various aspects of their employee experience, including why they applied for work at King County initially and what might cause them to change jobs.

### DEMOGRAPHICS OF FOCUS GROUP PARTICIPANTS

Because focus group participants were selected randomly through PeopleSoft, their key demographics are relatively representative of the County as a whole. Focus group participants were slightly more likely to fall into higher income brackets, which is partially a result of specific outreach to IT employees and participants in the Evans Leadership Cohort.



As can be seen in the charts above on the right, focus group participants' ethnicity and age were relatively representative of the County as a whole. Additional focus groups are being planned to elicit additional input from employees in field locations, specifically transit operators, as well as to ensure adequate representation from separately elected agencies.

### KEY THEMES ACROSS ALL FOCUS GROUPS

1. Personnel rules, policies and procedures are overly rigid, inconsistently understood and erratically applied, which creates frustration and perceptions of inequity on the part of employees.

Across the board, focus group participants noted that inflexible rules and policies, for example absence request procedures, made their experience as employees more difficult. Many participants agreed that rules and culture practices are often based on the “lowest common denominator” and that the system doesn’t inherently trust or empower employees.

It was also noted that, because of the unreasonableness of some rules, many supervisors simply choose not to enforce rules. Other supervisors weren’t aware of rules or rule changes. The result for many focus group participants was an environment in which rules are inconsistently applied and work experiences varied dramatically across work groups.

**2. The most common reason current employees would consider leaving their job is poor management or supervision.**

Focus group participants expressed significant dissatisfaction with the quality of supervision and management. Many observed that individuals were promoted based on their experience and technical skills, not because they would necessarily make good managers. While most participants knew of high quality managers and supervisors, either their own or others they had encountered at King County, this was viewed as the exception to the rule.

*“When managers don’t have people skills, it can devastate employees. I’ve seen whole units devastated.”*

*– Focus Group Participant, Over 30 years tenure*

Micromanagement topped the list of frustrations, but concerns also included:

- Inconsistent support for employee training and development,
- The inability or unwillingness to address poor performance,
- Failure to provide employees with regular feedback,
- Lack of autonomy on the part of employees,
- Very few paths for advancement that don’t include supervision, and
- A lack of manager understanding of the work performed by their staff.

In addition to training and development, participants (both those in supervisory roles and those who are not) also observed that managers need more tools to recognize and reward employees.

*"When I was making more money, I was working 65 hours a week. Now, I have a half a year of personal life time back. It's about work/life balance."*

*- Focus Group Participant. 2-8 years tenure*

**3. Many employees were attracted to the County because they perceived opportunities for more of a work/life balance and flexible schedules. In reality, these opportunities are inconsistent, and sometimes unsupported.**

Many focus group participants noted their flexibility and ability to have a work/life balance as key reasons they continued their employment with the County. This was especially true in longer tenured and highly engaged employees. However, many sought more flexibility, including more access to telecommuting and flexible schedule opportunities. Some participants lamented losses in their flexibility and desired work schedules in recent years.

It was also noted or perceived that due to reductions in resources over the last few years, more specifically staff, that the work/life balance was decreasing.

**4. In general, employees are satisfied with their benefits and compensation. Concerns with total rewards stem primarily from perceived inequities and inconsistencies.**

Fairly consistently, focus groups participants said they were satisfied with their monetary compensation, including the availability of a pension. In some cases, particularly those that had come from the private sector, participants noted that it was less than they'd made previously but that "it was enough." In other cases, participants compared their monetary compensation to the non-profit sector, observing that they were highly satisfied. Concerns regarding compensation arose primarily around perceived inequities in compensation, for example scenarios in which one employee did significantly more work than another employee, but their compensation remained the same.

*"Even if you've been here for 25 years and just managed not to get fired, you still get the same award as everyone else."*

*- Focus Group Participant*

Benefits were also a high point of satisfaction. The bus pass was consistently mentioned as one of the most highly valued non-monetary benefits of employment. Many employees noted that changes to their benefits, particularly pension and health care benefits, would definitely cause them to consider leaving County employment.

**5. Career advancement, in the form of training, development and coaching is getting better but there continues to be inconsistent access, leaving many employees feeling "stuck."**

A number of participants noted that one of the reasons they sought employment or remained with the County was because of the size and breadth of work performed at the County. They perceived (and sometimes realized) opportunities for growth and significant mobility. At the same time, many of the newer

*"I want to grow, but that opportunity may not be visible to us. My hope is that there is some mechanism to make opportunities more visible to everyone."*

14000 *- Focus Group Participant,  
Under 2 years, over range 72*

County employees noted feeling “stuck” now that they are here, and that they don't understand how to access new experiences or navigate a path for advancement.

While many participants acknowledged that things are improving, one of the key factors many noted in whether or not they would be working at the County in five years was the opportunity to learn and grow. The need for additional training opportunities, particularly for employees outside downtown work locations, and the need to ensure consistent access to training across work groups, were key themes.

**6. Public service and relationships are the primary reasons employees come to work for the County and big factors in why they stay.**

Many focus group participants expressed a deep and sincere commitment to public service as a primary reason they sought employment with and remained working at the County. Additionally, many expressed that their relationships with co-workers, their dedication, the presence of a team environment, and on-going opportunities to make a difference, keep them engaged.

**7. Employees value diversity, in a variety of forms, and believe that it makes the County a stronger organization.**

Many participants believe the County is making strides in its efforts towards diversity but some concerns of note included: lack of diversity in higher-level executive positions; the need for increased efforts and new approaches to diversify ‘front-line’ service staff; recognition of other types of diversity such as younger employees or more employees with private sector experience.

## **CHARACTERISTICS UNIQUE TO SPECIFIC GROUPS**

**1. Recently hired employees, those with less than two years tenure**

- **Leave Usage during Probation.** New hires were extremely dissatisfied about not being able to use accrued leave during their probationary period, typically the first six months of employment but extendable up to one year. Managers and supervisors in some workgroups appeared to allow creative solutions to this problem while others did not.
- **Negotiating Non-Salary Compensation.** Frustration with King County's inability to negotiate around non-salary compensation often resulted in higher base salaries. This is particularly problematic as the higher initial salary becomes an ongoing obligation for the County, increasing through step and COLA over time. Specific non-salary compensation elements included:
  - **Leave.** All new employees begin County employment with a zero leave balance and an accrual rate of twelve days per year, regardless of the balance or accrual rate at their prior position.

- **Moving Expenses.** King County can provide moving expenses in some limited situations. When this is not available as a recruitment tool, increased salary is often negotiated.
- **Innovation and the Pace of Change.** New employees expressed frustration with inefficiencies in how work gets done at the County and perceived a resistance to change and workplace culture of “that’s just how we do things here.”
- **Recruitment and On-Boarding.** New employees, with the exception of new hires above range 72, described their experience with the recruitment process as very lengthy. Once hired, they indicated that the on-boarding process failed to provide an introduction to how the County works and County culture.
- **Open to Older Employees.** Newer employees over the age of 50 observed that the County was one of the few places where they felt they would be fairly considered for employment.
- **Leave and Pay over Insurance and Retirement.** Low tenure employees generally indicated that leave benefits and pay were more important to them than insurance and retirement benefits. Among younger new employees, leave was a highly valued piece of compensation, with some expressing a willingness to exchange pay for higher leave accrual, essentially purchasing additional leave.

## 2. High tenure employees, employees with more than 20 years of service

- **Connection to Work.** Many high tenure employees indicated that they remain with the County due to the importance of the work they are performing.
- **Benefits and Retirement over Leave and Pay.** High tenure employees generally indicated that insurance and retirement benefits were more important to them than leave or pay.
- **Insurance as a Barrier to Retirement.** Early retirement, while often desired, is considered impracticable until employees reach the age at which they qualify for Medicare. This was especially true among employees with greater than 30 years of County service. Many of these employees indicated an interest in working a reduced schedule, even at a reduced hourly rate, to transition to retirement and allow for knowledge transfer.
- **Retirement Planning.** The majority of employees with greater than 30 years tenure did not have a specific plan for when they are going to retire. Those who did were unwilling to share their plan with their manager or supervisor for fear being “locked in” and losing control of the decision, or being “pushed out.”
- **Succession Planning.** Employees at all levels expressed frustration with the lack of effective succession plan implementation. While there are substantial

conversations about the need to transfer job specific knowledge and develop necessary skills, there is little action. One of the perceived barriers to succession plan implementation is the inability to double-fill a position to allow for an effective, phased transition.

### 3. Prospective employees

- **Lack of Entry Level Positions.** Participants of focus groups conducted at area colleges were acutely aware of the lack of entry level positions.
- **General lack of Transparency.** Students believed the County and, specifically, the application and hiring process lacks transparency. Even after reviewing the County jobs page, participants lacked a clear understanding of County benefits and the positions available.

### 4. High level employees, employees earning \$50 per hour or greater

- **County Leadership.** This group, specifically newer high level employees, noted the leadership and innovation at the Executive level were key reasons why they chose to come to or remain at the County.
- **Program Excellence.** In particular programs, the excellence and national recognition were key factors for employees choosing to work within those programs at King County.

### 5. Field Employees

- **Safety First.** Many field employees indicated that safety was the paramount priority. Examples include:
  - The need to be able to control the work environment and ability to raise and address safety concerns,
  - The need for competent employees, as errors can create unsafe conditions for co-workers, and
  - Appropriate tools, clothing, and vehicles to perform the work efficiently, effectively and comfortably.
- **Oversight.** Unnecessary approvals and delays from “downtown” are perceived as not adding value and as a barrier to getting important work done. This is coupled with the belief that off-site management is not in the best position to make decisions and does not understand the work field staff performs.
- **Training.** Field staff indicated that it is not possible to attend centrally offered training opportunities and there are few that are relevant to their work.

## CONVERSATIONS WITH APPLICANTS WHO REJECTED AN OFFER

In addition to current employees and prospective employees, conversations were held with applicants who rejected an offer. Information was collected from applicants who rejected an offer between year 2012 and the first half of year 2013, and the two most common reasons given were (1) an insufficient salary offer and (2) a better counteroffer by their current employer. In order to more comprehensively understand why employees either reject and offer or chose to leave County employment, additional data collection tools, such as exit interviews, are in the process of being designed and implemented.

General Questions for Focus Groups (questions varied slightly depending on the characteristics of the focus group)

- What led you to apply for employment at King County?
- When you were offered employment with King County, what incentives or disincentives did you consider?
- What would entice you to change jobs (either within or outside of King County)?
- What do you believe employees (current and potential) want or expect regarding diversity?
- In terms of what you receive/gain from your employment, what's most important to you? Least important? *Think everything from job stability to a bus pass to educational opportunities...*
- What ideas do you have on how the County might better hire/train/develop managers, so as to alleviate stress in the workplace and increase productivity?
- Are there any topics we didn't discuss that you think are important? Anything else you'd like to share with us?

## Appendix B: Current Competitive Practices Overview

King County's basic compensation, leave, rewards and performance management structure was designed in the early 1970's. After a merger with the local transit and wastewater treatment agencies, the County designed a new classification structure that has proven problematic in providing clear career paths and descriptions of employees' bodies of work. Faced for the first time with four generations in the workforce and the increased need to attract and retain a younger, more diverse generation with different workplace expectations, the County is committed to a wholesale review of its practices.

To better understand what practices a future job candidate might be comparing as s/he contemplates an offer of employment from the County, and what might entice a high performing County employee to leave County employment, King County Human Resources set out to identify "current competitive practices" conducted by public, private, and non-profit employers in the following areas of organizational structure and development:

1. Workforce management
  - a. Recruiting methods and incentives
  - b. Employee development practices and succession planning
2. Total Compensation (including salary and employer-provided benefits)
  - a. Compensation strategies and philosophies
  - b. Salary structure and base pay
  - c. Incentives and pay-for-performance
3. Leave plan structure and administration & absence management
  - a. Traditional vs. paid-time off (PTO) plan structure
  - b. Absence management – short-term disability and FMLA
  - c. Leave plan administration

## Methodology

King County partnered with Mercer Consulting and Milliman Inc., and more specifically with experienced consultants in those firms specializing in the areas of workforce management, total compensation and absence management, to research the current competitive practices of King County's employer comparators similar in workforce size and diversity in lines of business. Our partner consultants provided high-level summaries, including observations, emerging practices and trends in absence management, talent and performance management, and compensation.

Mercer and Milliman consultants provided the following reports:

- Mercer - *King County Competitive Practices Overview*, August 2013
- Mercer - *King County Absence Management Best Practices Report*, August 2013
- Mercer – *Rewards & Recognition Programs Market Analysis*, August 2013
- Milliman- *Overview of Best Practices in Total Compensation Management*, 2013

These summary reports reflect the practices of a selected set of high performing companies and organizations in the public, private and non-profit sectors. For the list of desired comparators that was provided to Mercer and Milliman consultants, refer to the *Employers of Interest* table on the next page. Specific organizations included in high-level summaries could not be disclosed by partner consultants though employers of interest were taken into consideration when gathering information.

Additional notes:

- Summary reports from partner consultants were synthesized using focused in-house, independent research conducted using web-based research tools and surveys.
- Each section of this competitive practices summary (Workforce Management, Total Compensation and Leave and Absence Management) begins with an executive summary table provided by Mercer Consulting, which includes current competitive practices and emerging trends followed by key findings regarding each area of interest.
- A brief survey was conducted to obtain more specific data on current public-sector competitive practices. The survey was administered to 40 public sector organizations with already established relationships with King County through the Office of Labor Relations. Eight organizations submitted completed surveys yielding a 20% response rate. Highlighted responses (found in shaded text boxes) are integrated into the competitive practices summary.

**Employers of Interest**

<b>Private Sector Primary Competitors</b>	<b>Quasi-Government Competitors</b>	<b>Non-Profit Competitors</b>
Boeing	University of Washington	Valley Medical Center
Microsoft	Seattle City Light	Career Path Services
Amazon	Tacoma Power	Pacific Medical Centers
Weyerhaeuser	Port of Seattle	WA Tech. Industry Assoc.
Group Health Cooperative	Sound Transit (BNSF)	Housing Resources Group
Fred Meyer	The Everett Clinic	United Way of King County
Bank of America	F5 Networks	
Starbucks	McKinstry	
Virginia Mason	Columbia Bank	
Costco	PAML	
	Prolance Surgeons	

**Private Sector Best Places to Work**

<b>glassdoor.com (Employee-Nominated)</b>	<b>indeed.com (Best Work-Life Balance)</b>	<b>fortune.com (Best Employers)</b>
Facebook	Colgate Palmolive	Google
McKinsey & Co.	Wegmans Food Markets, Inc.	SAS
Riverbed Technology	Coldwell Banker	CHG Healthcare Services
Bain & Company	H&R Block	The Boston Consulting Group, INC
M.D. Anderson Cancer Center	Google	Wegmans Food Markets, Inc.
Google	Nokia	NetApp
Edelman	Philips Electronics	Hilcorp Energy Company
National Instruments	Johnson & Johnson	Edward Jones

<b>Public Sector Primary Competitors</b>	<b>King County Public Sector Competitive Practices Survey Respondents</b>	
Washington State	Monterey County	City of Seattle
Pierce County	The State of Wisconsin	City of Charlotte
Snohomish County	Multnomah County	Omnitrans (San Bernardino County)
Clark County	Harris County	Santa Clara Valley Transportation Authority (SCVTA)
Thurston County	San Francisco County	TriMet (Portland)
Ada County	Iowa, Maine	Metropolitan Atlanta Rapid Transit Authority (MARTA)
City of Seattle	Hennepin County	Ben Franklin Transit (Franklin and Benton Counties, WA)
San Diego County	Maricopa County	Pierce Transit (Pierce County)

# 1. Workforce Management

## Executive Summary

	Private Sector (includes talent competitors and other orgs)	Public Sector	Non-Profit (includes talent competitors and other orgs)
• Attraction strategies	<ul style="list-style-type: none"> <li>• Intense competition for top talent in key roles</li> <li>• Re-emphasis on defining EVPs, understand generational preferences</li> </ul>	<ul style="list-style-type: none"> <li>• Job security/retirement benefits may not help</li> <li>• Job sites in development</li> </ul>	<ul style="list-style-type: none"> <li>• Need to be effective at selling the mission</li> </ul>
• Employee development	<ul style="list-style-type: none"> <li>• Career paths for critical roles, dual career path quite common</li> <li>• 70/20/10 framework (70% on-the-job experiences, 20% from observing and working with role models, 10% from formal education) is prevalent, growing emphasis on defining experiences</li> <li>• Use of on-line, on demand development tools (e.g., 360 manager assessment)</li> </ul>	<ul style="list-style-type: none"> <li>• Generally good internal offerings for development</li> <li>• Often less movement than private sector so fewer growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Growth opportunities often limited, some creative programs to promote movement</li> </ul>
• Succession planning	<ul style="list-style-type: none"> <li>• Greater Board interest in talent/succession</li> <li>• Growing use of calibration &amp; talent reviews</li> <li>• Growing use of strategic workforce planning to forecast needs and buy/build/borrow decisions</li> <li>• Use of talent pools/high potentials</li> </ul>	<ul style="list-style-type: none"> <li>• Discussed at executive and Board level</li> <li>• Technical skill transfer is a hot topic, sometimes limited by Defined Benefits plans</li> </ul>	<ul style="list-style-type: none"> <li>• Discussed at executive level and Board level</li> </ul>
• Emerging Programs	<ul style="list-style-type: none"> <li>• Assessment of manager capability</li> <li>• Rotation programs</li> <li>• Career architecture</li> </ul>		

Mercer - King County Competitive Practices Overview, August 2013

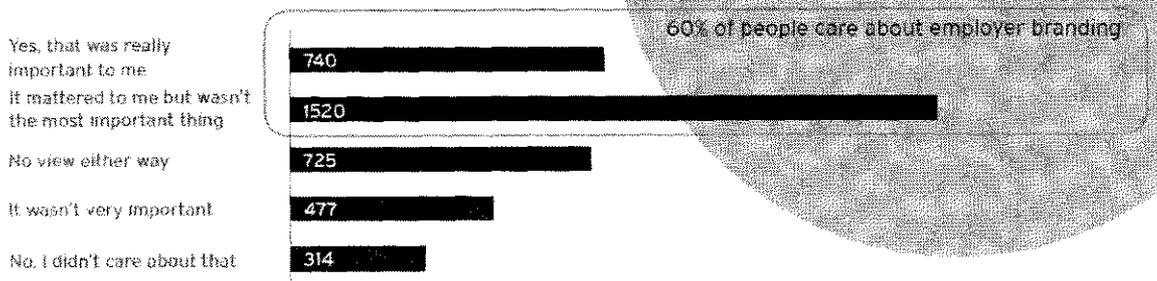


## A. Recruitment Methods and Incentives

### Employer branding an integral tool for attracting talent

Employer branding is one of the most powerful recruitment tools available in today's competitive environment. An employer brand is a set of defined qualities or attributes that offer an intangible sense of what distinguishes the organization from others and what kind of employment experience it offers. Individuals are more likely to apply to an organization that has a well-established employer brand conveyed through marketing.

When you applied for your current job, was employer reputation something that attracted you?



Survey of over 4000 employees from private sector companies featured in *Does Your Employer Brand Inspire Top Talent?*, 2012 - Lumesse, Inc.

### King County Public Sector Survey Key Findings

7 of 8 respondents reported they are either utilizing or are in the process of developing an employer branding mechanism. Santa Clara Valley Transportation Authority (SCVTA) indicated how their organization is currently recognizing and leveraging employer branding as a recruitment method. SCVTA reported utilizing an in-house marketing department that develops advertising material to enhance brand and communicate core values. Recruitment material that they share with the public is consistent with advertising placed by the marketing department. SCVTA posts new employment orientation videos to their website which allow applicants to preview the organization's culture in advance to determine whether they would be well-suited for a career with the organization.

### Flexibility - Varied and Valued Options Related to Employee Satisfaction and Engagement

The *World at Work 2011 Survey on Flexibility* detailed workforce management practices of 467 private, public, and non-profit organizations in the realm of providing flexible work options.

The survey revealed that the degree of flexibility in an organization's culture correlates with turnover - the higher an organization rates itself on the flexibility scale, the lower the organization's voluntary turnover rate. Flexibility also has an overwhelmingly positive effect on engagement, motivation, and satisfaction of employees.

Telework programs are often featured in recruitment efforts in today's market place (37% of the employers surveyed offer telecommuting as an option for employees). Furthermore, other options for flexibility (i.e. "career on/off ramps—work options [i.e. sabbaticals] that allow for multiple points of exit and re-entry over the course of a career") are offered by several employers in the public and private sectors.

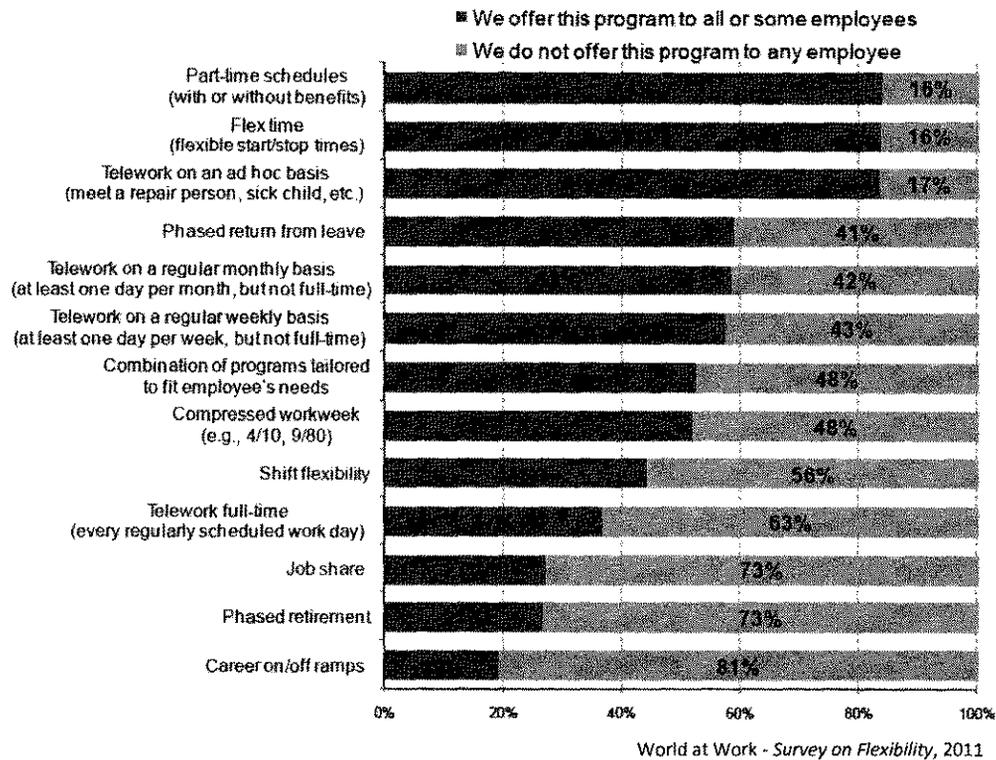
#### IMPACT OF FLEXIBILITY ON EMPLOYEES ENGAGEMENT, MOTIVATION AND SATISFACTION

"What would your workforce say is the effect of your organization's flexibility programs on:"

Options	Negative or extremely negative effect	No effect or neutral	Positive or extremely positive effect
Employee engagement (n=448)	7%	21%	72%
Employee satisfaction (n=447)	8%	11%	82%

### PREVALENCE OF FLEXIBILITY PROGRAMS

“What types of flexibility/flexible work arrangements does your organization offer to some or all employees in each category? (Please select all that apply.)” (n= 537)



**Attracting Talent** - Many challenges facing employers in terms of attracting talent may be due to perceived versus actual benefits valuation. The Towers Watson's *2011/2012 Talent Management and Rewards Study, North America*, surveyed HR professionals across 316 organizations, 218 in the United States and 98 in Canada. A breakdown of survey respondent information is below:

#### INDUSTRY BREAKDOWN OF SURVEY RESPONDENTS

Sector	Percentage
Financial Services	17%
Manufacturing	16%
Wholesale and Retail	15%
IT and Telecom	14%
Energy and Utilities	14%
General Services	9%
Health Care	9%
Public Sector and Education	6%

#### SURVEY RESPONDENTS BY SIZE

Number of employees	Percentage
Greater than 10,000	38%
5,000 – 10,000	22%
2,000 – 4,999	25%
Less than 2,000	15%

Towers Watson - *Talent Management and Rewards Study, North America, 2011/2012*

Results indicated that over 72% of respondents have difficulty with attracting critical-skill employees and approximately six in ten employers have difficulty attracting high potential and high performing workers. Furthermore, 43% of survey respondents reported having problems attracting diverse employee populations.

