

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY2018 PROPOSED BUDGET

BUDGET AREA:	Compensation
FAAC REVIEWERS:	Steve Baker, David Kinney, John Shoenecker, Joe Corey
DATE OF FAAC ACTION:	9 Mar 2017

FAAC Opinion

The FY2018 proposed budget for compensation and benefits sees a modest increase over the 2017 adopted budget. This is due to salary increases (avg 2.85% countywide), county payments to the retiree medical benefit (currently 15% funded), and payments to maintain pension funding (currently 99.6% funded).

Human Resources seemed confident and pleased with the flexibility provided by the *open range pay system* previously implemented and will be funding *pay for performance* increases in FY2018. The county is meeting a critical demand by offering a \$500 match for employees' Dependent Care FSAs. That, along with a modest increase to *Metro* benefits, continued utilization of tuition reimbursement, and *Live Where You Work*, will help the county remain competitive in the regional employee marketplace. Overall, the adjustments in the FY2018 proposed budget are modest.

FAAC looks forward to the ongoing comprehensive compensation and benefits study that will be available in the next budget cycle.

The recommendations included in this FAAC report were made without the benefit of the County Manager's proposal for the 1% cut. FAAC recommendations may change when presented with that information.

FAAC Recommendation #1			
The FAAC recommends that the County Board approve funding for the pay increases included in the County Manager's budget.			
Vote:	Yes: 11	No: 2	Abstain: 0
Comment:			

FAAC Recommendation #2			
The FAAC recommends that the County Board approve funding for retiree medical benefits based on current OPEB guidelines.			
Vote:	Yes: 12	No: 0	Abstain: 1
Comment:			

FAAC Recommendation #3			
The FAAC recommends that the County Board approve Dependent Care Flexible Spending Accounts (FSA) new proposed \$500 employer match.			
Vote:	Yes: 11	No: 2	Abstain: 0
Comment:	<ul style="list-style-type: none"> • One of the “no” voters would support this proposal if it were offset by cuts to <i>Live Where You Work</i>. 		

FAAC Recommendation #4			
The FAAC recommends that the County Board approve an increase in the Metro benefit from \$130 to \$180 per month.			
Vote:	Yes: 6	No: 5	Abstain: 2
Comment:	<ul style="list-style-type: none"> • Many of those in support favored policies like this as a means to reduce traffic congestion in Arlington. • Some against thought the benefit would primarily go to non-Arlington citizens, and the amount of increase wouldn't change commuting behaviors. 		

FAAC Recommendation #5			
The FAAC recommends that the County Board direct the County Manager to direct Human Resources to study the appropriate balance between <i>defined contribution plans</i> and <i>defined benefit plans</i> in light of long-term costs, risks, as well as benefits.			
Vote:	Yes: 12	No: 0	Abstain: 1
Comment:			

Future Considerations

The FAAC looks forward to seeing the results of the comprehensive compensation and benefits study currently underway. The results are due next year.

FAAC members continue to express interest in having county staff monitor possible gender and race-based wage discrepancies that could manifest as a result of the new pay system implemented last year.

FAAC members noted that it could be advantageous for a third-party, regional organization to conduct periodic studies comparing the compensation and benefits packages of the area's local governments. This could free up each locality from having to conduct the research itself, reducing duplicative work. It could also help ensure information is collected in a standardized, consistent manner. The proposed work could be similar to the reporting done for the region's schools by the Washington Area Boards of Education. If a third-party organization is not available to conduct this research for the region, staff from neighboring, local government Human Resources departments could look at the benefits of collaboratively hiring a firm to coordinate this work.