EMPLOYER VS. EMPLOYEE VALUATION OF EMPLOYMENT CONDITIONS/BENEFITS

*What Employers perceive Employees to value*

*What Employees actually value*

Rank	All employees				High-potential performers			
	U.S.		Canada		U.S.		Canada	
	Employers	Employees	Employers	Employees	Employers	Employees	Employers	Employees
1	Base pay	Job security	Career development opportunity	Job security	Challenging work	Job security	Challenging work	Job security
2	Organization's mission, vision and values	Base pay	Organization's reputation as a great place to work	Base pay	Career development opportunity	Base pay	Career development opportunity	Career development opportunity
3	Organization's reputation as a great place to work	Health care benefits	Challenging work	Health care benefits	Organization's mission, vision and values	Career development opportunity	Base pay	Base pay
4	Career development opportunity	Length of commute	Base pay	Challenging work	Base pay	Promotion opportunity	Organization's reputation as a great place to work	Challenging work
5	Challenging work	Vacation/PTO	Job security	Length of commute	Organization's financial performance	Health care benefits	Promotion opportunity	Health care benefits

\*Rank represents the frequency the item was selected as one of the top five reasons an employee would join an organization, from a list of 23 items.

Towers Watson - *Talent Management and Rewards Study, North America, 2011/2012*

Note: "High potential performers were identified based on employer self-report responses indicating their perceived financial success in relation to other employers in their industry."

Distinctions exist between employer perceptions and actual employee valuation of benefits and employment conditions. Job security could be underestimated as an attraction tool for recruitment, as it is prioritized as the number one value for employees (based on survey results). This value could be driven by the recent economic downturn.

It is of note that "Challenging work" and "Career development opportunity" were more highly valued by employees working for higher performing (high-potential) organizations.

**Reimbursement of Relocation Expenses**

Other employers have greater flexibility in offering relocation expenses for leadership positions and hard to fill positions. Locally, the City of Seattle's current limit is to pay up to \$19,627. Nationwide, the trend in the public sector is to reimburse actual expenses, but require the candidate to choose the lowest of three bids. Additionally, in the private and even in some public sector comparators, employers will pay temporary housing expenses. Further, private sector companies may buy an employee's current residence to speed up the relocation.

## **B. Employee Development Practices and Succession Planning**

**Written employee development plans are not universally utilized, despite their correlation with long-term loyalty to an employer.**

Key findings of World at Work's 2013 *Total Rewards Professionals' Career Development Survey*, synthesizing responses from more than 800 randomly-sampled World at Work members, indicate that career development plans are not universally utilized. Only 35% of respondents attested to having a written development plan. Those who reported high loyalty to their employer were far more likely to have reported having a written development plan.

### **King County Public Sector Survey Key Findings**

*Only one respondent, the City of Seattle, reported having a formal dual pathway for advancement. The City offers a manager and a strategic advisor track, and is currently redesigning its New Employee Orientation (NEO) to include City branding, culture, and mission as well as organizational structure as key components of the NEO with a soft-skill component for "peer to supervisor" transition. The city is also developing a required training "road map" for the first year of employment.*

**Organizational support of career development may positively impact an employee's loyalty to their employer.**

The lack of organizational support for career development was one of the most cited barriers in World at Work's 2013 *Total Rewards Professionals' Career Development Survey*. While most respondents (59%) indicated that they receive an annual organizational investment of \$1000 or less to spend on development opportunities (i.e. conference attendance or training), those who indicated high loyalty to their employer were far more likely to report an annual development investment of \$2,500 or more. Results indicated that an investment as small as \$500 positively impacted employee's perception of their employer's investment in career development.

**Survey responses indicated a lack of "promotional opportunities" as the second most common reason for changing employment or "considering" changing employment.**

### **King County Public Sector Survey Key Findings**

*All but one of the respondents reported they did not have succession plans formulated for more than a handful of departments. Unique program at MARTA: The Drop Program, which provides for additional benefits to employees retiring who are fully vested in the DB pension plan and who are willing to stay up to an additional five years in order to transfer knowledge to the next generation.*

## 2. Total Compensation

### Executive Summary

	Private Sector (includes talent competitors and other orgs)	Public Sector	Non-Profit (includes talent competitors and other orgs)
<b>Total Compensation</b>			
• Philosophy	<ul style="list-style-type: none"> <li>Emphasis on total rewards (pay, benefits, career, work-life), reflect flexibility, employee preferences and generational differences</li> <li>Greater emphasis on transparency</li> </ul>	<ul style="list-style-type: none"> <li>Compensation is targeted at market median of talent peers</li> <li>Competitive benefits offerings (esp. retirement programs)</li> <li>Incentive pay is less prevalent</li> </ul>	<ul style="list-style-type: none"> <li>Compensation and benefits are targeted at market median talent peers</li> <li>Incentive pay is less prevalent</li> </ul>
• Pay for performance incentives	<ul style="list-style-type: none"> <li>Improved goal setting, pay decisions collaboration</li> <li>Market competitiveness justifies incentives</li> </ul>	<ul style="list-style-type: none"> <li>Slowly moving to at least discussing pay-for-performance</li> </ul>	<ul style="list-style-type: none"> <li>Generally pay-for-performance but limited differentiation</li> </ul>
• Customized plans	<ul style="list-style-type: none"> <li>Greater use of segmentation, greater reward opportunities for critical, hard-to-fill roles</li> </ul>	<ul style="list-style-type: none"> <li>Step ranges for different roles, but pay opportunities are one size</li> </ul>	<ul style="list-style-type: none"> <li>Generally one size fits all</li> </ul>

Mercer - King County Competitive Practices Overview, August 2013

MERCER

## A. Compensation Strategies and Philosophies

**Significant differences in total compensation strategies continue to exist between the private, public and non-profit sectors.**

Currently, private sector total compensation programs are putting a heavier emphasis on total rewards resulting in more comprehensive, flexible plans allowing for employee preference and generational disparity. Public and non-profit programs tend to target compensation at market median of talent peers with less consideration for looking at the total rewards package, providing for flexibility in how employees get compensated and rewarded for higher performance.

### King County Public Sector Survey Key Findings

*Five respondents stated that their compensation philosophy was to offer at least the median of the relevant labor market for each position.*

**In order to control costs in today's challenging economic environment, private sector organizations are re-examining their total compensation strategies.**

As consultants from both Mercer and Milliman have observed, organizations are currently attempting to respond to the economic climate by re-evaluating total compensation through a structured approach, analyzing the value of each pay element and the total package when compared to compensation levels at comparator organizations. Consultants at Milliman, Inc. specializing in total compensation have observed that a thorough re-evaluation enables an

organization to strategically adjust elements of compensation and better control costs. Commonly, organizations re-evaluating their total compensation strategy begin with defining their organization's overall business strategy to help structure a compensation strategy that meets their organization's broader goals.

## B. Salary Structure and Base Pay

**Most organizations continue to use a formal salary structure and plan to adjust their structure by 2014.**

According to the *2013/2014 Mercer U.S. Compensation Planning Report*, approximately 82% of organizations have a formal salary structure with 66% planning to adjust their structure in 2013 and 75% in 2014.

### PERCENTAGE OF ORGANIZATIONS WITH A FORMAL SALARY STRUCTURE BY EMPLOYEE GROUP

	% of Orgs that have a formal salary structure	N
Executives	68%	1,138
Management	98%	1,124
Professional (Sales & Non-Sales)	90%	1,200
Office/Clerical/Technician	99%	1,207
Trades/Production/Service	91%	962

N = number of responding organizations

Mercer - U.S. Compensation Planning Report, 2013/2014

### PERCENTAGE OF ORGANIZATIONS ADJUSTING SALARY STRUCTURES FOR 2013/2014 BY GROUP

	% Orgs Adjusting Structure in 2013	N	% Orgs Adjusting Structure in 2014	N
Executives	64%	751	73%	729
Management	67%	1,166	75%	1,127
Professional (Sales & Non-Sales)	67%	1,167	75%	1,126
Office/Clerical/Technician	67%	1,165	75%	1,130
Trades/Production/Service	64%	857	74%	839

N = number of responding organizations

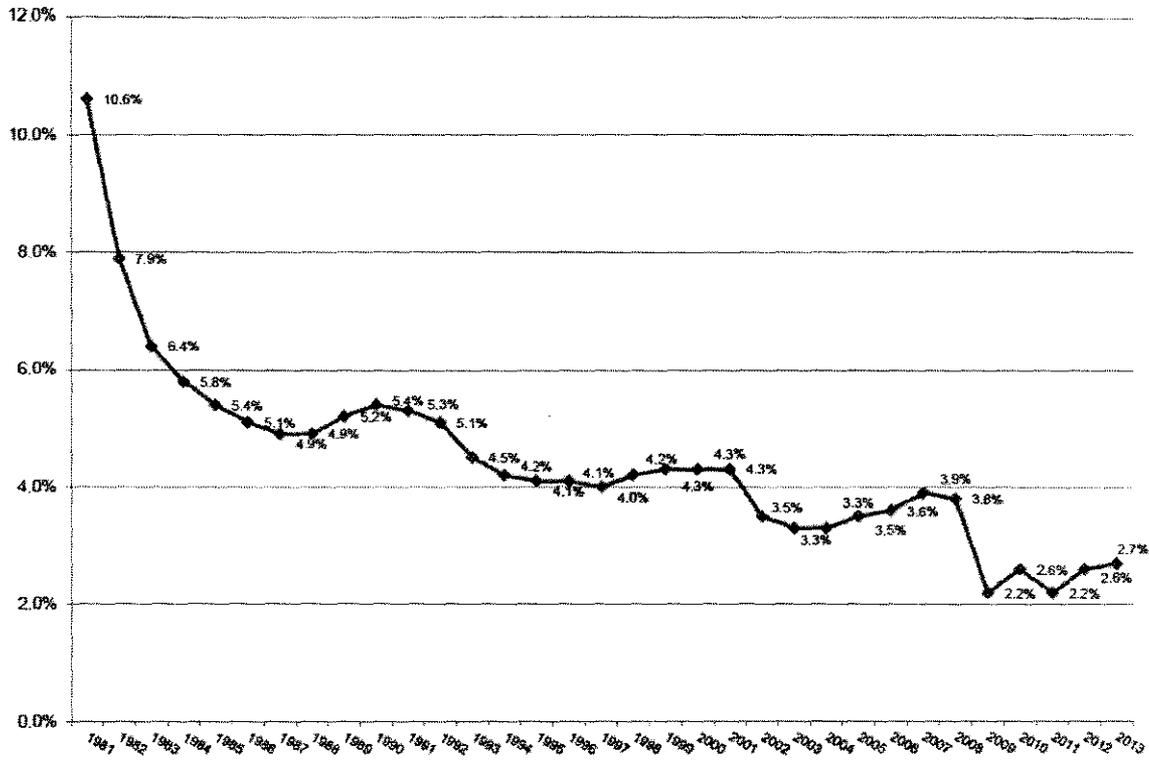
Mercer - U.S. Compensation Planning Report, 2013/2014

 MERCER

**Compensation pay movement remains static.**

In 2013, the Puget Sound Region and the United States experienced one of the smallest salary increases of the past twenty years with base salary increases averaging 2.7% with pay structures adjusting by 2.0%.

### HISTORICAL SALARY INCREASE TRENDS - PUGET SOUND REGION



Milliman- Overview of "Best Practices" in Total Compensation Management, 2013



**Uncertain and difficult economic market forces are prompting a variety of responses to challenges of cost containment including salary freezes, delayed merit increases, and reduced base pay increases. For employee costs, organizations are minimizing fixed expenses and increasing variable expenses.**

An emerging practice commonly found in the private sector is constraining base salaries and increasing variable cash compensation (e.g., incentives, bonuses, lump sum pay increases) to help ensure total compensation programs remain competitive.

For example, an organization could provide an effective cost control by capping salaries at the market median and pushing more cash compensation into variable pay programs (e.g., awarding merit increases as lump sums to emphasize performance and control short and long-term costs). The goal with this approach is to maintain base salaries at a certain market level while providing the opportunity to earn above market total cash compensation.

**Organizations are gradually moving towards a greater reliance on variable compensation as a key component of total compensation.**

The gradual shift in reliance on fixed compensation to variable compensation has created more consistent and relatively conservative annual base pay increases (averaging approximately 2.5% to 4.0% over the last 20 years) with the goal to provide above market variable cash awards linked to the achievement of short term goals reflective of the economic climate. Base pay has recently been static though total compensation has seen significant rises and can be attributed to a variety of annual incentives plans such as:

- Maintaining or increasing current incentive plans
- Including all employees in incentives
- Adopt specific short-term goals that prepare an organization for weathering unfavorable economic conditions (e.g., setting profits declines relative to a competitor group, establishing expense reduction goals that include all employee participation)
- Increasing the frequency of payouts to quarterly or semi-annually to encourage focus on organizational goals and reward and retain high performers

## **C. Incentives and Pay-for-Performance**

### Incentives

**Private sector organizations continue to be conservative with compensation spending, choosing to focus on more strategic resource allocation, performance and talent management and efforts to link performance to rewards.**

Results from the *Mercer 2013 Global Performance Management Survey* reveal that most organizations are offering some form of variable pay for employees. Most common are spot cash awards (54%), training and professional development programs (88%) and non-monetary recognition awards to employees as a non-cash or intrinsic reward (75%).

As sited in Mercer's *Rewards & Recognition Programs Market Analysis* summary, the most prevalent non-monetary rewards are one-on-one acknowledgment from supervisor, public acknowledgement (i.e., banquet, luncheon, staff meeting, internet or email announcement), "thank you e-cards," plaques, company logo merchandise, movie tickets, gift certificates, CDs, gifts based on an employee's "wish list," raffles, jewelry, office accessories, household items, sporting goods, electronics, travel (trips), and time off work (vacation leave). The most common reasons for reward and the frequency of utilization of these non-monetary reward mechanisms are indicated in the tables on the next page.

MOST COMMON NON-MONETARY REWARDS FOR EMPLOYEE RECOGNITION

Percent of Companies

	Executives	Director Level	Manager Level	Professional Level	Non-Exempt Employee
Gift Cards & Certificates	15%	33%	51%	63%	63%
Peer/Employee Recognition	14%	25%	38%	43%	44%
Trophies & Plaques	24%	36%	40%	43%	43%
Merchandise & Products	21%	28%	33%	36%	37%
Special Parking Spots	11%	7%	5%	7%	7%
Top Performer Listing	2%	8%	10%	12%	13%
Travel Rewards & Special Trips	5%	9%	12%	12%	9%
Honorary Clubs	3%	3%	3%	3%	3%
Recognition via Social Networks	<1%	1%	1%	2%	2%

MERCER

Source: Culppepper 2011 Employee Engagement & Retention

Mercer - Rewards & Recognition Programs Market Analysis, August 2013

MOST COMMON REASONS FOR EMPLOYEE RECOGNIZING/REWARDING EMPLOYEES

Percent of Companies

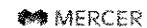
	Executives	Director Level	Manager Level	Professional Level	Non-Exempt Employee
Years of Service	65%	69%	71%	70%	70%
Significant Achievements	22%	35%	45%	49%	47%
High Performance	17%	31%	41%	45%	44%
Project Completion	16%	27%	32%	38%	32%
Professional Certifications	9%	11%	16%	21%	15%
Professional Degrees	9%	11%	14%	16%	13%

Mercer - Rewards & Recognition Programs Market Analysis, August 2013

PERCENTAGE OF ORGANIZATIONS THAT HAVE IMPLEMENTED OR ARE CONSIDERING IMPLEMENTING VARIOUS PROGRAMS

Practices	In place % of Orgs	Considering % of Orgs	Not considering % of Orgs	May eliminate % of Orgs	Eliminated in last 2 years % of Orgs	N
<b>Base Salary</b>						
Traditional grades	89%	8%	16%	1%	4%	1,402
Wide grades	25%	8%	64%	1%	2%	1,330
Broadbanded salary structures	12%	6%	78%	1%	2%	1,319
Grades embedded in broad bands	0%	0%	81%	0%	1%	1,314
Market reference point or range embedded in a broad band	23%	9%	67%	1%	1%	1,334
Competency-based salary	11%	8%	80%	0%	0%	1,297
Skill-based salary	12%	6%	81%	0%	0%	1,304
Step structures	19%	5%	75%	1%	1%	1,318
<b>Variable Pay</b>						
Individual incentives for non-management employees	49%	9%	41%	0%	1%	1,376
Team/small group incentives	25%	8%	66%	0%	1%	1,341
Gainsharing plans	7%	2%	89%	0%	1%	1,309
Cash profit sharing	14%	2%	82%	0%	1%	1,310
Broad-based equity	33%	2%	64%	0%	1%	1,352
Spot cash awards	54%	1%	38%	0%	0%	1,370

Mercer - U.S. Compensation Planning Report, 2013/2014



The vast majority of organizations have short-term incentive plans for at least one section of their employee population. Employee eligibility for short-term incentives is increasing.

Over 87% of for-profit and 61% of not-for-profit survey respondents currently offer short-term incentives to their employees. Organizations are also increasing eligibility by employee level and for employees within the same level.

ORGANIZATIONS THAT HAVE MADE CHANGES TO SHORT-TERM INCENTIVE PLANS SINCE 2012

	Increased	Decreased	No Change	N
Number of employee levels eligible for STI	18%	3%	87%	1,125
Number of employees within the same level eligible for STI	7%	2%	90%	1,120
Target payout opportunity for STI eligible employees	10%	3%	86%	1,103
Reliance on STI as a portion of pay mix	6%	1%	92%	1,108

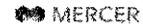
Mercer - U.S. Compensation Planning Report, 2013/2014



LEVEL OF IMPACT THAT DIFFERENT PERFORMANCE CRITERIA HAVE ON DETERMINING EMPLOYEE AWARDS

	Company	Division	Department	Individual	
	Average Impact	Average Impact	Average Impact	Average Impact	N
Executive	66.5%	12.1%	2.7%	20.0%	754
Management	51.4%	16.5%	6.6%	25.8%	758
Professional (Non-sales)	48.1%	15.0%	5.6%	30.6%	607
Professional (Sales)	36.9%	13.8%	7.6%	42.0%	410
Office/Clerical/Technician	50.3%	12.0%	5.2%	31.7%	481
Trades/Production/Service	50.0%	14.8%	8.8%	26.6%	332

Mercer - U.S. Compensation Planning Report, 2013/2014



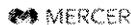
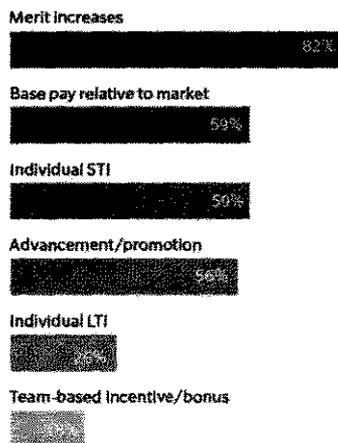
**Cash long-term incentive plans are emerging in the private, public and non-profit sectors as an important element of total compensation programs.**

Retaining key employees long-term requires effective use of incentives that provide “retention glue.” Although long-term compensation has been mostly used in the private sector through stock options or restricted stock, public and non-profit sector organizations are more commonly using long-term incentive compensation to deliver awards with a three to five year vesting schedule. Additional or expanded long-term incentives are also used to increase the amount of variable compensation that is at “risk” while limiting fixed compensation.

Pay-for-Performance

**The public sector continues to lag behind the private and non-profit sectors when considering inclusion of pay-for-performance programs to enhance employee performance as part of their overall compensation strategy.**

What practices do you consider as a part of your pay for performance program? (Select all that apply.)



Mercer - Global Performance Management Survey, 2013

According to results from Mercer’s 2013 *Global Performance Management Survey*, a large majority of private and non-profit survey respondents use a variety of pay-for-performance practices, often times with different primary objectives. The most common objective amongst survey respondents for using pay-for-performance is the desire to drive employees to higher levels of performance (with 84% of organizations ranking this in their top three objectives).

Other common objectives found are to attract and retain the right employees (73%), allocate scarce rewards in an equitable manner (39%), pay fairly (37%), and encourage employee engagement (39%).

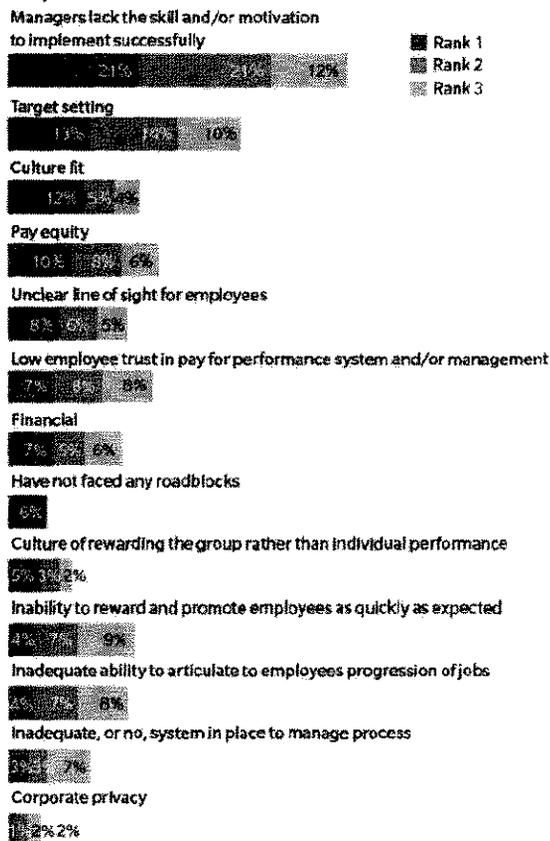
**Many challenges exist in the effective design and implementation of pay-for-performance programs.**

Although 89% of organizations link performance to pay decisions, there is a disconnect between strategic program goals and successful program implementation. Only 36% of these organizations measure and 10% reward managers' effectiveness in performance management.

The majority of organizations rank several challenges as those impeding to some extent a successful design of pay-for-performance programs, including constantly shifting priorities and goals (64%), difficulty measuring an employee's or team's contribution (68%), and a long-term rather than short-term focus required to achieve business objectives.

The most prevalent barriers to successful implementation of pay-for-performance programs include managers lacking the skills and/or motivation necessary for implementation, setting realistic pay-for-performance employee goals and pay-for-performance programs not becoming part of an organization's culture.

Which, if any, of the following roadblocks have most impeded your pay for performance implementation?



Mercer - Global Performance Management Survey, 2013

To what extent are the following challenges to the effective design and implementation of your pay for performance programs?

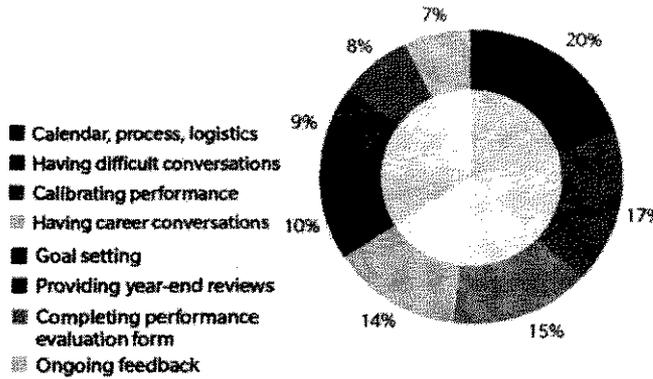


Mercer - Global Performance Management Survey, 2013

**Successful governance of and accountability for pay-for-performance programs requires executives to be visibly committed and requires managers to possess a variety of performance management skills.**

Pay-for-performance programs are most successful when executives are visibly committed to performance management as a core business process in their organization. This commitment most commonly includes verbal one-on-one performance and planning discussions, accountability measures, frequent coaching and feedback, and regular discussions about the importance of the program to the organization. With organizations identifying managers' lack of skills and/or motivation as the biggest barrier to implementing pay-for-performance programs, performance management training becomes an important part of successful implementation.

In the performance management training that your organization typically offers to managers, what percentage of time is allocated to the following topics?



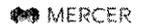
Mercer - Global Performance Management Survey, 2013



Executives at your company demonstrate visible commitment to performance management by doing which of the following? (Select all that apply.)



Mercer - Global Performance Management Survey, 2013



**King County Public Sector Survey Key Findings**

*Only one respondent reported having a "pay for performance system" (OMNITRANS), for non-represented employees only. The respondent uses participation rates in particular incentives, Employee Satisfaction Survey results, open-ended comments from the survey, and focus group feedback to determine what has been effective or ineffective in inciting high performance.*

# 3. Leave & Absence Management

## Executive Summary

	Private Sector (includes talent competitors and other orgs)	Public Sector	Non-Profit (includes talent competitors and other orgs)
Absence Management	<ul style="list-style-type: none"> <li>Holidays are kept out of PTO bank → 3 floating holidays + reduced fixed holidays = more flexibility</li> <li>Cost savings when holidays are not utilized</li> <li>Vacation + Personal + Sick time = single PTO bank</li> <li>Simultaneously create short-term disability or salary continuation program</li> </ul>		
Short-term Disability or Salary Continuation Program	<ul style="list-style-type: none"> <li>Paternalistic employers provide salary continuation program at 100% salary replacement for up to 6-8 weeks &amp; then decrease to 60% replacement</li> <li>Replacement of 66 2/3% salary or more evidenced to create a decreased motivation for a return-to-work</li> <li>Benefits pay from day 1 of sick time</li> <li>Sick time exceeding 2 days does not need to be added to the PTO bank</li> <li>Years of Service Approach can be applied to Short-term Disability or Salary Continuation Programs</li> </ul>		
Managed Disability Programs	<ul style="list-style-type: none"> <li>60% income replacement after a week elimination period</li> <li>3 days of sick time kept in the PTO bank</li> <li>Program typically administered by a vendor and is insured for the first 1-2 years through self-insured funding arrangement saves premium taxes</li> </ul>		

Mercer - King County Competitive Practices Overview, August 2013



## A. Traditional vs. Paid-Time Off Plan Structure

### Traditional vs. PTO Plans: In Summary

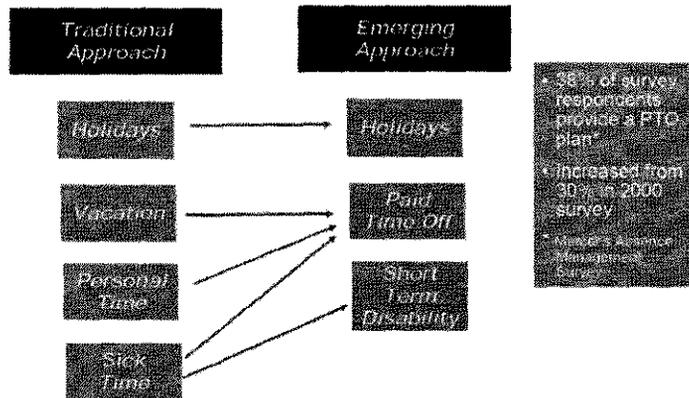
According to Mercer's 2010 Absence and Disability Management Survey, Employers are most commonly taking either a Paid-time Off (PTO) or a traditional ("siloed") approach to leave administration.

In both approaches, leave is most commonly accrued on a monthly basis either in a single PTO bank or in separate vacation and sick leave banks.

Mercer's 2010 Absence and Disability Management Survey compiled responses from 473 employers, detailed below:

Distribution of survey respondents				
	2010	2007	2005/06	2004
By number of employees				
100-999	23%	24%	42%	25%
1,000-4,999	35	32	32	43
5,000 or more	33	34	26	33
By region				
West	18%	25%	20%	17%
Midwest	21	26	30	27
Northeast	21	22	22	19
South	30	28	28	36
By industry				
Manufacturing	27%	30%	27%	28%
Wholesale/retail trade	3	7	7	5
Services	18	17	20	15
Transportation/communication/utility	7	7	8	10
Health care	18	12	15	17
Financial services	14	15	14	16
Government	2	5	4	2
Other	6	7	5	6

ABSENCE MANAGEMENT TRADITIONAL VS. EMERGING APPROACHES



38% of survey respondents provide a PTO plan  
 • increased from 30% in 2000 survey  
 Mercer's Absence Management Survey

Mercer - King County Absence Management Best Practices, 2013

MERCER

**Conversion Strategy**

Typically, when employers convert from a traditional to a PTO leave plan structure, the sick leave bank will be frozen and employees are allowed to trade a day of short-term disability at 60% compensation for a day of sick time at 100%. Day-for-day swapping (at 60%) is required until the sick leave bank is depleted.

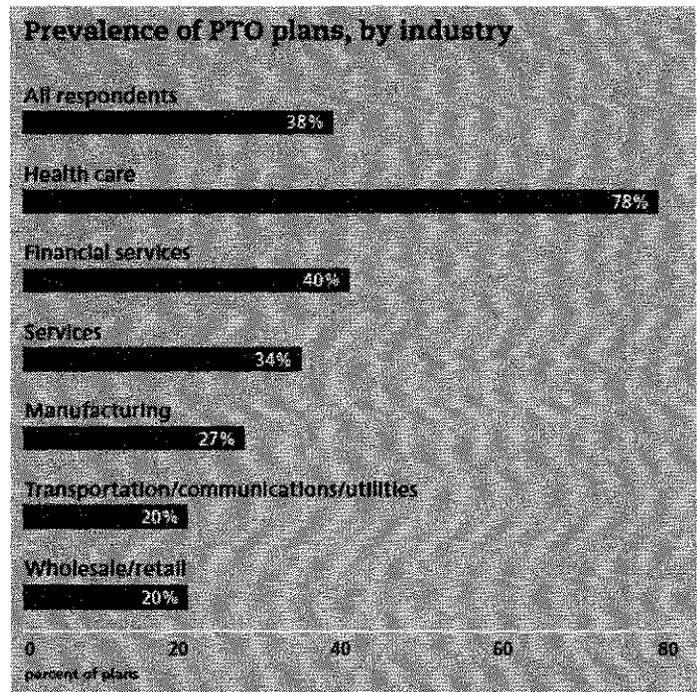
Survey results show limited measures for success for those organizations who have converted from traditional to PTO plans: However, turnover rates and FLMA usage (concurrent and intermittent) can be tracked over time as an indicator of employee satisfaction and engagement.

**Prevalence of PTO & Traditional, Vacation-only Plans**

Over 38% of Mercer's survey respondents provide broader purpose PTO plans that combine vacation leave with at least one other type of paid-time-off (i.e. sick leave or holiday leave).

**Type of paid time off provided through PTO plan**

Type of paid time off	All PTO plans
Vacation	100%
Incidental absence/sick days	98
Personal days/floating holidays	90
Fixed holidays	32
Other types of time off	6



Mercer - Absence and Disability Management Survey, 2010

Meanwhile, over 62% of employer respondents utilize traditional, "siloeed," vacation-only plans, much like King County's current leave plan structure.

**Noted Benefits of PTO (combined leave) Plans**

For those who utilize a combined leave or PTO plan model, the following benefits of PTO plans have been cited:

- Having to manage all, undistinguished leave encourages employees to proactively manage their leave
- Reductions seen in "unscheduled" absences
- Supplies more vacation days as a competitive benefit
- Simplifies administrative requirements for tracking (one bank instead of several types of leave banks)
- Increases employee privacy, eliminating the need to provide reasons for taking time off. When an employee uses planned PTO time, they do not need to specify whether it is vacation or sick leave.
- Recognizes employee diversity in regards to holidays. By reducing the number of standard, scheduled holidays and increasing the number of floating holidays that are added to an employee's PTO leave bank, employees are able to observe holidays according to their personal preference.

**Sick (Incidental) Leave - PTO Plans Often Supplemented by Short-term Disability**

According to a Mercer 2010 Absence Management Survey, the average number of incidental absences/sick days granted by employers is 10 for salaried and 9 for hourly employees for all employer respondents, whether those days are built into a comprehensive PTO plan, or kept in a separate bank in a traditional leave plan. If sick leave is not offered, employers across the board offer access to long-term disability (even in conjunction with short-term disability). In lieu of a sick bank, employers will offer a short-term disability or salary continuation program.

**Leave Allotments in PTO vs. Traditional Vacation-Only Plans**

Leave allotments in PTO plans exceed the vacation-day allocations in vacation-only, traditional plans. However, vacation-only plans are usually administered in conjunction with separate or "siloeed" sick

Average number of allotted paid-time-off days per year in PTO plans			Average number of allotted vacation days per year in vacation-only plans		
Years of service	Salaried plans	Hourly plans	Years of service	Salaried plans	Hourly plans
After 1 year	19 days	17 days	After 1 year	11 days	10 days
After 2 years	19	18	After 2 years	12	11
After 3 years	20	18	After 3 years	12	11
After 4 years	20	19	After 4 years	13	12
After 5 years	23	22	After 5 years	15	14
After 8 years	24	23	After 8 years	16	15
After 10 years	26	25	After 10 years	17	17
After 15 years	27	27	After 15 years	19	19
After 20 years	28	28	After 20 years	20	20
After 25 years	29	29	After 25 years	21	21

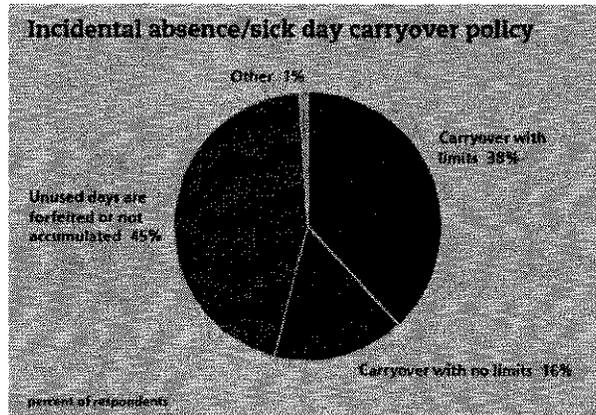
Mercer - Absence and Disability Management Survey, 2010

leave plans. With PTO and Vacation-only plans, it is typical for accruals to increase with an employee's number of service years/years of employment.

The average number of holidays allotted in each type of plan is 8.6 days. Floating holidays are commonly offered in both type of plans, with 2-3 commonly allotted.

**Carryover Policy Trends – Most Allow Carryover, Forfeited Vacation More Common in Traditional, Vacation-Only Plans**

Over half of Mercer's survey responses (54%) allow employees to carryover their vacation leave from year to year. "Carryover with limits" (i.e. maximum accrual rates) plans, much like King County's current model, comprise 38% of this majority.



Mercer - Absence and Disability Management Survey, 2010

Most employers allow rollover, but have decreased rollover amounts over the last several years (the average being between 1 and 3 weeks). Typically, when rollover amounts are limited, remaining time-off at the end of the calendar year is paid out in PTO plans. Lost leave, due to exceeding maximum amounts is more commonly seen for white collar private sector employees with flex schedules. A loss of time is not as prevalent in the public sector or with grey/blue collar workers, as these employees typically use their vacation leave before losing it.

Carryover policies for vacation-only plans		Carryover policies for PTO plans	
	vacation-only plans		PTO plans
No carryover, unused days forfeited	78%	No carryover, unused days forfeited	11%
No carryover, unused days cashed out	3	No carryover, unused days cashed out	1
Temporary carryover	9	Temporary carryover	5
Carryover until end of next year	5	Carryover until end of next year	3
Indefinite carryover, accruals stop after maximum is reached	29	Indefinite carryover, accruals stop after maximum is reached	45
Indefinite carryover, with no accrual maximum	1	Indefinite carryover, with no accrual maximum	1
Indefinite carryover, up to a set number of carryover days	25	Indefinite carryover, up to a set number of carryover days	33

Mercer - Absence and Disability Management Survey, 2010

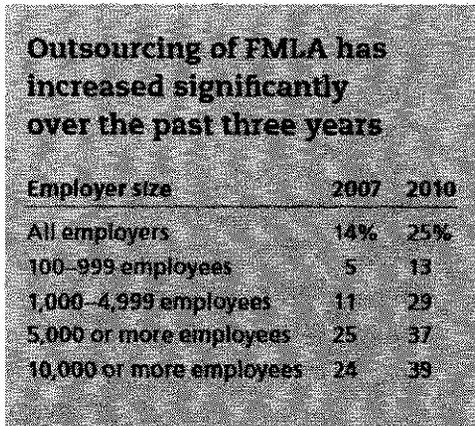
Though the majority allow for carryover of leave, regardless of whether they utilize a PTO or traditional plan, requirements to relinquish leave at the end of a designated period (i.e. the calendar year) are more prevalent in vacation-only plans.

## B. Absence Management – Short-Term Disability & FMLA

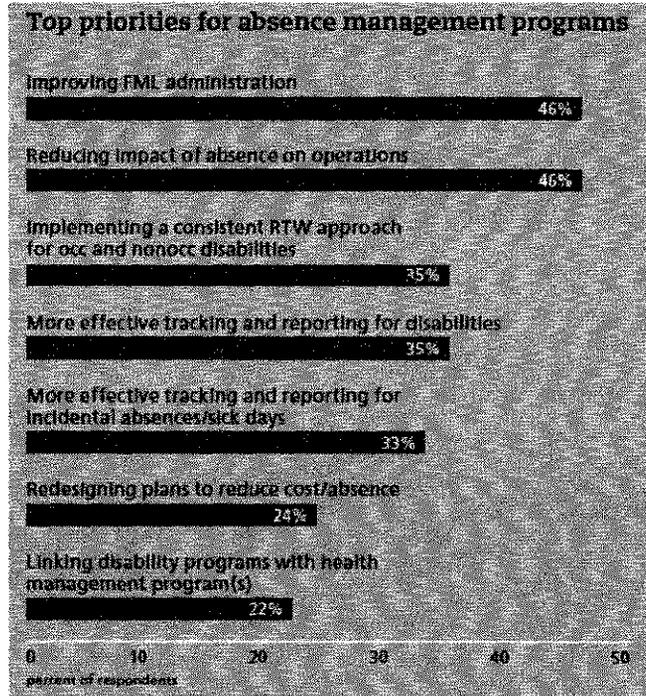
### Trends in More Efficient Absence Management

Mercer's 2010 *Absence and Disability Management Survey* denotes the methods that many employers are currently leveraging, in order to more successfully manage employee absences.

Outsourcing FMLA administration, particularly for those who utilize a third-party vendor for short-term disability administration, is becoming increasingly common.



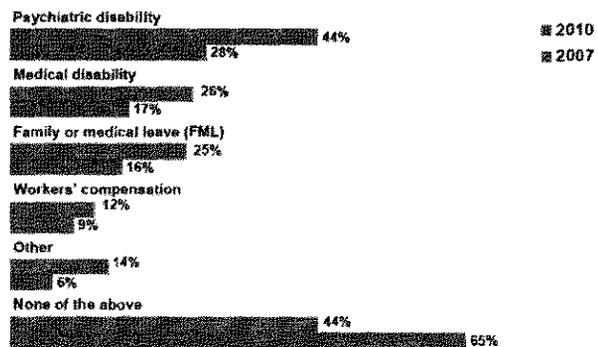
Mercer - *Absence and Disability Management Survey*, 2010



Mercer - *Absence and Disability Management Survey*, 2010

Furthermore, with the goal of becoming more efficient as an employer and promoting more communication and accurate feedback to employees, many employers are beginning to utilize Employee Assistance Programs (EAPs) in closer conjunction with observed absences. The bar graph below indicates that for all types of leave, employee EAP referral is becoming a more common practice once an employee has been off work for an extended period of time.

### More employers\* using EAPs to assist in absence management in 2010 Employees routinely referred to EAP after going out on leave for...

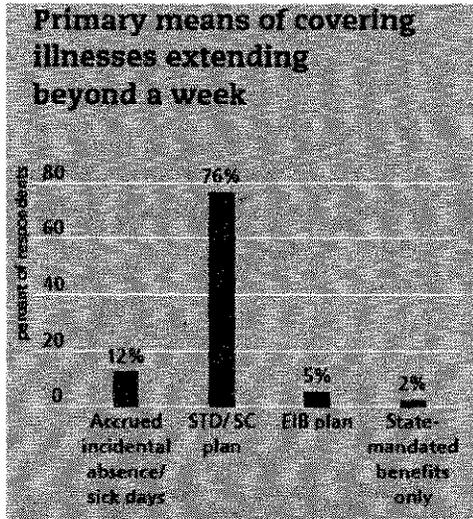


\*Among employers that offer an EAP

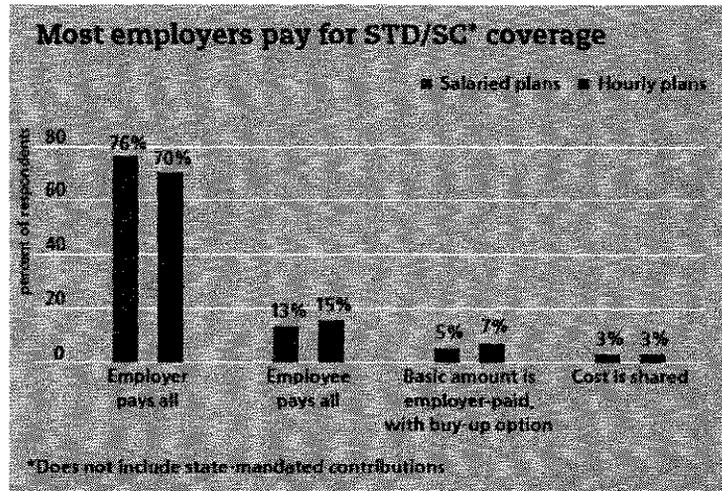
Mercer - *Absence and Disability Management Survey*, 2010

## Short-term Disability Trends

Short-term Disability Plans have emerged as the most common means for covering illnesses extending beyond one week, well-exceeding the use of incidental sick leave. Most Short-term Disability programs are employer-paid (except in California, where they are employee-paid) although few do require employee contributions.



Mercer - Absence and Disability Management Survey, 2010



Mercer - Absence and Disability Management Survey, 2010

Evidence suggests that replacing 2/3 or less of salary is advisable to avoid mal-effect on employee return-to-work motivation.

Some employers provide salary continuation programs at 100% salary replacement for up to 6-8 weeks and then decrease to 60% replacement. Replacement of 2/3 of salary or more has been shown to result in an increase in employees remaining off work.

### STD plan design

Median STD benefit as % of salary, when <100%

Salaried	60%
Hourly	60%

STD weekly benefit maximum\*

Plan includes maximum (percent of respondents)	45%
Among those, median maximum amount	\$1,154

Median maximum benefit payment period, in weeks

26

\*Data collected through Mercer's Benefits Valuation Survey

Mercer - Absence and Disability Management Survey, 2010

## C. Leave Plan Administration

Regardless of their selected approach (Traditional, vacation-only or combined PTO), trends in leave plan administration are noted below (items A - H are observations detailed in Mercer's - King County Absence Management Best Practices Report, August 2013):

### **Leave Limitations – Enforced Usage Caps**

There is not typically an enforced limit on how much leave an employee can take within a set period of time (i.e. one calendar year). Typically, employers allow up to 26 weeks of accrued leave to be used before long-term disability kicks in.

### **Eligibility Requirements – Longer Waiting Periods Can Negatively Influence Retention**

It is typical for employers to require a waiting period before new hires can utilize their leave (vacation or sick). Employers with longer eligibility waiting periods have reported higher turnover rates, on average. Typically, eligibility is acquired after 30 days of employment, but may range up to 3 months, 6 months, and 12 months, in that order of prevalence.

### **Leave Cash-Out**

Some states require post-employment pay-outs for leave when an employee exits the organization. Otherwise, most employers pay out PTO, but do not pay out sick time when an employee leaves. When post-employment cash-out is administered, it is typically dollar for dollar, with a small number of employers paying out \$0.50 per \$1.

### **Leave Accrual Rates – Standard**

Leave accrual rates vary by an employee's years of employment, job title, and by their employer. Employees typically accrue 2-3 weeks of leave per year.

### **Leave Usage Rates – Average 5 days per employee/year**

Five days of sick leave is the average amount used on an annual basis per employee. Generally, when an employee is absent for more than 5 days consecutively, documentation from a medical provider is required by the employer.

### **Bereavement Leave is common, but under separate leave policy**

On average, employees are allowed up to three days of bereavement leave in the event of a death of their spouse, child, father, father-in-law, mother, mother-in-law, brother, sister, stepfather, stepmother, stepbrother, stepsister, stepson or stepdaughter. Furthermore, employees are typically allowed up to one day off in the event of the death of their brother-in-law, sister-in-law, son-in-law, daughter-in-law, aunt, uncle, grandparent, grandchild or spouse's grandparent. Employees are allowed up to 4 hours to attend the funeral of a fellow regular employee or retiree of the company, provided such absence from duty will not interfere with normal operations.

### **Leave Donation Programs**

Mercer does not indicate whether leave donation programs are common practice. Given the prevalence of short-term disability programs replacing the more traditional public sector accrued sick leave approach, it is likely such leave donation programs are unnecessary. Public sector comparators provide the ability of co-workers to donate vacation leave to an employee facing

catastrophic illness or injury, often with some limits on the amount to be donated and the leave to be received.

### King County Public Sector Survey Key Findings

*Only one respondent employer reported having a PTO plan with all others reporting traditional leave plans with separate banks for sick leave and vacation.*

*Two respondents reported offering an STD plan to any employees. One offered it for both represented and non-represented employees. The other employer only offers STD through one of its unions.*

*Responses varied regarding leave cash-out and maximum accruals. In general, vacation is cashed out at 100% upon separation, with a variety of sick leave cash-out options, upon retirement. In general, employers set a maximum accrual and carry-over for vacation and do not for sick leave.*

### Next Steps

This survey of current competitive practices and the emerging trends found at King County's employer comparators was the preliminary step to acquiring a more comprehensive and robust sense of national and local labor market comparator current competitive practices that will provide a list of potential options for King County's policy and programmatic decisions moving forward.

By reviewing the current practices of other public, private, and non-profit employers, and integrating with King County's Employer Values, we may arrive at a distilled list of feasible options for restructuring or augmenting the County's leave and compensation structures, as well as our recruiting, employee development, and succession planning methods. Once alternatives and methodologies have been identified, a Request for Proposal will secure a consultant partnership for analysis on cost comparisons with current King County practices and best implementation options.

## Appendix C: Work Group Summaries

### Workforce Management Overview

King County's personnel system was enacted in the early 1970's and has remained relatively unchanged since that time. Updates enacted have largely been in response to changes in federal and state employment laws as well as in reaction to audit findings and litigation. Very little has been done to systematically review and update the system to address changes needed to reflect the needs and wants of potential and current employees. Those needs and wants have evolved due to technological advancements, changes to our local labor market, and an increase in the diversity, including generational diversity, of the workforce. New challenges must be faced as the County seeks to recruit new talented employees, engage and develop current employees, and facilitate the successful transfer of employee knowledge prior to retirement. Effective workforce management policies and practices are essential, as King County aims to establish itself an "employer of choice" in this modern landscape.

Callout items within the proviso directly related to workforce management:

- D. The competitiveness of the County's leave policy for attracting and retaining top employees
- E. The efficacy for recruitment of the types of jobs eligible for relocation reimbursements
- F. The efficacy for recruitment of the maximum amount that can be paid for relocation reimbursements

### Workforce Management Workgroup

A workgroup of sixteen human resources and agency operations professionals was assembled to identify the current state of, and a future vision for, King County's Workforce Management policies, programs, and procedures in the following areas:

- 1. Attracting Talent**
  - Recruitment Tools
  - Branding and Outreach Practices
  - Hiring Methods
- 2. Employee Engagement (Employee Development & Retention)**
  - On-boarding Practices
  - Employer-provided Benefits, Resources and Perks
  - Employee Development and Training
- 3. Succession Planning**
  - Knowledge transfer facilitation
  - Professional development pathways and programs
  - Preparation for effective exits

The following departments, divisions, and sections were represented by one or more workgroup members: Human Resources Division (HRD); Office of Performance, Strategy, & Budget, Continuous Improvement Team; Records & Licensing Division; King County Council; Wastewater Treatment Division; Metro Transit Division; Jail Health Services Division; and King County Information Technology.

Through meetings and research, the workgroup collaboratively assessed the current state of King County's recruitment and hiring, employee engagement, and succession planning tactics and tools.

## Current State Summary

Capturing the current state proved challenging, due to the vast scope and the wide diversity of practices across departments, divisions, and work sections. As a result, the Workforce Management group focused on existing issues and created a high level summary of current state processes, products, systems and resources.

### *High-Level Observations*

The current state assessment elicited the following high-level observations:

1. There is a lack of "standard work" and little parity between departments' recruitment, onboarding, employee recognition, employee development, and succession planning practices. Policies and practices differ across departments, divisions, sections and even work groups.
2. Young and/or less experienced and often more diverse candidates for employment have few points of entry to County employment. Specific, and often extensive, prior experience is prioritized in hiring, and internship programming is not centrally supported.
3. King County offers a "one size fits all" benefits and leave package and a formulaic compensation structure. This rigid system can inhibit employee retention and hinder high-level recruitments.
4. There is not a standard, centrally supported way to reward or recognize high performance. Longevity dictates the central employee recognition program, leave progression (accrual) policy, and indirectly, the monetary compensation increases.
5. The longevity-based recognition and vacation leave accrual increases are targeted at retaining existing highly tenured/longer term employees and not intended for attracting new talent.
6. Metrics are not consistently utilized to inform work and workforce analytics are limited.
7. Employees do not generally see a transparent pathway for their career progression and/or professional development. Job progression through the classifications is not standard. There is not a clear pathway to promotion and often, people see changing their classification as the only mechanism to increase their compensation.

8. Career and pay advancement is typically achieved by entering management ranks. There are few "technical advancement" options for those who do not have either the skill or desire to supervise.
9. Policy barriers and lack of sufficient funding impede successful knowledge transfer and make succession planning more challenging.
10. Without an enterprise-wide strategy for succession planning, it is difficult to determine a method for anticipative hiring. Without sound knowledge of who will be exiting employment and without a map of what knowledge must be transferred, and what skills, experience, and competencies will be essential for successors, it is difficult to recruit the "right" employees for meeting future business needs.

A more in-depth summary of the current state is detailed in the sections below.

## I. Attracting Talent

### Recruitment Tools and Practices

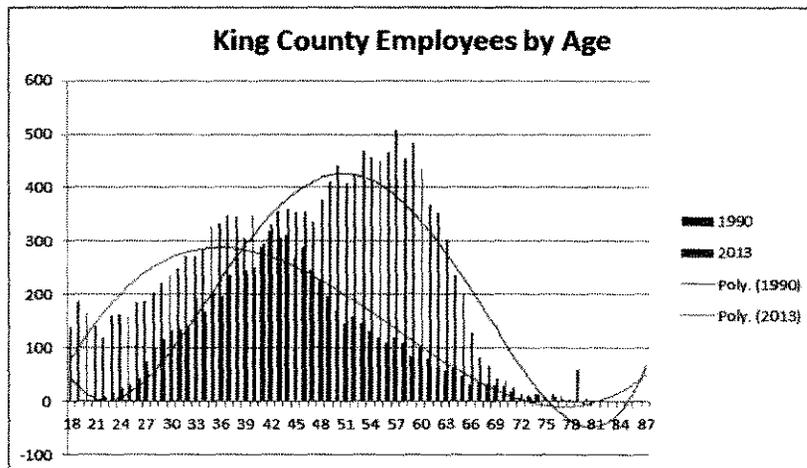
#### 1. Increasing Entry Level Positions and Internship Programming will Increase Age and Ethnic/Racial Representation in our Workforce at all Levels

The requirement of specific, and usually extensive, prior experience in the majority of County job postings has limited the number of entry level positions that are available for younger, more diverse and/or less experienced candidates. Many departments have internship programming, but it is not always clear for applicants how to become connected with these opportunities, as there is no single-point of contact to find out more about available positions. Applicants seeking internship opportunities must contact departments or divisions directly. A lack of an enterprise-wide approach makes it difficult to advertise King County's Internship programming overall.

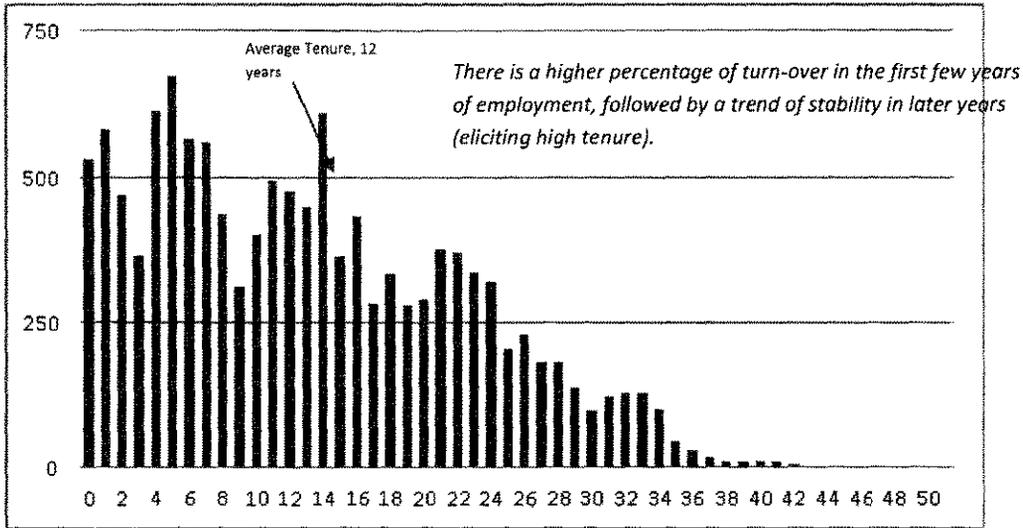
#### *-Age Distribution in King County's Workforce-*

In the past twenty years, the average age of County employees has advanced significantly. The graph below provides historical context of employee age distribution, demonstrating the reality of our aging workforce.

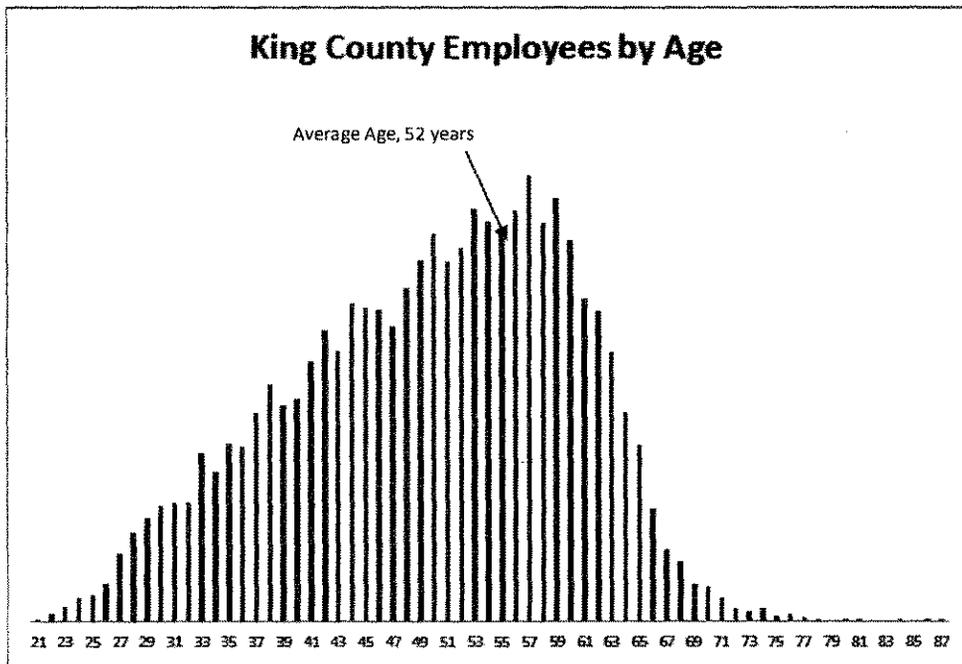
Currently, employees under the age of 32 are under-represented in the County workforce, especially considering the influx of Millennial and Generation Y into the employment market. The average age of a King County worker is over 50 and the average tenure (see graph below) is 12 years.



### KING COUNTY EMPLOYEES BY TENURE



### King County Employees by Age

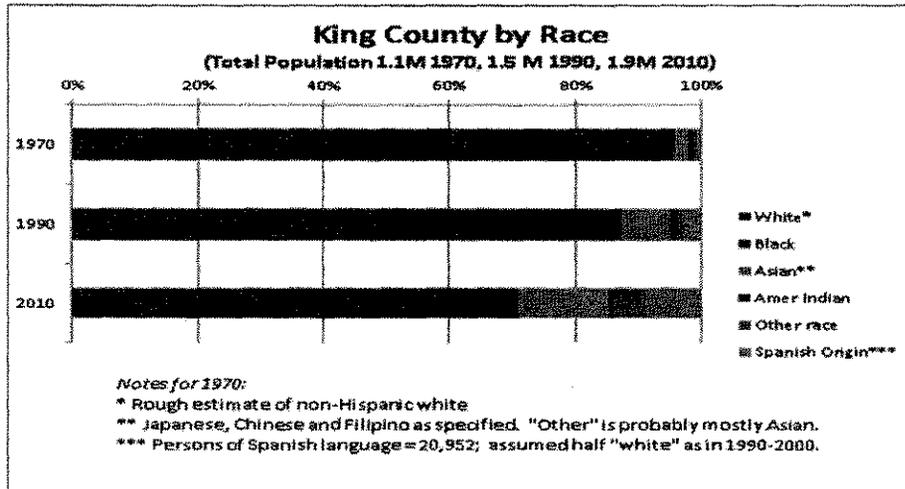


The under-representation of "younger" employees could be attributed to a lack of entry level positions, an emphasis on extensive and/or specific prior experience in hiring and the relative uniformity in hiring methods currently utilized.

As noted below, these practices may also limit the ability of more ethnically and racially diverse employees for entry at the higher levels within the organization, particularly in those

industries historically under-represented in diversity. Continuing to hire based upon years of experience in those instances will serve to perpetuate that under-representation.

*-Racial and Ethnic Diversity & Distribution-*



King County's racial and ethnic diversity has increased exponentially since 1970. Above, the distribution of King County residents' race and ethnicity is delineated by decade.

As a part of the Equity & Social Justice Initiative, King County's goal is to have its workforce serve every King County community and, to do that well, the workforce must reflect the communities' diversity. The table below indicates that the King County workforce is comparable with the racial demographics of King County; the County's goal is to ensure the representation of our communities is matched throughout the levels within the organization, including those at the higher levels. Overall, the County has made significant progress in this area.

Race Category	King County Population (2010 census data)	% of Total Workforce	% over \$43/hour (top 20% of pay)
Caucasian	62.9%	65.9%	76%
African American	6.4%	13.8%	6.4%
Hispanic	9.1%	4.7%	3.1%
Asian	15.3%	12.5%	12%
Native American	1%	1.7%	1.2%
Pacific Islander	.8%	.5%	.1%
Multiple	4.6%	5%	4%
Not specified	0%	.5%	.3%

## **2. Lack of Standardization in Job Posting Composition**

An enterprise-wide strategy for recruitment does not exist to ensure standard practice in recruitment across departments. For example, job announcements do not follow a standard format. Further, each agency and in some cases down to the division level, runs its own recruitments, resulting in candidates being forced to apply multiple times for the same type of position. Having this fragmented approach with multiple hurdles is an impediment for getting the most highly qualified candidates to apply.

## **3. Disconnection between Hiring and Succession Plans**

There is no clear linkage between succession plans and recruitments. While there has been increased interest in succession planning throughout the County, lack of information and budget constraints prevent effective knowledge transfer. Finally, the delays in the hiring process itself often result in a lack of knowledge transfer.

## **4. Inflexible Recruitment Plans (i.e. Leave options)**

Rigidity in the Personnel Code and the “one-size-fits-all” benefits system make it difficult to craft job offers to meet the needs of specific employees (particularly for high level or information technology positions). Human resources staff and hiring managers do not have the ability to offer customized employment “packages” which appeal to different demographics; for example, offering younger, interested employees a higher vacation amount, but lower medical benefits coverage. Limits on relocation reimbursements and the inability to match vacation banks, increase leave accrual rates, or frontload vacation can be barriers to securing desired candidates for high-level or hard-to-recruit positions.

Current code provisions restrict offering relocation expenses to only those candidates filling appointed positions (e.g., career service exempt positions). Further, hiring authorities may only reimburse up to \$6,000 in expenses.

The County runs nationwide recruitments for information technology jobs, health care jobs, leadership positions and other, hard-to-fill jobs. It has been a barrier to hire to not be able to offer full reimbursement costs.

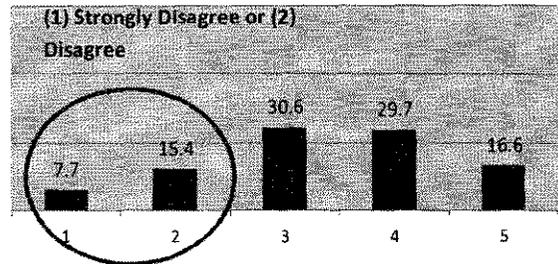
## **5. Lack of Clarity for the Applicant Regarding Employer Culture, Benefits, and Actual Job Description**

Applicants indicated there is limited information on the King County Jobs Page about what it is “really like” to work at King County. The information provided fails to provide applicants with a clear sense of what constitutes the employee benefits package (including the bus pass, athletic gym access, on-site childcare, etc.), and does not provide a tangible sense of King County’s workplace culture and values, or the organization’s structure. Furthermore, applicants have indicated that it is sometimes difficult to discern from a posting what a job truly entails. This may be due to the fact that job classifications often do not reflect the work expected of the position being recruited and working titles are not always included on postings, due to the aforementioned lack of “standard work” across departments and the lack of an adhered-to “standard operating procedure” for job posting composition.

## 6. Focus on Technical Experience Rather than Leadership Competencies

Historically, the County placed more emphasis on pre-existing technical skills when hiring for managers. The County has increased emphasis on hiring for leadership competencies, thus broadening the scope of recruitments.

I feel connected to the mission, guiding principles, and goals of the King County Strategic Plan - % responding



### Branding and Outreach

#### 1. Connection to Mission and Vision Lacking in Current Employees and Overall Employer "Brand" is unclear to Potential Employees

The 2012 All-Employee Survey results indicated that greater than one in five current employees reported that they do not feel connected to the goals of the King County Strategic Plan. Furthermore, the mission and vision and employer values are not detailed on the current King County Jobs Page to assist applicants in their evaluation of employer-employee "fit."

#### 2. Lack of Outreach to Raise Youth Awareness of the Opportunities in Public Service

Currently, the County does not centrally support or facilitate outreach programs intended to raise awareness of public service employment opportunities and diversify potential employee pipelines.

### Hiring Methods

#### 1. Hiring Process is often Slower than Local Labor Market Standard

While the authority to hire is given to the departments, there are several central process requirements that slow down the hiring process and often incur long waits between application submittal and first contact and between the interview and the job offer.

#### 2. Hire Well Committee Tackling Issues in the Shorter-term

The Hire Well Committee has been assembled in HRD and is working on some "quick wins" to augment recruiting and hiring practices. For example, efforts and analysis are being conducted in the following two areas: a) augmenting the King County Jobs Page to create a more user-friendly resource for applicants; and b) evaluating the efficacy and usability of NeoGov, the current centralized application system, for applicants and for HR Professionals, in order to determine if an alternative should be purchased or if there are recommended ways to update the current system.

### **3. Not all positions are posted (TLT & Special Duty)**

There is not a requirement to advertise openings for longer-term special duty assignments for existing staff and for term limited temporary positions. A competitive, transparent process is recommended for both to combat the perception of inequities and favoritism.

### **4. Underutilization of Metrics**

A standard list of metrics for measuring the "time to hire" and other valuable data does not exist. Some departments or divisions keep track of a great deal of data and some do not. Even fewer are able to use the data to make significant improvements to their hiring processes. None are currently using the data to do predictive modeling to ensure a diverse pool of qualified applicants are ready for final selection procedures when the hiring manager is ready to hire.

## **II. Engaging Employees - Employee Development & Retention**

### **On-boarding Practices**

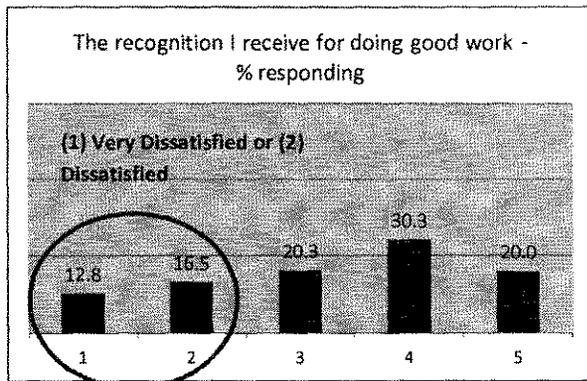
#### **1. Variable Quality and Administration of On-boarding Practices**

Some departments rely solely on the New Employee Orientation (NEO) for on-boarding and others have their own individual on-boarding curriculum. A lack of minimum requirements for department specific on-boarding results in varying levels of acclimation among new employees. Some employees report that they do not have the tools they need upon hire and do not have an understanding of how their job fits into the department or organization as a whole. HRD has designed tools for agencies to use as part of their own on-boarding processes but use is still minimal among agencies.

#### **2. Reconfiguration of the New Employee Orientation is currently underway**

King County's recently reinstated Employee Development and Organizational Effectiveness Team, housed in the Human Resources Division, is creating an enhanced curriculum for NEO in order to improve on-boarding practices. One augmentation will be a description of the County's organizational structure to give new employees a better sense of where their individual workgroup fits into the larger County context. Beginning in November, new employees will be assigned a peer mentor as part of the on-boarding process to ensure better retention of new employees and an enhanced employment experience.

## Employer-provided Benefits, Resources and Perks – Methods of Engaging Employees and Ensuring Retention



indicated that recognition is remiss. According to the *2012 All Employee Survey*, almost 30% of respondents reported dissatisfaction with the recognition they receive for doing good work.

Without an organizationally supported recognition methodology and means for reward, managers do not have resources to reward high performing employees. Nearly 30% of respondents reported that they did not agree that their supervisor had provided recognition for good work.

### 2. Rigid FTE and Benefits Structure: Regardless of an employee's priorities or stage of life career

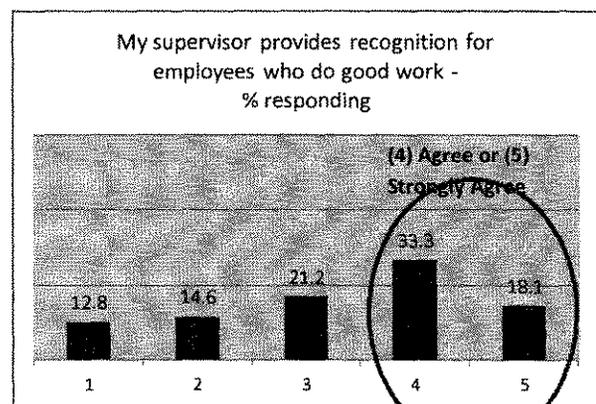
Changes to the benefits package cannot be made by an employee, even if their needs or priorities have changed due to life circumstances or the stage of their career. There are not currently opportunities for a younger employee to opt for more vacation, for a new parent or close-to-retirement employee to opt for fewer hours. Due to the rigidity of the FTE Structure, employees are not able to move to less than half time and retain medical benefits. Some of the current system's structure is driven by the County's charter, not revisited in large part on employee benefits since first adopted in 1969.

### 3. Lack of Parity across Departments with Administration of Telecommuting and Alternative Work Schedules

Variable practices in offering alternative or telecommuting opportunities have been observed between departments, between divisions of a single department, and even between separate workgroups within a single division. Although there is a countywide policy supporting such arrangements, telecommuting and alternative work schedule agreements have hinged on the discretion of supervisors who have taken vastly different approaches to facilitating their employees' workplace flexibility.

### 1. Central Employee Recognition Program is based on Longevity and Recognition for High Performance is not Organizationally Facilitated

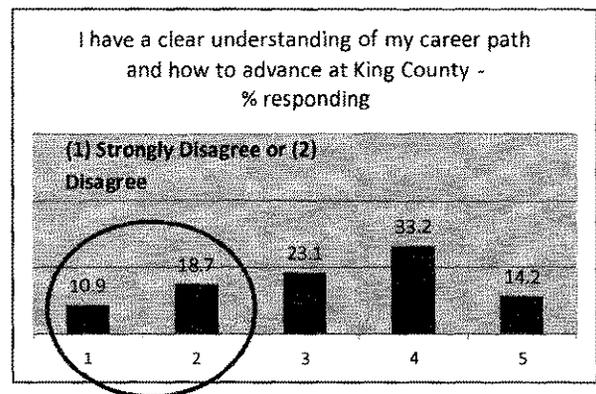
To reward employees for high performance, some departments, divisions, or work sections conduct their own employee recognition programs. Some even fund them through employee donation. However, apart from the Service Awards program, the County does not have a robust, centrally facilitated and supported employee recognition/rewards program. Employees have



## Employee Development and Training

### 1. The Pathway to Promotion: Opaque and with Limitations

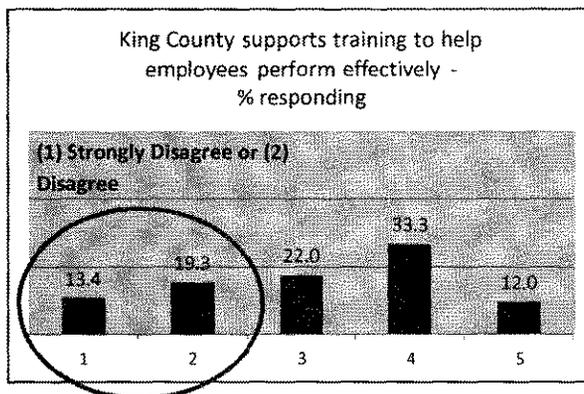
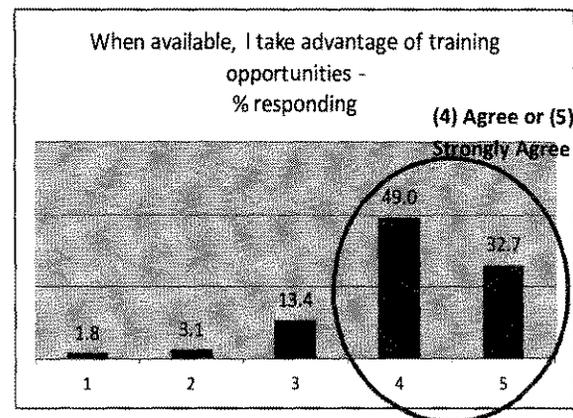
Currently, employees do not have the opportunity to choose between management (supervision of other employees) or technical advancement (subject matter expert) promotional opportunities.



What's more, it is not always clear to employees how they can advance through the organization. This has implications on the level of diversity in management. In the 2012 All-Employee Survey, nearly 30% of employee respondents indicated that they do not clearly understand how they can advance in their career at King County.

### 2. Centralized Employee Training and Development has been reinstated, but is currently under resourced.

The Employee Development and Organizational Effectiveness Team, while making tremendous strides in creating a robust training and mentoring program, is still not able to keep up with demand. Its focus is to create centralized training, toolkits and other management resources.



### 3. Employees have Reported Dissatisfaction with Development Options

The 2012 All-Employee Survey indicated that although approximately 80% of employee respondents take advantage of available training opportunities, over 30% of employee respondents do not believe that King County supports training to help employees perform effectively.

#### 4. Continuing Education & Tuition Reimbursement options vary across departments

A common tool to increase employee engagement and to improve performance is to provide reimbursement for classes, seminars and course work related to employees' jobs or to provide them with training in skills necessary for the employer. The County does not have an enterprise approach to this, allowing a variety of practices and perceptions of favoritism and inequity.

### III. Succession Planning

#### **Overall Summary**

Succession planning, or a lack there-of, has been identified as a priority that has elicited little direct action from an organizational perspective. There is virtually no standard strategy guiding the succession planning of the departments, and thus, divisions and even individual work sections have been left to their own devices to facilitate knowledge transfer and make sure they are prepared for the influx of upcoming retirements. The Employee Development and Organizational Effectiveness Team is building toolkits and a strategic workforce planning summit is planned for later this year to start increasing skills in this area.

A combination *ladder* (movement through various positions within the same line of business and organization) and *lattice* (cross-functional experience across positions and departments) approach has been identified as a desired tactic. The Compensation Management Services section has on its 2014 work plan to start identifying career pathways.

The Wastewater Treatment Division (WTD) of DNRP has constructed a succession plan. Integral to their succession planning, they have created a job progression pathway for Wastewater Treatment Operators.

In addition to WTD, the Department of Transportation Transit Division has recently hired a Workforce Development Manager to mitigate the issues associated with the high numbers of imminent retirements and the lack of potential employee pipelines in certain lines of business.

A monetary incentive for retirement has been piloted, but overall, there is little structural support for ensuring that a) employees who want to retire have the tools to do so, and b) the departments are forewarned about retirements with enough lead time to properly prepare a successor and successful transfer of knowledge.

#### **Inconsistent Practices**

With an absence of organizational workforce planning strategy, many departments, divisions, and work sections DO NOT consistently:

- Measure "bench strength" to identify a) likely successors for exiting employees and b) where their needs should be addressed through recruitment
- Forecast retirements or other regular or predictable exits from employment in a transparent manner to inform bench-mapping

- Create specific, supported, on-going development plans for employees, guided by employee input (regarding professional goals) and departmental needs
- Facilitate a standard process for employees to report an anticipated retirement and feel assured that their status and value in the organization will not change
- Ensure that employees are provided with retirement benefits training
- Connect financial planning and retirement benefits planning with employees' development plans from the time of hire
- Conduct exit interviews
- Provide clear avenues for developing and expanding skills through experience to prepare potential successors
- Provide cross-training, staff rotation, strategic planning exposure, formal or informal mentoring or job-shadowing, assigned opportunities like committee or task force participation.

## **Next Steps**

Based on the adopted Employer values, best practices in the public and private sectors can be evaluated for feasibility and fit in the context of the County. Considering values and best practices will inform the preferred options for bridging the gap between the current state and future vision. Thereafter, recommendations can be made for code changes or program additions and/or augmentations that will establish King County as an “employer of the future.”

## Absence Management Overview

King County has a bewildering array of different employee leave types, granted by federal and state law, County code, collective bargaining agreements and Executive policies. The Absence Management workgroup took a comprehensive look at how the County approaches leave benefits and leave management; including the overarching leave structure, specific types of leave, and day-to-day approaches to proactively managing leave.

Callout items within the proviso directly attributed to employee leave:

- B. The benefit to employees and the County from implementing additional leave options for long-term illness or disability, such as improved retention of valued employees affected by major illness
- C. The appropriateness of a leave bank for long-term illness or disability to provide a benefit to employees and to reduce administrative costs for the County
- D. The competitiveness of the County's leave policy for attracting and retaining top employees
- I. Conversion to a single type of paid time off
- L. Improvements for the administration of the United States Family and Medical Leave Act of 1993 and the King County family and medical leave policies in K.C.C. chapter 3.12. 371

## Absence Management Workgroup

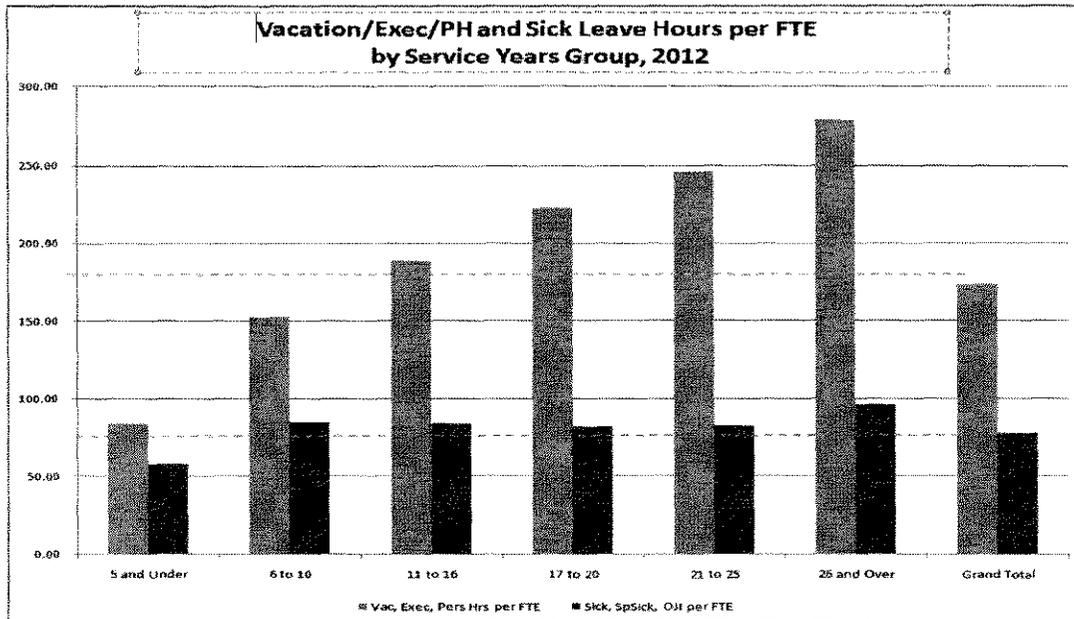
Absence Management Workgroup members provided different perspectives and diverse expertise in the fields of human resources and benefits, as well as operational management. Additionally, the group was composed to ensure extensive institutional knowledge and varying organizational level viewpoints. The 12 person workgroup consisted of representatives from across the government, including HRD, FBOD, OLR, and operating agencies.

In reviewing the County's current leave benefits, the following general categories were identified:

- Administrative Leave
- Benefit Time (PTO)
- Bereavement Leave
- Compensatory Time
- Donated Leave
- Examination Leave
- Executive Leave
- Family Medical Leave (FMLA)
- Holiday
- Holiday Bank
- Job Injury
- Jury Duty
- KC Family Medical Leave (KCFML)
- Leave w/ Pay
- Leave w/o Pay
- Military Leave
- Organ Donor Pay (Leave)
- Personal Holiday
- Pregnancy Leave
- Sick Leave
- Smallpox Vaccination Leave
- Union Leave
- Vacation Leave

Additionally, two County divisions within the Department of Natural Resources and Parks grant benefit time, a consolidated form of leave.

The following chart provides a breakdown of Vacation/Personal Holiday/Executive Leave and Sick Leave/On the Job Injury (OJI) hours taken in 2012:



### High-Level Observations

The current state assessment elicited the following high-level observations:

1. There are too many types of leaves to administer efficiently and effectively and too many variations on each type of leave contained in the County's collective bargaining agreements.
2. Employees are unaware of all of the types of leave that are provided.
3. Managers are frustrated by the difficulty of managing all the various types of leave.
4. While there is a significant amount of leave granted to higher-tenure employees, there is less leave and greater restrictions offered to newly hired employees. A leveling of the leave would be beneficial.
5. The County's Family and Medical Leave policy is extremely generous, difficult to administer and is ultimately used to its fullest extent by a small percentage of employees. Streamlining this leave would enable the County to buy or build an automated absence management tool that managers have requested.

6. The County's overall sick leave, donated leave, and use of sick leave for an array of reasons not associated with illness or injury (school volunteer days, for example), is not totally out of step with public sector comparators, but is clearly not in line with best practices across all sectors. More employers are moving to short-term disability plans as a method of providing wage insurance for employees.

A more in-depth summary of the current state is detailed in the sections below.

### **Bereavement Leave**

Leave granted to employees in the event of the death of a close family member is a standard leave provided by employers. In the County, there is a difference in the number of days granted (the code provides non-represented employees three days annually while most union agreements provide three days of leave per death occurrence). The definition of family member differs across the County's collective bargaining agreements, making the leave difficult to administer. The County would benefit from standardizing the leave.

### **Donated Leave**

Most public sector employers allow for one employee to donate to another in the event of a catastrophic illness or injury. The County's is broader than most because it allows for donation of both vacation and sick leave, and for any reason. If the County moves to a different method of providing for wage insurance in the event of employee illness or injury (or for those close family members), this benefit might be folded into such a plan. The current structure and system is administratively complex and because it relies on employee-initiated efforts, leads to a perception that it is inconsistently granted.

### **Sick Leave**

Issues surrounding sick leave use include:

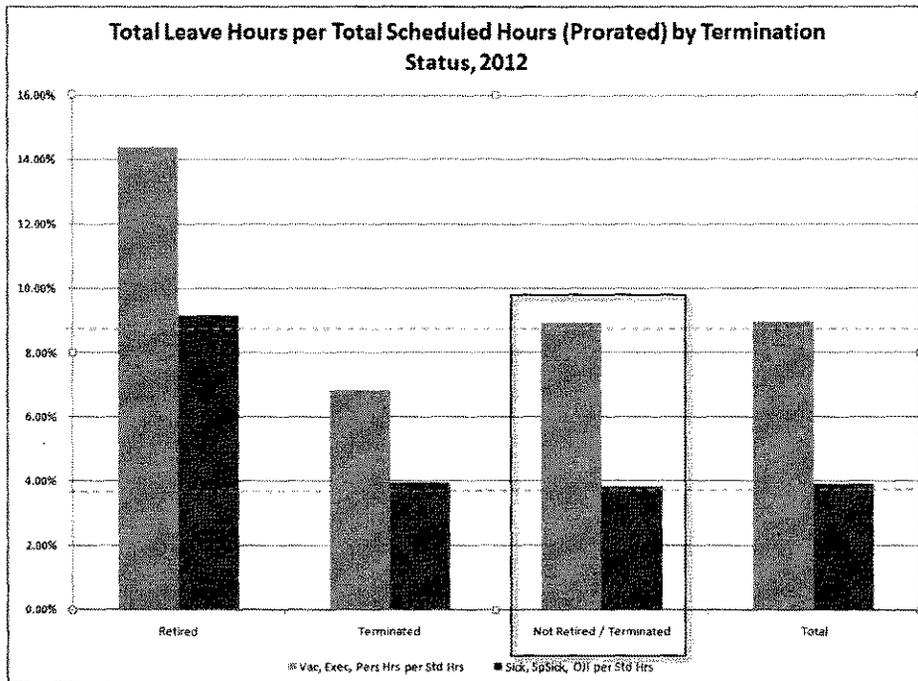
- The organization lacks a standard countywide attendance policy with enforceable measures.
- There is significant often unplanned for fiscal liability with respect to sick leave balance volume, and the pending impact of cash-outs for retiring employees.
- King County's standard sick leave benefit is twelve days per year. This accrual rate is not an overt outlier, but does exceed the average number of annual days (eleven) provided by both employers with 500 or more employees, or state and local governments per the U.S. Bureau of Labor Statistics (Program Perspectives Vol.2, Issue 2, March 2010). This allotment of twelve days was also noted as towards the top (rank

For the active employee population

- Approx. Average Age: 51
- Approx. Number of employees (Regular and TLT) 55 yrs or older: 4790
- Approx. Average Sick Leave balance of those employees over 55: 406 hrs
- Approx. Average Vacation Leave balance of those employees over 55: 254 hrs

*\*figures provided are approximate as of March 2013 and for the Executive Branch only*

2<sup>nd</sup> of 13) per the Mercer Benefits Valuation Analysis Executive Summary (January 2012).



**Vacation** – Accrual balances for long tenured staff are quite substantial, due to the number of employees with long service tenures. The maximum vacation carryover is 480 hours for fulltime employees and the number of employees at or near 480 hours is approximately 1,100. Most public sector employers regionally cap vacation accruals at 240 hours.

King County's vacation accrual rates are competitive, ranking 2<sup>nd</sup> out of 7, per the Mercer Benefits Valuation Analysis Executive Summary (January 2012), examining both public and private sector employers' practices. It should be noted, however, that accrual rates differ among different represented groups.

Recruiting new employees is often made difficult because current practice prohibits granting new hires more than the base twelve vacation days. This practice makes it extremely difficult to recruit experienced or established employees from other employers. Further, the delay in progression for newer employees to higher accrual rates, specifically the wait for five years for any increase in accrual, was also noted as a concern by both workgroup members and focus group participants.

## Next Steps

### Considerations and Recommendations:

Considerations and recommendations are general in nature and potentially incomplete as the workgroup is ongoing. Across the board, recommendations will require more detailed analysis as part of ongoing best practice research and costing, as well as guidance based on adopted employer values.

#### Immediate or shorter-term considerations

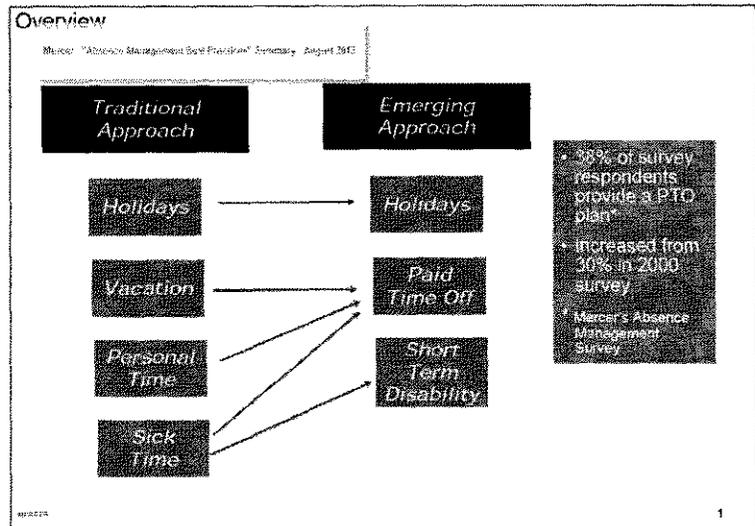
- An assessment of reporting options for all types of leave and analytics within our current human resource information system and budgetary systems should be a top priority. The difficulty and sometimes inability to provide accurate reporting and analysis of employee leave has been noted as a long standing issue both within the workgroup, as well as within department supervisory and management staff.
- The County should document and communicate a standardized countywide attendance policy with enforceable measures. This policy should explicitly address unscheduled absences, thereby providing employees with clear guidance on what is acceptable attendance, and providing County supervisors and managers the support and foundation to address suspected abuse.
- An overhaul of the County's Family and Medical Leave policies and consideration of building or buying a new absence management tracking system should be a 2014 priority.
- Limitations on leave for new and probationary employees are currently set at a six month pay period; removing the waiting period and allowing hiring managers flexibility in granting leave to put together an attractive recruitment package should be considered.
- The County should create a standard definition and grant of leave to match the most prevalent practice of bereavement leave.

Asked about the challenges in FML administration, the great portion of respondents (54%) cited tracking and administering intermittent leave – even though intermittent leaves account for just 8% of all leaves

*Per Mercer's Survey on Absence and Disability Management 2010*

### Longer-term considerations

- Considerations of conversion to a broader County standard consolidated time off (PTO). The design and implementation of this type of plan grants employees more flexibility in time off, is reported to decrease unplanned absences, and increases administrative ease for employers. PTO is also noted in some studies as an additional beneficial recruitment tool for employees that seek more flexibility. PTO options and the benefits and disadvantages and methods of transition to such a plan will require more study, with recommended pilot projects to determine the feasibility of moving to such a program more countywide.



- Moving to Short Term and Long Term disability programs, in conjunction with a PTO program and/or in lieu of the traditional sick and donated leaves is worth further study. In the meantime, some housekeeping changes to ease the administrative burdens associated with the County's current donated leave program should be considered.

Regardless of what changes are instituted, there is an expectation of continuance of a reasonably sufficient benefits package and more specifically leave benefits. Employee focus group participants consistently noted that they recognized the County as having a good benefits program, with many noting that was a factor in their choice of King County as an employer. In bearing the cost and administration of such benefits, King County needs to continually communicate and increase recognition of their benefits and their value to current and prospective employees. Lack of employee understanding and appreciation of their benefits is a common issue among employers.

Reports have shown that employees often underestimate the likelihood (risk) for the need for long term disability. Reports show that between 20-30% of employees will have an occurrence requiring long term disability within their work careers.

One such study by US Census Bureau notes an occurrence of 1 in 5 employees. The County's own utilization of its long-term disability program is on the rise.

## Total Compensation Overview

Compensation is a cornerstone of the personnel system. It accounts for approximately \$1.4 billion in King County's annual budgeted monetary and non-monetary rewards received by County employees in exchange for their work. King County's compensation structure was created in 1969 and has remained relatively unchanged for 44 years.

Callout items within the proviso directly attributed to total compensation:

E. The efficacy for recruitment of the types of jobs eligible for relocation reimbursements

G. Programs that provide merit incentive pay above the top salary step, and their effectiveness as an incentive tool. Examine whether there is a better tool that could be used.

H. The appropriate number of ranges and steps for classifications currently in the County squared salary table

K. Standardization or reduction of adds to pay.

## Compensation Workgroup

The Compensation Team was convened to evaluate King County's current compensation structure and to develop recommendations for changes. The team convened included stakeholders from the Executive Office, Labor Relations, Employee Benefits, Employee Health and Well-Being, Compensation Management Services, Human Resources and agency operations.

The team worked together, through research and a series of meetings, to create a comprehensive description of the current state. This description includes the underlying compensation philosophy in the current state and its unintended consequences. Information gathered from County leadership, agency management teams and Employer of the Future focus groups informed identification of issues existing in the current state.

The team began review of various compensation best practices but encountered significant divergence depending on the values and goals of the organization. When considering potential changes to the current state, the team concluded that significant change to the current compensation structure requires policy direction regarding the County's goals and values.

## Current State Summary

The current state of King County compensation policy and practice is generally defined by a rigid, formalized compensation structure complicated by a variety of deviations from standards in negotiated union contracts and inconsistent application of those standards. With this in mind, the workgroup focused on creating a summary of the standard current state – not the deviations.

## High-Level Observations

The current state assessment elicited the following high-level observations:

1. In 2012, King County budgeted approximately 1.4 billion dollars for direct employee expenses - 70% of compensation is in salary and overtime and 30% in other benefits (12% in medical) including insurance, pension, workers' compensation and employment taxes.
2. The personnel system provides a standard, one-size-fits-all approach to the total rewards employees receive in exchange for their work. With few exceptions, compensation is provided to all equally (such as the bus pass, sick leave and health insurance) or on a formulaic basis dependent upon classification and/or tenure (such as base pay and vacation leave).
3. Many negotiated labor agreements create deviations from the standards, replacing the County standard with a new, contract-specific standard.
4. Base wage compensation is determined by the pay range associated with each employee's classification. The majority of classifications have very few employees in them and distinguishing between classification series and levels within series is difficult.
5. The pay range associated with a classification is market based, however, the markets used may not accurately reflect the true employment pool from which King County draws. The markets used are often the subject of bargaining and the methodology for choosing the markets may be set forth in state law (for interest arbitration eligible bargaining units).
6. Except for a very few negotiated pay rates, pay ranges each have a standard ten step progression; not all types of work have a ten step progression in the market.
7. The current state effectively rewards years of service.
8. Adds to pay are all a product of negotiations, generally reflect the practices of comparable employers within given industries (such as law enforcement and nursing) and generally are not used as recruitment tools. Rather, base salary, health insurance and leaves benefits are more commonly valued by candidates for employment.
9. Performance appraisals in practice, coupled with the fact that 65% of employees are at step 10, negates the intent to link performance and compensation in the current system.
10. The relative lack of higher paying individual contributor positions creates pressure on employees to seek management or supervisory positions regardless of interest or skill.
11. Significant changes to King County's compensation system will require guidance regarding the goals and values of the organization.

A more in-depth summary of the current state is detailed in the sections below.

### **I. The Classification System**

All employees are assigned to a defined classification based upon the preponderance of the work they perform. Each classification is assigned, either through bargaining, Council action or by the Human Resources Manager, an associated pay range.

**A. VOLUME OF CLASSIFICATIONS**

King County has 14,624 employees and 1,310 distinct classifications. There are 537 classifications with only one employee (41%), 854 classifications with four or fewer employees (65%) and 1051 classifications with fewer than ten employees (80% of all classifications).

<b># of Incumbents</b>	<b># of Classifications</b>
1	537
2	156
3	77
4	84
5-9	197
10-14	91
15-19	32
20-29	48
30-39	29
40-49	11
50-99	33
100-199	10
200-2000	5
2,000+	1
<b>Total Incumbents</b>	<b>Total Classifications</b>
14,624	1,310

Approximately 40% of King County employees are in 14 classifications (about 1% of all classifications).

<b>Classification</b>	<b>Incumbents</b>
Engineer II	102
Parks Specialist I	105
Transit Mechanic	109
Public Health Nurse	119
Administrative Specialist III	127
Project/Program Manager IV	131
Project/Program Manager II	151
District Court Clerk	154
Administrative Specialist I	169
Project/Program Manager III	201
Administrative Specialist II	409
Corrections Officer	468
Police Officer (Deputy)	518
Transit Operator	2,582

## **B. DIFFERENTIATION BETWEEN CLASSIFICATIONS**

Many of the most common classifications exist within a classification series, a series of similar classifications differentiated by the level of difficulty of the work or level of sophistication of skill necessary to perform the work.

Examples of classification series include:

- Administrative Specialist I, II, III and IV
- Business and Finance Officer I, II, III and IV
- Budget Analyst I, II and III
- Database Administrator Journey, Senior and Master

With so many classifications and so many classification series, differentiation between classifications becomes difficult. Within many classification series, and across various similar classifications, distinctions have become blurred resulting in employees performing similar work classified differently and employees performing differing work similarly classified. Additionally, classification assignments made through negotiation with labor organizations often creates inconsistencies in work performed within a specific classification across bargaining units and across the County workforce.

## **C. MARKET BASED PAY**

Generally, County policy dictates the appropriate pay range for each classification which is determined through analysis of pay received for similar work at other comparable local

governments within our geographic region. The standard list of comparable regional governments (set forth in Council Motion 10262) includes:

- Snohomish County
- Pierce County
- City of Seattle
- City of Bellevue
- City of Tacoma
- State of Washington
- University of Washington
- Port of Seattle

This list of comparable employers does not represent the employers King County competes with for employees in all cases; King County is often in competition with private sector and/or national employers in recruiting employees.

Even with the current goal of market based pay there is a general belief that King County classifications are above market in lower paying classifications and below market in high range classifications. Above market pay in lower paying classifications may reflect an unstated commitment to paying a living wage to all employees, a policy supported by the County's equity and social justice efforts.

#### **D. COMPRESSION**

Each classification has an assigned salary range. Each of King County's 100 standardized pay ranges has ten steps and two additional merit steps; each step is separated by approximately 2.5%. Step 10 is approximately 25% above step 1 in each range for each classification in the County. While the range of pay in the market for some work may actually be 25% from the low end to high end, the standardization of 25% as the range of pay for all County work inherently results in compression or expansion of pay ranges for County employees.

Some negotiated deviations from the standard ten step progression include truncated salary progressions, demonstrating the salary compression existing within our current state.

Additionally, the County has generally looked to have 7.5% between the top step of the highest level line classification and the top step of the supervisor. In many cases, because negotiations of represented classifications take place on average every three years, implementation of the salary adjustments resulting from negotiations has led to salary compression, misalignment and even inversions – where subordinates make more than their managers or supervisors.

The impact of salary compression on existing employees can be very de-motivating, especially if they perceive that different people are paid according to different rules.

## E. CLASSIFICATION CREEP

The distribution of classifications across the County workforce has tilted toward higher level positions over time due to three primary reasons.

1. Employees who believe they are misclassified may request a review of the work they perform and their classification by the Compensation Management Services section of the Human Resources Division. If they are found to be working outside their classification, the position is reclassified. Generally, employees only seek reclassification if they believe they are working above their current classification and should receive more pay.
2. Managers and supervisors generally want to retain experienced employees and give them increasingly more complex work. To recognize that change in duties, management often reclassifies positions to a higher salary range. Once positions are reclassified to a higher range, the position is seldom reset to the lower classification once the incumbent leaves the position.
3. Lastly, with the use of technology in the workplace, specifically with ABT, the County made a transition from clerical to analytic work and manual to automated, thus reducing the volume of much lower level work within the County's workforce.

## II. Monetary Compensation

As is noted above, each classification is tied to a ten step range, plus two additional steps for merit over top step, each step separated by 2.5%.

### A. INITIAL PAY

Upon hire into a position, the employee is assigned a step within the classification's pay range. Generally, the employee newly hired into a position is given a pay increase of 5% above their previous position, either from inside or outside of the County. This 5% increase is tied to previous monetary pay, not total compensation which could result in significantly different outcomes.

### B. PAY PROGRESSION

At the end of the employee's probationary period and annually thereafter, employees should receive a performance appraisal. Depending on the employee's performance appraisal score they may advance one or more steps per year along the pay range.

Advancement to Step:	Requires Performance Appraisal Score of:
2-5	Satisfactory
6-8	Above Standard
9-10 & Merit above Step 10	Outstanding

In practice, most King County employees progress in salary steps based upon time in service. For the small percentage of employees following the system set forth in code, even then, annual step increases are seldom denied and the use of the performance appraisal system as a performance motivator is no longer effective. Best practice research indicates that money is rarely a motivator to perform well; rather, performance drivers tend to be mastery, autonomy and purpose. Under our current system, annual step increases are viewed by many employees as an entitlement and some labor agreements have institutionalized this belief by removing the need for a performance appraisal prior to a step increase.

With annual step progression overwhelmingly granted, determining an employee's pay at any point in time is usually a function of their initial step and their subsequent years of tenure. This formulaic approach removes variables like race, gender and nepotism from step progression and creates a reliable pay progression expectation for employees but eliminates the linkage between performance and pay.

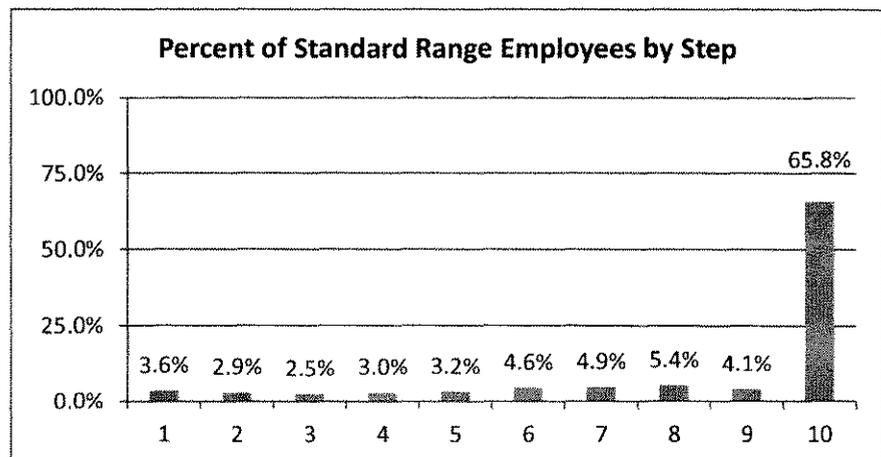
**C. MERIT PAY**

Employees who have been at step ten of their classification's pay range for two or more years may receive pay up to 5% above step ten if they receive a certain score on their performance appraisal. Merit pay must be "re-earned" each year by receiving that score on each subsequent year's performance appraisal. In practice, once merit has been earned it is granted so regularly in subsequent years that loss of merit pay is generally viewed by employees not as a critique of their performance but as a punitive action by their manager or supervisor, particularly because merit, once awarded, is presented as part of an employee's base compensation.

**D. PAY AND PERFORMANCE**

The code-mandated link between the annual performance appraisal process and progression through the steps of a salary range was clearly intended to tie pay to performance. The practice of granting nearly all employees an annual step and infrequent loss of merit pay above top step, coupled with the lack of any reduction in pay due to performance, has effectively divorced pay from performance in our current state. In fact, 65% of employees in a standard pay range are currently at step 10 eliminating any additional advancement in pay based on performance in our current state.

Research detailed in Appendix B indicates most pay for performance programs have



limited success in truly tying pay to performance. Again, pay in and of itself is rarely a motivator for better performance and rewards for already high performance do not have to be monetary in nature to be effective.

#### **E. GENERAL WAGE INCREASES OR COST OF LIVING ADJUSTMENTS (COLA)**

Historically, King County employees generally have had a pay increase based upon a formula linked to a regional Consumer Price Index (CPI) measure. That increase has been applied to every entire salary range. This means that every year each step within each salary range is adjusted up by the COLA determined for that year. COLA has typically been implemented January 1. Employees do not, generally, view the implementation of COLA as a pay increase but as a factor that prevents their pay from decreasing in real terms. Most private sector employers and more public sector employers are moving to flat general wage increases when feasible to fund to provide more predictability for financing.

#### **F. ADVANCEMENT**

Employees seeking to increase their salary often seek a new position within the County at a higher range. The vast majority of higher paying ranges within the County classification system are management positions; few high paying individual contributor positions exist. This situation often results in employees who may not be skilled or particularly interested in managing employees seeking management positions to advance pay or prestige. As noted in the focus group summary, poor supervision is one of the most significant stressors on our workforce.

#### **G. ADDS TO PAY**

There are approximately 147 active adds to pay based on specific criteria in some negotiated labor contracts, detailed in Appendix F. Many adds to pay were bargained as a result of a particular need expressed at the bargaining table. These adds-to-pay have served to mask the employee's total compensation and have increased the complexity and cost of administering employee's compensation. Some of the most complex collective bargaining agreements with the highest numbers of adds to pay are in those interest-arbitration eligible units within Corrections and the King County Sheriff's Office, or in Public Health and generally reflect adds to pay similar to comparable employers within those industries. Approximately 60% of the premium pays were received by 20 or fewer employees.

#### **H. RETIREMENT**

While retirement is a significant monetary component of compensation, no significant consideration is given to the topic in this documents as the retirement system is controlled by the State of Washington and not King County.

### **III. Non-Monetary Compensation**

#### **A. INSURANCE**

Insurance coverage represents 30% of King County's total employment costs. This category of compensation includes:

- i. Health insurance
- ii. Dental Insurance
- iii. Vision Insurance
- iv. Basic Life Insurance
- v. Accidental Death & Dismemberment
- vi. Long Term Disability

These benefits are standard, one-size-fits-all for employees. Employees may purchase additional, supplemental or more generous benefit coverage for some of these programs through payroll deductions. One significant aspect of these County benefits is that employees and their dependents are covered without a premium paid by the employee. Employees working half-time or greater receive full insurance coverage, effectively increasing their hourly pay from a total compensation perspective; this creates a disincentive from a management perspective to offering part-time FTE positions, a potentially valuable retention and succession planning tool.

#### **B. LEAVE BENEFITS**

Leave is a significant component of the total compensation received by employees. Leave is covered in this document in the Absence Management Workgroup Summary in this appendix.

#### **C. OTHER BENEFITS**

Other benefits received by employees in exchange for their work include:

- Bus/ORCA Pass
- Making Life Easier
- Employee Assistance Program
- Career Support Services

### **IV. Current State Compensation Philosophy**

When creating this description of the current state of compensation at King County, the workgroup attempted to discern the guiding compensation strategy or philosophy that the current state embodies. Based on the current state, it appears that our current system was intended to create fair and equitable compensation for employees that is based on market wages, incent performance, provide a family living wage, and reward experience and longevity.

The system, as enacted, addressed specific problems in existence at the time of its creation but created some unintended consequences in practice. See chart, following.

**Current State Compensation Strategy/Philosophy:**

**The Current State Characteristics**

- Standard, One Size Fits All\*
  - Benefits
  - Ranges
  - Progression
  - Leave
- Defined Classifications
- Merit Based Step Progression (Performance Appraisals)
- Longevity Based Leave Accrual Acceleration
- Longevity Based Employee Recognition
- Annual COLA



**Values Inferred from Current State**

- Fair & Equitable
- Comparable Worth
- Equal Pay for Equal Work
- Market Based
- Family Wage
- Predictable & Consistent
- Motivate Performance
- Create Loyalty & Reward Longevity
- Experience



**Practical Implications of the Current State**

- Limited Recruitment/Retention Tools
- PAs Focus on Pay
- Pay Progression Viewed as an Entitlement
- Position Change Required to Accelerate Salary Advancement
- Prestige and Advanced Pay in Managerial/Supervisor Positions
- Total Compensation Inequitable Due to
  - Productivity
  - Leave
  - Benefits
- Salary Compression Within and Across Classifications
- Lack of, and Barriers to, Entry Level Positions
- Compensation Growth Outpacing Revenue Growth

## Next Steps

Significant change to the current compensation system requires clear direction regarding what kind of employer King County will be in the future and what kind of employees King County would like to employ. With guidance regarding King County's goals and values, the Compensation Team will evaluate best practices research of employment compensation practices to determine which practices best align with those values and will achieve County goals. The team will work in close coordination with the Office of Labor Relations to ensure these best practices are in fact practicable to negotiate and implement given our complex bargaining unit structure.

**APPENDIX D: Key to Proviso-Specific Answers**

PROVISO CITATION		SHORT ANSWER	MORE INFORMATION CAN BE FOUND
A	The level of sufficiency, based upon a needs assessment conducted by the Executive, of the mental health benefits provided to employees;	County employees' use of mental health benefits and making life easier is higher than the providers' standard books of business, imply that many people are aware of and using their mental health benefits.	Appendix E – Mental health benefit and stress overview
B	The benefit to employees and the County from implementing additional leave options for long-term illness or disability, such as improved retention of valued employees affected by major illness;	Consideration would have to be given to how long-term disability would fit into a broader absence management approach. Organizations often pair PTO with long-term disability.	Appendix B –Absence Management Competitive Practices
C	The appropriateness of a leave bank for long-term illness or disability to provide a benefit to employees and to reduce administrative costs for the County;	Specifically recommend as an alternative to current the donated leave approach. Longer-term option may include moving to providing short-term disability insurance in lieu of some or all of sick leave.	<ul style="list-style-type: none"> <li>• Appendix B – Absence Management Competitive Practices</li> <li>• Appendix C – Absence Management, Current State Overview</li> </ul>
D	The competitiveness of the County's leave policy for attracting and retaining top employees;	Currently very inadequate for new hires. Immediate steps should be taken to enable recruiters to incorporate additional leave into negotiations; prohibition should be removed from taking vacation in the first six months.	Appendix C- Workforce Management, Absence Management
E	The efficacy for recruitment of the types of jobs eligible for relocation reimbursement;	Immediate steps should be taken to allow recruiters to offer relocation expenses for hard-to-recruit positions (such as IT, and health care professionals).	<ul style="list-style-type: none"> <li>• Appendix C – Workforce Management</li> </ul>
F	The efficacy for recruitment of the maximum amount that can be paid for relocation reimbursements;	Currently, public sector jurisdictions offer a range of amounts; more research will be necessary to determine a recommended amount.	<ul style="list-style-type: none"> <li>• Appendix C – Workforce Management</li> </ul>
G	Programs that provide merit or incentive pay above the top salary step, and their effectiveness as an incentive tool. Examine whether there is a better tool that could be used;	Our current system is not working well as an incentive tool; most sectors are moving to a total rewards system.	<ul style="list-style-type: none"> <li>• Appendix B – Total Compensation Competitive Practices</li> <li>• Appendix C – Total Compensation</li> </ul>

H	The appropriate number of ranges and steps for classifications current in the County squared salary table;	Should vary by type and level of classification, rather than a one size fits all approach.	Appendix C – Total Compensation
I	Conversion to a single type of paid time off;	There are many positives associated with such a move; it will require additional study, including fiscal analysis.	<ul style="list-style-type: none"> <li>• Appendix C – Absence Management</li> <li>• Appendix B – Absence Management Competitive Practices</li> </ul>
J	Standardization of workweeks;	OLR has made significant strides in negotiating reductions to the number of work weeks. This will continue to be an issue to address.	Overview of current practices
K	Standardization or reduction of adds to pay; and	We currently have too many with approximately 60% benefiting 20 or fewer employees. It is likely there is room to consolidate and/or reduce the numbers.	Appendix F
L	Improvements for the administration of the United States Family and Medical Leave Act of 1993 and the King County family and medical leave policies in K.C.C. chapter 3.12.	Immediate steps should be taken to streamline our current FMLA policy to be more consistent with federal law and that of other jurisdictions.	Appendix C – Absence Management

## Appendix E – Stress and Behavioral Health Benefits Overview

The prevalence of stress in employee populations has increased dramatically since 1998, according to health assessments, consumer survey reports and empirical studies. High levels of stress can contribute to serious health issues, increase health care costs and affect employees' ability to perform at maximum capacity. Increased stress can also have an impact on productivity, turnover and employee satisfaction.

The following section details the current state of the County's behavioral health benefits and programs, including benefit usage and wellness assessment data. Key lessons include:

- The County is above the standard book of business for both its mental health benefit and making life easier usage. This can imply that many people are aware of and using their mental health benefits.
- The focus group survey data collected from 62 people shows that 83 to 88 percent of respondents think it's important that the County offer the Employee Assistance Program (EAP), Making Life Easier and Alternative Dispute Resolution (ADR) programs, and a approximately a third have used the services.
- Stress is the fourth most prevalent health risk behind weight, blood pressure and diet on King County's annual wellness assessment. However, the proportion of people with stress as a health risk has decreased from 41.2% in 2010 to 36.8% in 2013.

### Current State Summary

King County offers a broad array of behavioral health services to employees and their families. Below is a summary of the benefits we offer and data on how much they are used. At the bottom of the report is data included from surveys conducted at the end of our employee focus groups on stress and the annual wellness assessment. The survey included questions about employee awareness of and the value placed on workplace behavioral health services (Alternative Dispute Resolution and Employee Assistance Program) and Making Life Easier. The wellness assessment data provides a sense of King County employees' perceptions and evaluation of their own stress.

#### Health Plans

Office visits and in-patient behavioral (mental) health services are covered in both the KingCare<sup>SM</sup> and Group Health plans in the same way that other medical services are covered—these services are subject to the same deductibles and copays/coinsurance as medical services, and there are no annual or lifetime limits on number of visits or days.

#### *KingCare<sup>SM</sup> Benefit Overview*

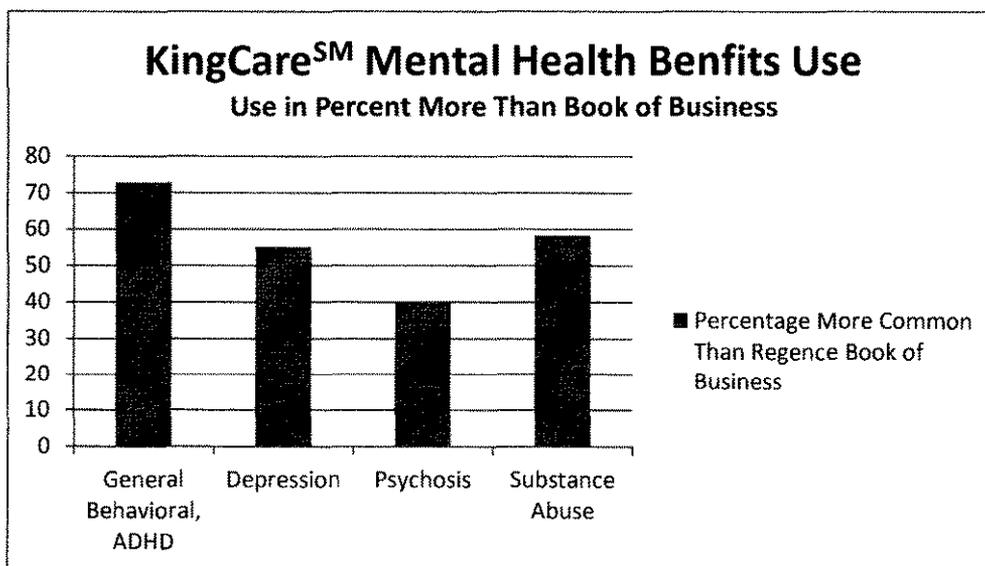
- Covered providers include licensed psychiatrist (MD); licensed psychologist (PhD); licensed master's-level mental health counselor; licensed nurse practitioner ARNP; community mental health agency licensed by the Department of Health; or licensed

state hospital. Network providers obtain preauthorization for care as necessary. If members see an out-of-network provider, they must obtain preauthorization from KingCare<sup>SM</sup> for inpatient mental health care.

- Covered services include: individual and group psychotherapy; inpatient care or day-treatment care instead of hospitalization (must be in a licensed medical facility); lab services related to the covered provider's approved treatment plan; marriage and family therapy; physical exams and intake history; and psychological testing.
- Excluded services include biofeedback; custodial care; specialty programs for mental health therapy not provided by KingCare<sup>SM</sup>, and treatment of sexual disorders (counseling for gender identity disorder **is** covered as of 07/01/2013); treatment (inpatient or outpatient) of chronic mental health conditions such as mental retardation, mental deficiency or forms of senile deterioration resulting from service in the armed forces, declared or undeclared war, or voluntary participation in a riot, insurrection or act of terrorism.

### Employee Use of KingCare<sup>SM</sup> Services

Medical utilization information from Regence shows that people are using their mental health benefits at a higher rate than the book of business.



### Group Health Benefit Overview

- Covered services, which place priority on restoring social and occupational functioning, include: consultations; crisis intervention; evaluation; intermittent care; managed psychotherapy; and psychological testing. Group Health also covers services authorized by Group Health's medical director which can be expected to improve or stabilize a condition.
- A member's primary care physician can arrange for mental health services, or the member can contact Group Health Behavioral Health directly.

- Excluded services include custodial care; day treatment; marital and family counseling; specialty programs for mental health therapy not provided by Group Health; and treatment of sexual disorders (counseling for gender identity disorder is covered as of 07/01/2013).

### **Making Life Easier Counseling, Resource and Referral Services**

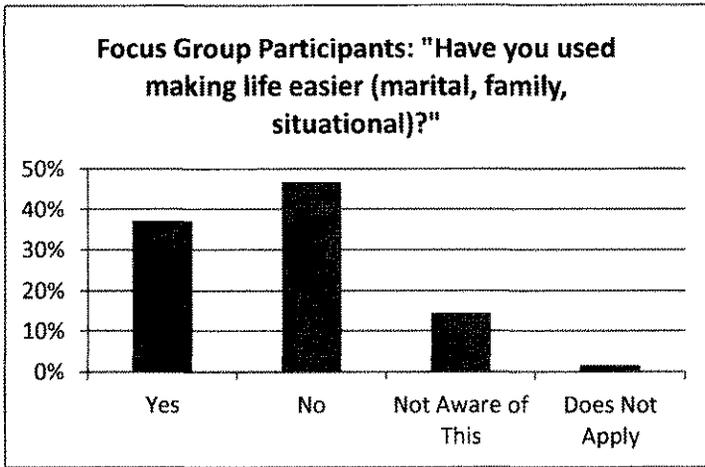
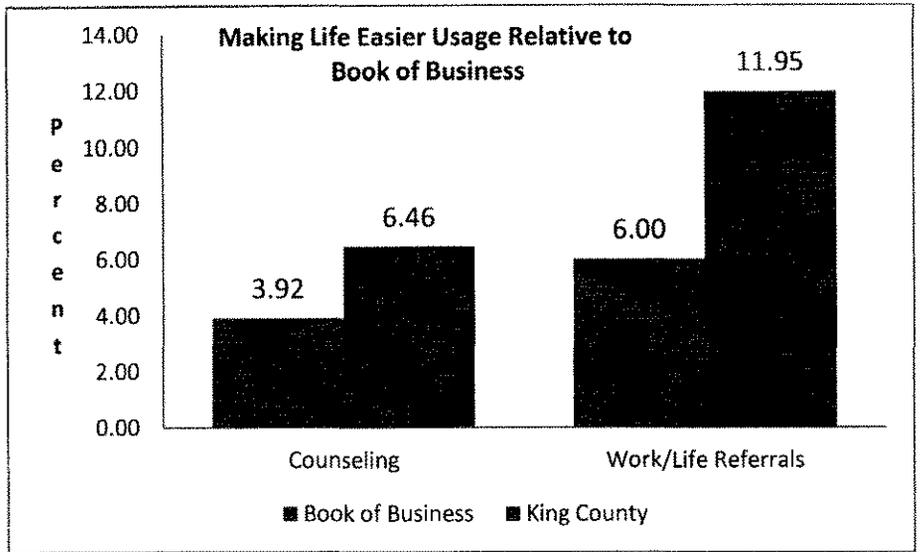
Making Life Easier offers a number of free services for all benefit-eligible King County employees, their dependent family members and anyone living in their household. These include:

- *Personal Counseling & Life Resources (includes up to eight counseling session per year per topic for each eligible household member):* counseling related to relationships, parenting, family, and divorce; stress, anxiety, depression and grief; domestic violence; alcohol or drug abuse; gambling; internet addiction; eating disorders; coping with a serious medical diagnosis; managing life's changes; emergency shelter, food banks, and related resources.
- *Financial and Legal Help Resources and Referral for:* bankruptcy or credit problems; budgeting, consolidating, refinancing; financial planning, tax advice; getting ready for college or retirement; guardianships, wills, estate planning; separation, divorce and child custody; and landlord/tenant and consumer rights issues; DUI and traffic offenses.
- *Child Care Assistance Resources and Referral for:* finding the right child care or after school care or nanny services – even cost, availability and rating; help with college funding programs; adoption and step-parenting resources; locating tutors, supplemental education or help for special needs children; guidance and support for single parents.
- *Adult & Elder Care Issues Resources and Referral:* nationwide resources for aging parents; evaluating long-term care options; answers to medical, social security, Medicare and Medicaid questions; transportation and safety needs of the elderly; end of life issues and planning; information about Alzheimer's, dementia and other aging issues; support resources for the caregivers.
- *The Making Life Easier program also presents webinars on behavioral health topics throughout the year.*

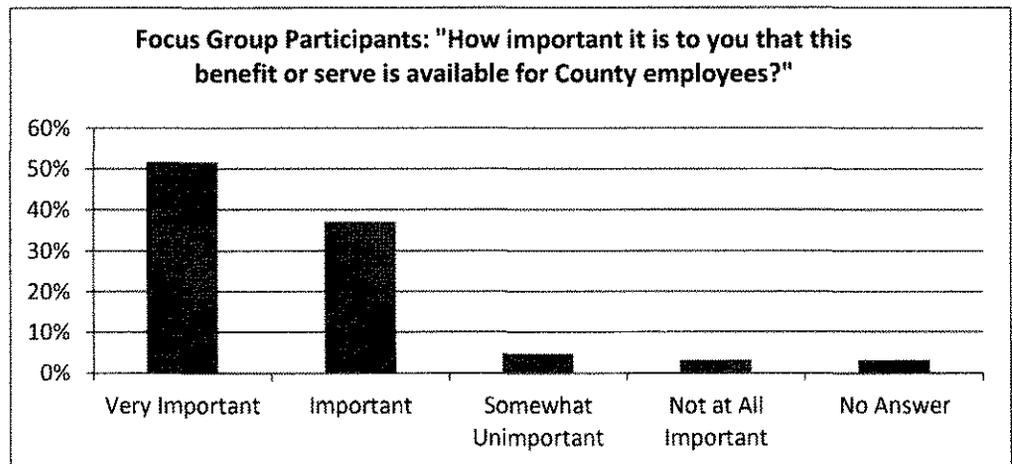
### **Employee Use of Making Life Easier Services**

- Making Life Easier usage has remained steady 2009 – 2010 at roughly 6.7%.
- If unique online sessions are included the annual utilization rate goes up to 34.89%. These utilization rates have been fairly consistent over the last three years, with the exception that online utilization increased by 9% in the last program year.
- In the 2012-2013 program year, 93% of Making Life Easier cases were self-referrals. This is consistent with previous years. King County has traditionally had a low percentage of cases referred by HR or Supervisors due to most workplace referrals being made to the internal EAP program.

- Employees, at 83%, continue to be the primary requestors of Making Life Easier services with spouses/domestic partners and dependents making up 17% of participants.
- According to survey data there are three main ways participants typically learned about the Making Life Easier program - 40% had previous contact with the program, 29% heard through word of mouth, and 12% through printed materials.
- Making Life Easier usage by County employees exceeds the vendor's book of business.



- Focus group participants reported higher usage of Making Like Easier and almost 90% of respondents reported that they thought it was "very important" or "important" that the benefit continue to be available to County employees.



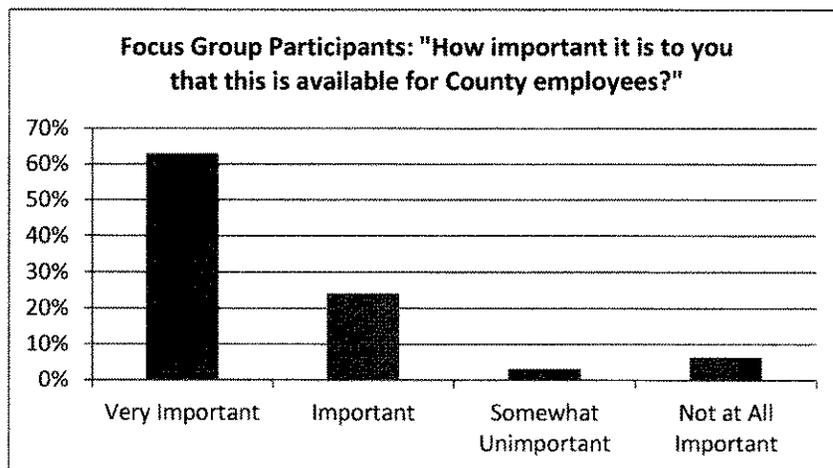
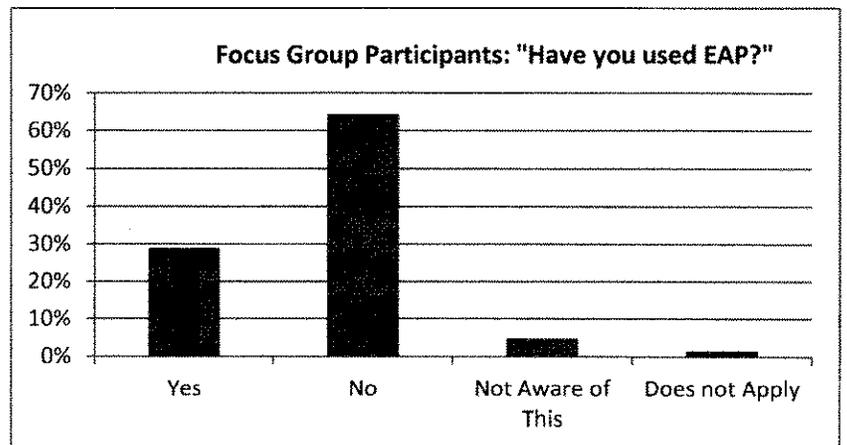
## King County Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) is a **confidential** resource for *all* managers, supervisors and employees of King County. The EAP is there to help when problems interfere with an employee's job performance. It's a safe place to go when employees don't know what to do or just want confidential advice on how to handle a difficult situation.

- *Employees use EAP for:* stress or depression due to work; resolving conflicts with a coworker or supervisor; feeling harassed or bullied by others; understanding the how's and why's of potential discipline or other "procedures" in King County; getting an objective perspective about delicate work situations; unwanted workplace changes; alcohol or drug use at work; just about anything that can impact job performance.
- *Managers use EAP for:* refining supervisory skills; improving employee performance; strategizing best ways to work with challenging employees; work group problem resolution; improving employee behaviors before (and after) discipline occurs; identifying appropriate resources in unusual workplace situations; addressing problems that may affect work performance.

### Employee Use of EAP

Just shy of 30% of focus group participants had used EAP services. However, over 80% thought it was important that the County make the service available to employees.



## Alternative Dispute Resolution

The Inter-Local Conflict Resolution Group (ILCRG) is a consortium of government agencies, labor unions and volunteer professionals that provides mediation and other forms of dispute resolution services to its members at no cost.

Alternative Dispute Resolution (ADR) provides a fast, cost-effective way to use mediation to:

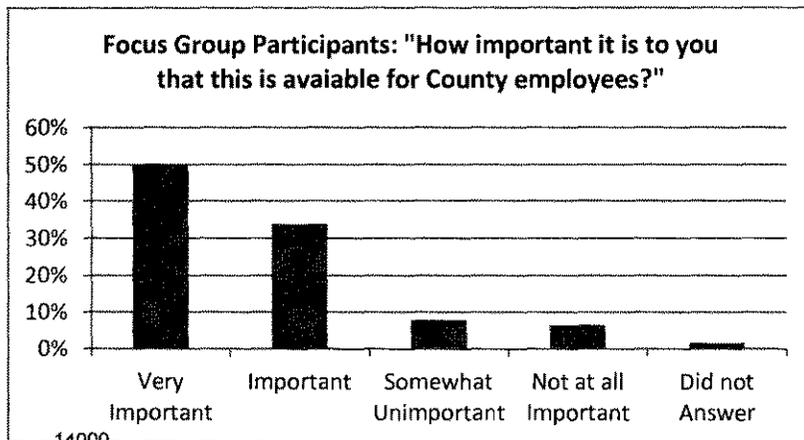
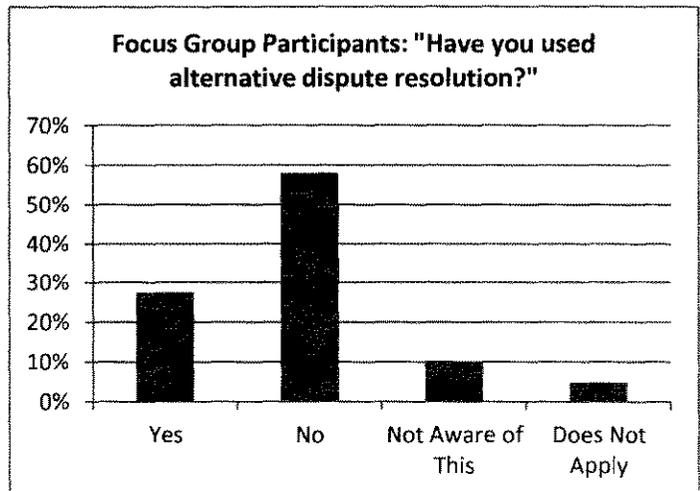
- resolve problems early,
- develop conflict resolution skills within your organization,
- facilitate cooperation between unions and management,
- mediate grievances, and
- avoid litigation.

Mediation is a process where a trained and certified neutral helps people in conflict come to a resolution of their dispute. Mediation is voluntary, confidential; and facilitated by neutrals – impartial third parties who have no stake in the outcome of the dispute.

The mediator provides a safe and structured environment for the parties to talk about their needs, explain their perspectives, and find solutions to troubling issues. The mediator is a trained expert on the process of resolving conflict, not the content of your dispute. In other words, you maintain control over the outcome and make all decisions about what you would like to see in the future.

Almost any kind of disagreement can be mediated. The ILCRG will mediate any dispute to which a member organization is a party. It may be a disagreement between single individuals or between groups of individuals. Examples of cases that can be mediated include: claims of discrimination or harassment; employee-employee relationships; employee-supervisor relationships; work team conflicts; unfair labor practices (ULPs); and contract grievances.

### ***Employee Use of Alternative Dispute Resolution***

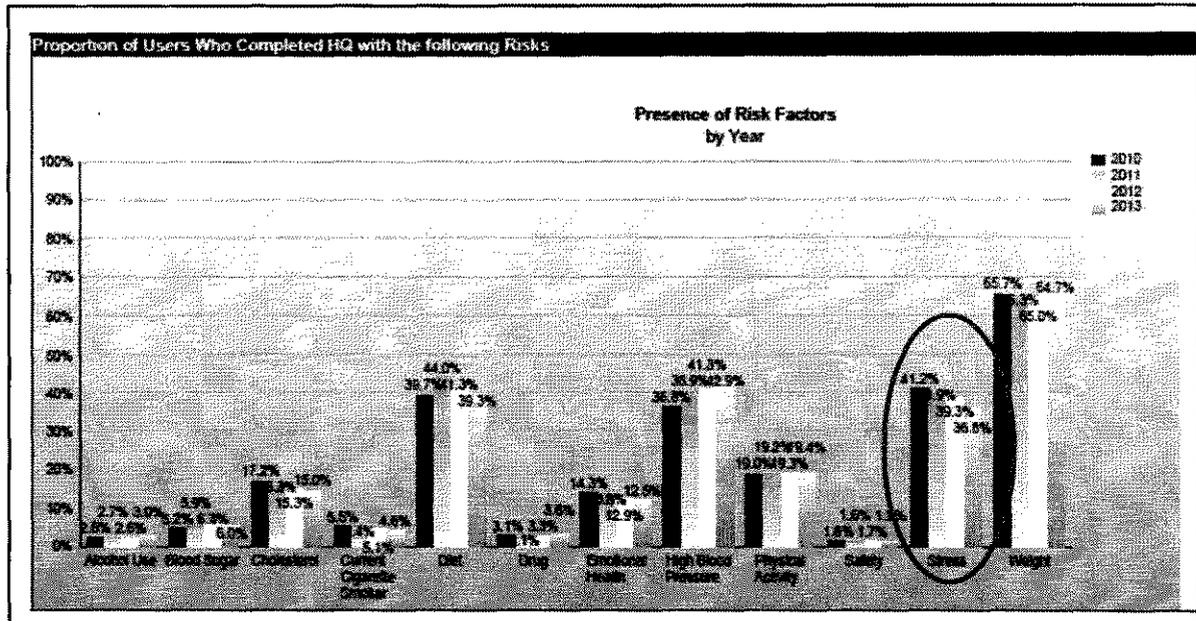


Fewer than 30% of focus group participants had used Alternative Dispute Resolution service. More than 80% of participants stated that they thought it was important for the County to offer the program to employees.

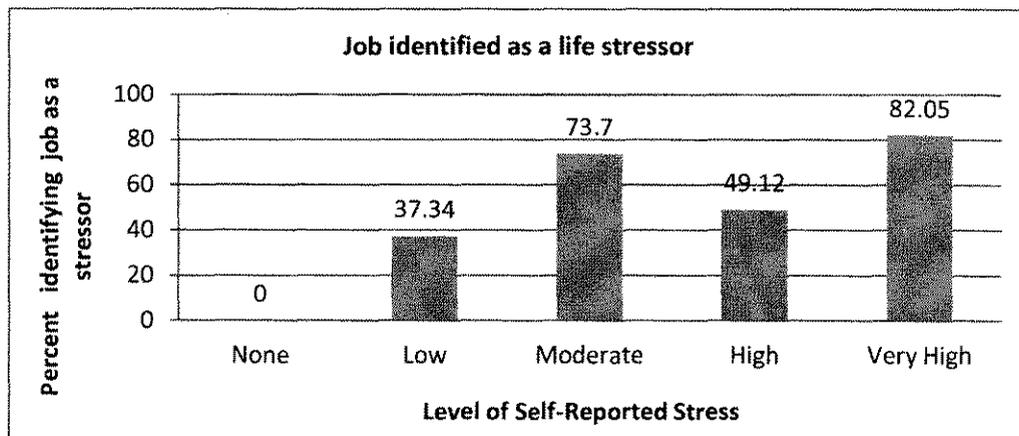
## Wellness Assessment Data – Stress

Wellness assessment data from 2010 through 2013 shows some interesting trends related to stress that should be considered in conjunction with the above behavioral health benefit usage data.

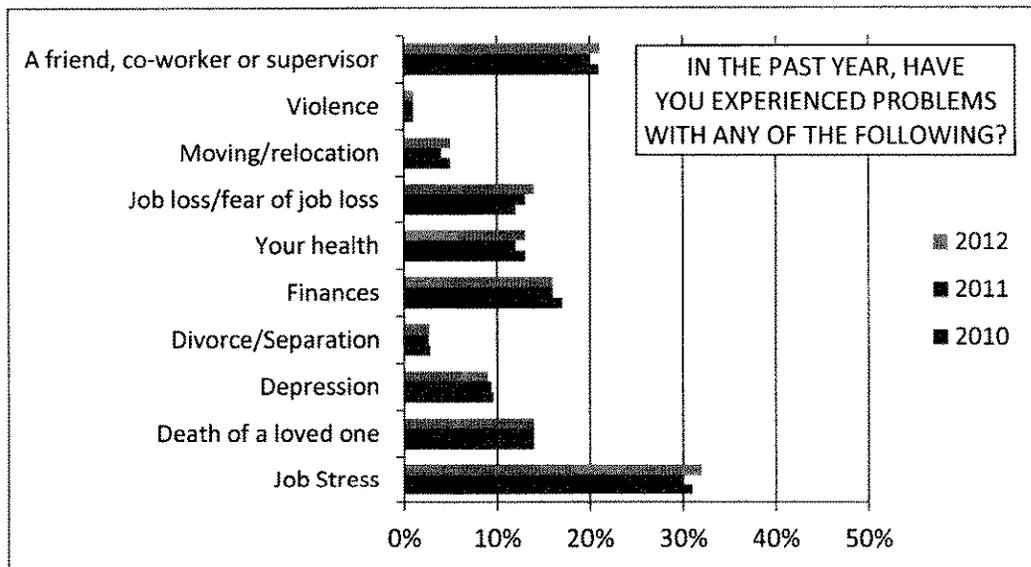
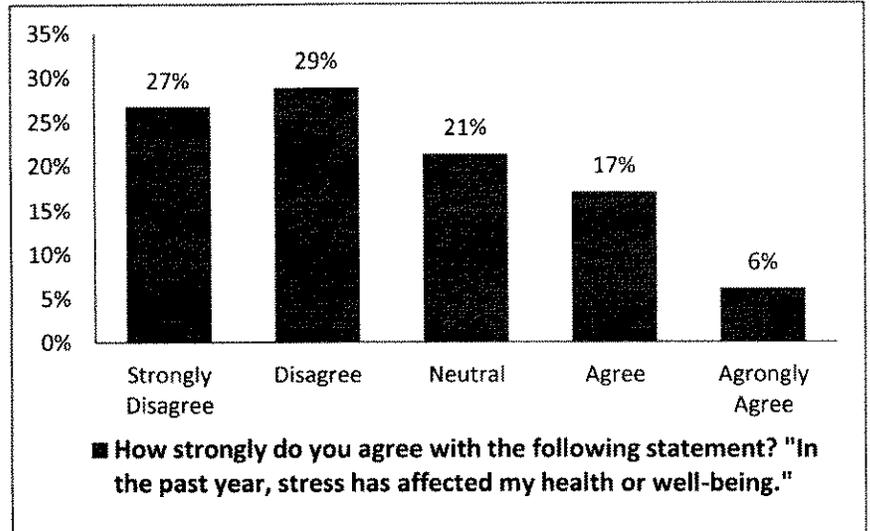
- Stress is the fourth most prevalent health risk behind weight, blood pressure and diet.
- In 2013, 36.8% of people who took the wellness assessment had stress as a health risk.



- The proportion of people with stress as a health risk has decreased from 41.2% in 2010 to 36.8% in 2013.
- Of the people identified as having stress as a health risk factor, 73.7% of those with moderate stress, 48.1% of those with high stress, and 82.1% of those with very high stress, identified their job as source of stress.



- 56% of people who responded to the wellness assessment disagreed or strongly disagreed that stress has affected their health or well-being.
- Employees most frequently cited job stress when asked about categories of problems they may have experienced in the past year.



## Next Steps

It is readily apparent that King County employees are aware of and regularly using their stress and behavioral health benefits. Around a third of employees are using programs like Making Life Easier, EAP and Alternative Dispute Resolution, and a strong majority of focus group participants believe that the programs are important to offer to employees.

In order to further connect employees to and educate them about their benefits and behavioral health services, the County will continue to develop a comprehensive organizational stress management strategy.

Next steps in that process include:

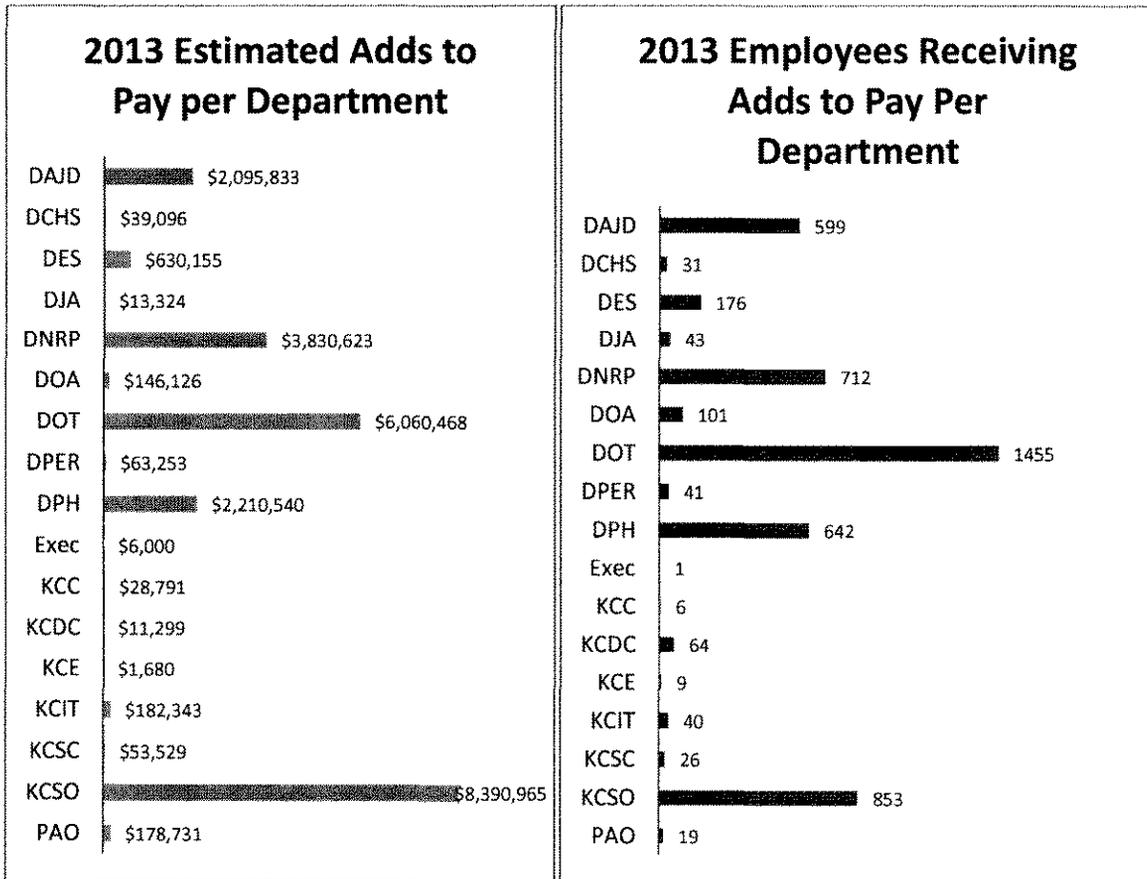
- Identifying the presence of stressors in our workforce,
- Assessing the degree to which the presence of stressors is causing strain in our workforce,
- Comparing King County's data to normative data from similar employers, and
- Establishing a baseline and trend data on indicators of a healthy workplace which we can use to measure the impact of our work on the health of our organization.

More information is also required to understand the commonalities and convergences between groups and departments. A stress assessment survey administered to a larger sector of the workforce will produce some baseline data from which we can identify differences, commonalities, and trends. The stress assessment survey will also allow us to examine the presence of stress, the causes of stress and how people are coping on a broader level that can be generalized.

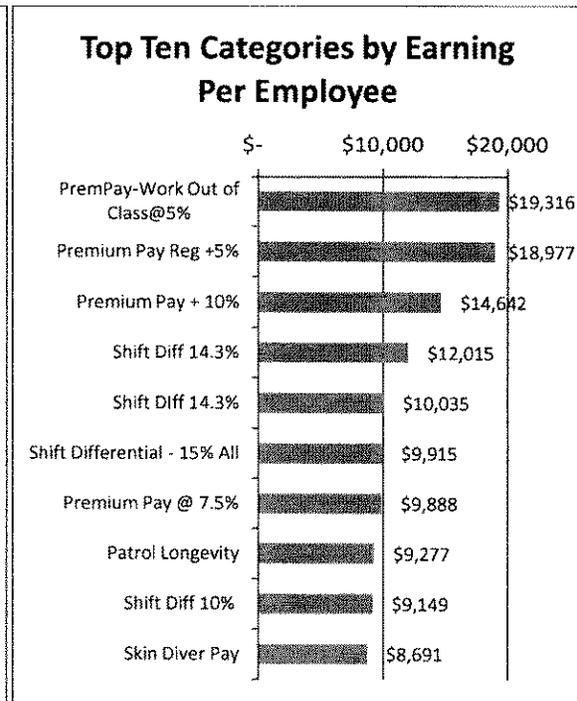
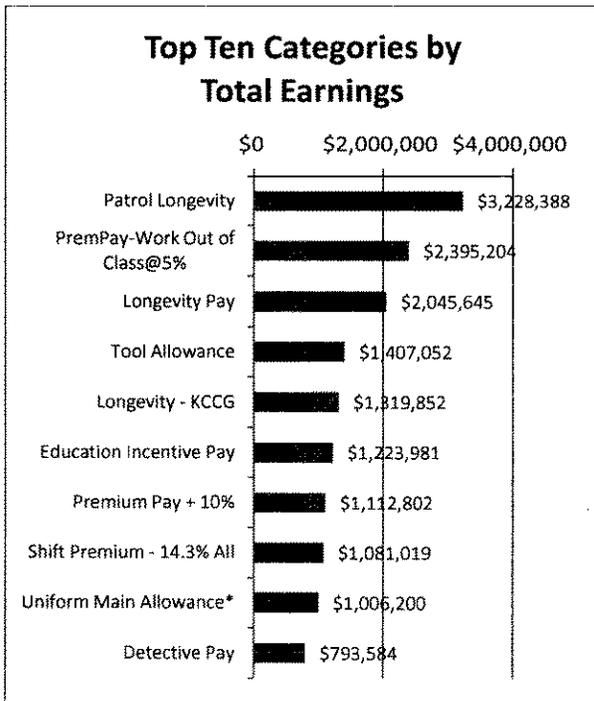
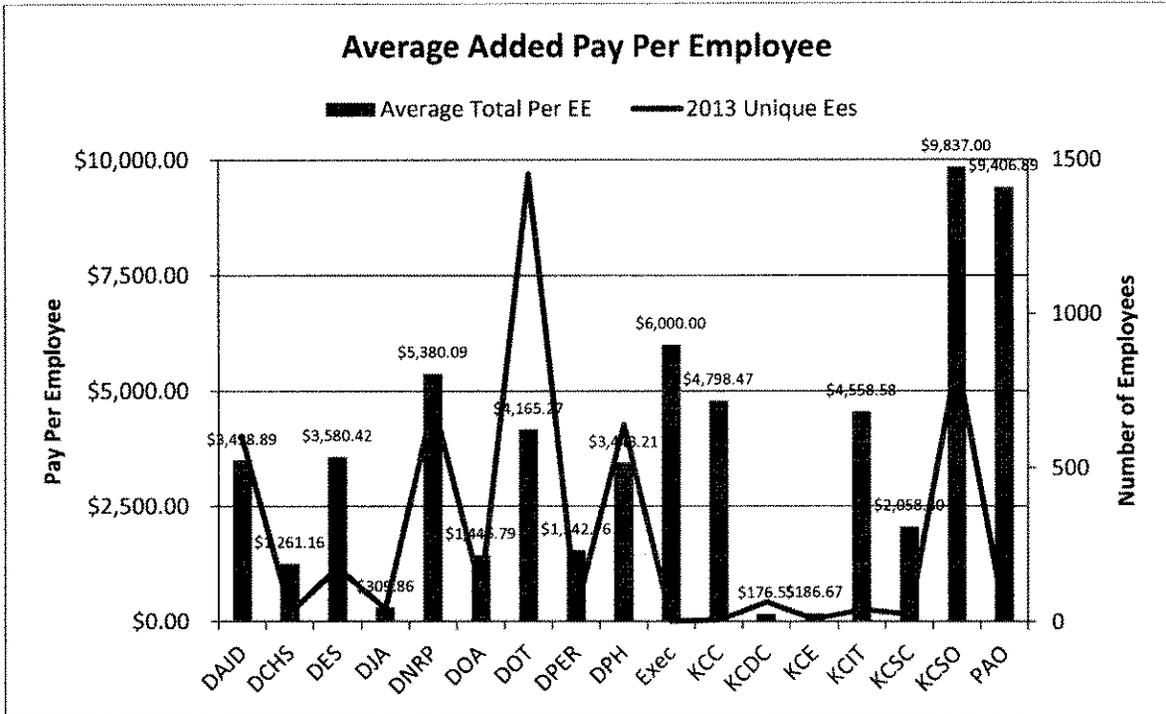
## Appendix F - Adds to Pay Overview

Data was collected from quarters 1 and 2 of 2013 for 149 active adds to pay for King County employees. Q1 was used to forecast the total adds to pay anticipated for 2013 except where no adds to pay were present within a category, in that circumstance Q2 was substituted. The number of employees receiving adds to pay was determined by identifying the total number of unique employee IDs receiving any adds to pay during Q1 or Q2 of 2013. While this may result in some specific adds to pay being over or under estimated as they may be seasonal or one-time annual payments, the largest categories for adds to pay are regular and predictable throughout the course of the year.

The total forecast for adds to pay in 2013 is approximately \$23 million spread across 4,800 employees. Each add to pay requires maintenance and administration within the PeopleSoft payroll system as well as work within the timekeeper and labor relations functions across the County. Of the 149 different adds to pay included in this analysis, 87 (approximately 60%) were received by 20 or fewer employees. Of the \$23 million spent on adds to pay, categories with an estimated annual total of less than \$100,000 accounted for 110 of the 149 categories (approximately 75%). The vast majority (\$22.5 million) of adds to pay (94%) is paid to employees in DAJD, DNRP, DOT, DPH and KCSO.



For employees who receive adds to pay, the average annual total amount added pay is \$4,969 but the actual amount varies widely by department, illustrated below:



Following is detail of all 149 adds to pay included in this analysis. Generally, the annualized rate was determined by multiplying the Q1 total expenditure by 4, except where no payments were made in the category in Q1 – in those cases Q2 data was used.

Description	Number of Employees Receiving This Add to Pay	Annual Forecast	
		Estimated Annual Total Add to Pay in Category	Estimated Annual Amount Per Employee Receiving this Add to Pay
Auto Commute Trip Value	113	\$51,990	\$460
Bilingual Position	7	\$7,414	\$1,059
Bonus Lump Sum Payment	16	\$96,000	\$6,000
Boiler License- Loc6 WestPoint	18	\$11,632	\$646
Bonus Pay	2	\$16,000	\$8,000
Clothing Allowance Pay	13	\$10,000	\$769
Call Back Pay@2.0	3	\$5,904	\$1,968
Call Back Pay - Overtime	77	\$118,324	\$1,537
Commercial DL Reimbursement	181	\$60,336	\$333
Commuter Bonus Pay	403	\$90,720	\$225
Contract Premium Pay 6%	33	\$91,889	\$2,785
Education Incentive Pay	600	\$1,223,981	\$2,040
Education Reimburse-Non Tax	3	\$22,559	\$7,520
Education Reimbursement-Taxed	2	\$9,587	\$4,794
Firearms Qualified Premium	272	\$607,384	\$2,233
Gain Share Overtime - L117	9	\$7,958	\$884
Gain Share Regular - L117	46	\$185,232	\$4,027
Gainshare - Productivity Pay	13	\$47,004	\$3,616
High Voltage	2	\$15,243	\$7,622
Holiday Worked @ 2.0	17	\$55,583	\$3,270
Premium Pay Reg +5%	15	\$284,649	\$18,977
Premium Pay @ 7%	1	\$345	\$345
Premium Pay @ 7.5%	17	\$168,102	\$9,888
Premium Pay + 10%	76	\$1,112,802	\$14,642
Premium Pay Reg @ 10%	1	\$116	\$116
License Cert 1	246	\$194,956	\$793
License Cert 2	30	\$21,464	\$715
License Certification (2.5%)	5	\$7,914	\$1,583
License Certification 5.0%	20	\$66,140	\$3,307
License Certification 5% ALL	14	\$53,385	\$3,813
License Certification 2.5% ALL	6	\$12,078	\$2,013
License Designation	131	\$127,266	\$971
Lead Premium @ \$1.25/hour	2	\$2,920	\$1,460

Description	Number of Employees Receiving This Add to Pay	Annual Forecast	
		Estimated Annual Total Add to Pay in Category	Estimated Annual Amount Per Employee Receiving this Add to Pay
Latent Print Certification	9	\$5,347	\$594
Premium Reg @ 5%	228	\$135,168	\$593
Penalty Pay @ 2.0	8	\$41,707	\$5,213
Lead Worker 5%	14	\$63,818	\$4,558
Lead Worker 7%	1	\$3,767	\$3,767
Lead Worker 7.5%	11	\$55,489	\$5,044
Lead Worker 10%	5	\$37,429	\$7,486
Lead Worker 5% All	1	\$3,359	\$3,359
Meal Allow Reimbursement- L77	61	\$36,934	\$605
MEBA Medical- Tmp Eng	4	\$128	\$32
Non-taxable Moving Expense**	8	\$46,649	\$5,831
Prem Pay OT @10%	72	\$264,549	\$3,674
Night Premium Straight OT @ 5%	3	\$257	\$86
Premium Pay OT @7.5%	4	\$394	\$98
Premium Pay OT + 15%	7	\$57,392	\$8,199
Premium Pay OT + 6%*	1	\$7,519	\$7,519
Premium OT @ 5%	63	\$26,456	\$420
Premium Pay OT + 5%	38	\$229,090	\$6,029
Longevity 10 YOS	2	\$2,177	\$1,089
Longevity 15 YOS	2	\$3,266	\$1,633
Longevity 20 YOS	1	\$2,177	\$2,177
Bomb Disposal Squad	4	\$33,759	\$8,440
Plain Clothes Premium	13	\$48,666	\$3,744
Contract City Chief	8	\$64,553	\$8,069
Fire Prevention Coordinator	1	\$8,440	\$8,440
Professional Cert License	16	\$4,108	\$257
Preceptor Pay	43	\$6,363	\$148
Dual Certification Premium	9	\$24,562	\$2,729
Longevity - KCCG	464	\$1,319,852	\$2,845
Drug Lab Pay	6	\$45,012	\$7,502
Detective Pay	155	\$793,584	\$5,120
Flight Pay	6	\$41,142	\$6,857
K-9 Unit	11	\$91,430	\$8,312
Longevity - ACOG	3	\$678	\$226
WSNA Longevity 2%	11	\$19,638	\$1,785
WSNA Longevity 3%	24	\$59,086	\$2,462
WSNA Longevity 4%	35	\$118,110	\$3,375

Description	Number of Employees Receiving This Add to Pay	Annual Forecast	
		Estimated Annual Total Add to Pay in Category	Estimated Annual Amount Per Employee Receiving this Add to Pay
WSNA Longevity 5%	38	\$164,083	\$4,318
WSNA Longevity 6%	29	\$145,835	\$5,029
WSNA Longevity 7%	59	\$369,754	\$6,267
Patrol Longevity	348	\$3,228,388	\$9,277
Longevity Pay	339	\$2,045,645	\$6,034
Masters Officer Pay	34	\$139,253	\$4,096
Motorcycle Pay	1	\$2,532	\$2,532
Premium Pay Reg + 15%	14	\$101,301	\$7,236
Productivity Pay	103	\$243,600	\$2,365
Premium Pay - Location 1.0	23	\$19,015	\$827
Premium Pay - Location 1.5	17	\$2,392	\$141
Premium Pay Reg @7.5%	43	\$17,972	\$418
Productivity/Gainshare OT	114	\$45,337	\$398
Patrol Premium Pay	375	\$308,529	\$823
Productivity/Gainshare Pay	186	\$753,085	\$4,049
Premium Pay-Truck III OT*	1	\$4	\$4
Prem Pay-Alert, Emergency	5	\$2,973	\$595
Premium Pay - Standby @ 12.75%	19	\$50,058	\$2,635
Skin Diver Pay	7	\$60,835	\$8,691
Paramedic Shift Trainer	7	\$7,664	\$1,095
Airport Training Coordinator	1	\$8,440	\$8,440
Field Training Officer Prgm	3	\$5,523	\$1,841
Firearm Qual Prem (Captains)	9	\$31,225	\$3,469
Alert Pay-No Accruals	20	\$25,101	\$1,255
Shift - Evening	176	\$10,305	\$59
Shift - Evening OT	35	\$768	\$22
Shift - Night Premium	34	\$68,207	\$2,006
Shift - Night OT	16	\$1,467	\$92
Premium Shift Evening Reg @10%	8	\$7,261	\$908
Premium Shift Night Reg @ 15%	5	\$7,443	\$1,489
Premium Shift Evening OT @ 10%	2	\$1,167	\$584
Premium Shift Night OT @ 15%	2	\$1,044	\$522
Premium Pay Standby @ 10%	34	\$163,717	\$4,815
Standby Pay 1.0	27	\$115,929	\$4,294
Standby Pay @ \$2.00	4	\$11,112	\$2,778
Standby Pay*	1	\$355	\$355
Premium Pay-Standby @ 1.5	4	\$1,889	\$472

Description	Number of Employees Receiving This Add to Pay	Annual Forecast	
		Estimated Annual Total Add to Pay in Category	Estimated Annual Amount Per Employee Receiving this Add to Pay
Stand By Pay p/Union Agreement	77	\$386,846	\$5,024
Standby Pay	31	\$129,422	\$4,175
Standby Pay @ \$1.00/hour	19	\$20,720	\$1,091
Shift Diff 14.3%=RG3 + LW3	2	\$20,071	\$10,035
Shift Diff 10% =RG3+ LW3	1	\$9,149	\$9,149
Shift Diff 14.3%=RG3 + LW4	4	\$48,060	\$12,015
Shift - Evening OT \$2.50	118	\$29,345	\$249
Shift Differential \$1.00	86	\$175,151	\$2,037
Shift Differential - 10% All	46	\$287,225	\$6,244
Shift Differential - 15% All	7	\$69,407	\$9,915
Shift Differential - 10%	3	\$19,008	\$6,336
Shift Premium - 14.3% All	128	\$1,081,019	\$8,445
Shift Premium \$10.00	26	\$35,520	\$1,366
Shift Premium @ 3.5%	6	\$20,080	\$3,347
Shift Premium 3.5% OT	6	\$1,155	\$192
Shift Diff=RG3+LW4	1	\$7,532	\$7,532
Shift Premium @ 2.5%*	2	\$1,449	\$724
Shift Premium 2.5 % OT*	1	\$56	\$56
Shift - Evening \$2.50	124	\$143,957	\$1,161
Shift - Night \$4.00	29	\$86,976	\$2,999
Shift Differential on OverTime	86	\$28,984	\$337
Shift - Overtime Night @ 1.5	30	\$23,468	\$782
Shift-Retro (cnt payroll only)	13	\$27,883	\$2,145
Shift - Weekend \$4.00	101	\$134,148	\$1,328
Shift - Weekend OT \$4.00	65	\$25,464	\$392
System Board Ops Premium-CT	19	\$8,009	\$422
System Board Ops Premium-OT	31	\$24,176	\$780
System Board Ops Premium-Reg	35	\$85,250	\$2,436
Stability Pay Incentive	149	\$140,000	\$940
TAC30 Pay	20	\$165,274	\$8,264
Tool Allowance	470	\$1,407,052	\$2,994
Tool & Boot Allowance	197	\$95,720	\$486
Translation Pay	163	\$97,178	\$596
Ten Print Certification	9	\$3,717	\$413
Premium Pay Reg @ 5%	1	\$1,944	\$1,944
Premium Pay OT 7.5%	5	\$4,211	\$842
Premium Pay OT @10%	3	\$371	\$124

Description	Number of Employees Receiving This Add to Pay	Annual Forecast	
		Estimated Annual Total Add to Pay in Category	Estimated Annual Amount Per Employee Receiving this Add to Pay
Premium Pay Training	50	\$64,867	\$1,297
Uniform Main Allowance*	557	\$1,006,200	\$1,806
Premium Pay - Truck Drvr III	35	\$6,884	\$197
PremPay-Work Out of Class@5%	124	\$2,395,204	\$19,316
Premium Pay \$.50 Diff	4	\$48	\$12
	8,767	\$24,976,339	\$2,849

\* These categories were received by no employees in Q1; Q2 data was used to determine the annual forecasted rate.

\*\* These categories were represented fixed payments and the number of employees was annualized based on Q1 figures but the annual rate was not calculated using a multiple.