

**MARILYN EDWARDS**  
County Judge



280 North College, Suite 500  
Fayetteville, AR 72701

**WASHINGTON COUNTY, ARKANSAS**  
**County Courthouse**

August 22, 2014

**MEETING OF THE**  
**WASHINGTON COUNTY QUORUM COURT**  
**BUDGET COMMITTEE OF THE WHOLE**

Monday, August 25, 2014  
5:30 p.m.  
Washington County Quorum Court Room

**AGENDA**

1. Call to Order.
2. Adoption of Agenda.
3. Presentation by Salary Consultant Blair Johanson on Washington County Compensation Planning for 2015. (3.1)
4. Next Meeting September 9 (Regular Committee Meeting) – Presentation of Preliminary 2015 Revenue Projections from County Treasurer Roger Haney.
5. Other Business.
6. Public Comment.
7. Adjournment.

/ji

# Washington County Compensation Planning for FY-2015

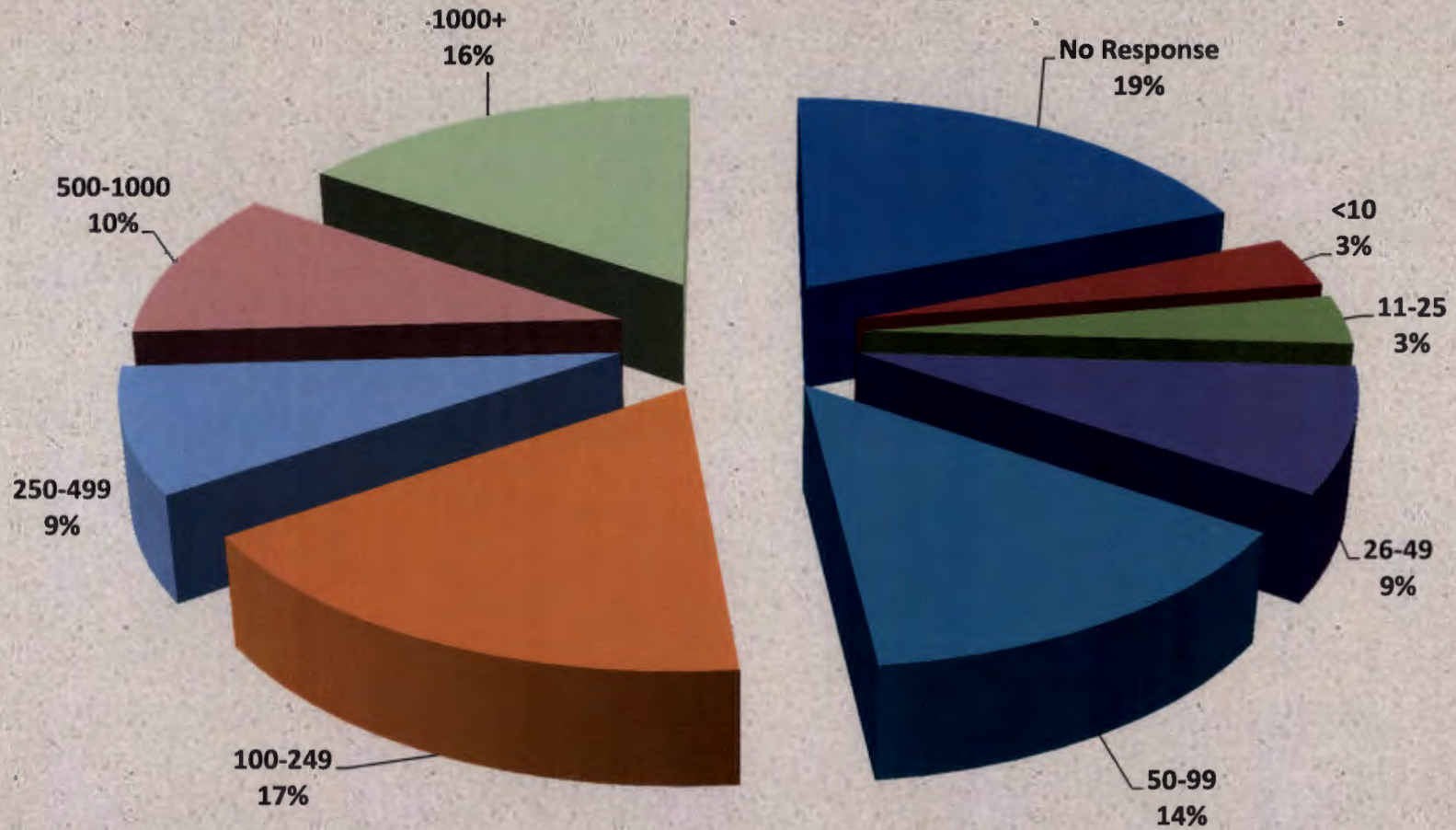
Blair Johanson

johanson | group

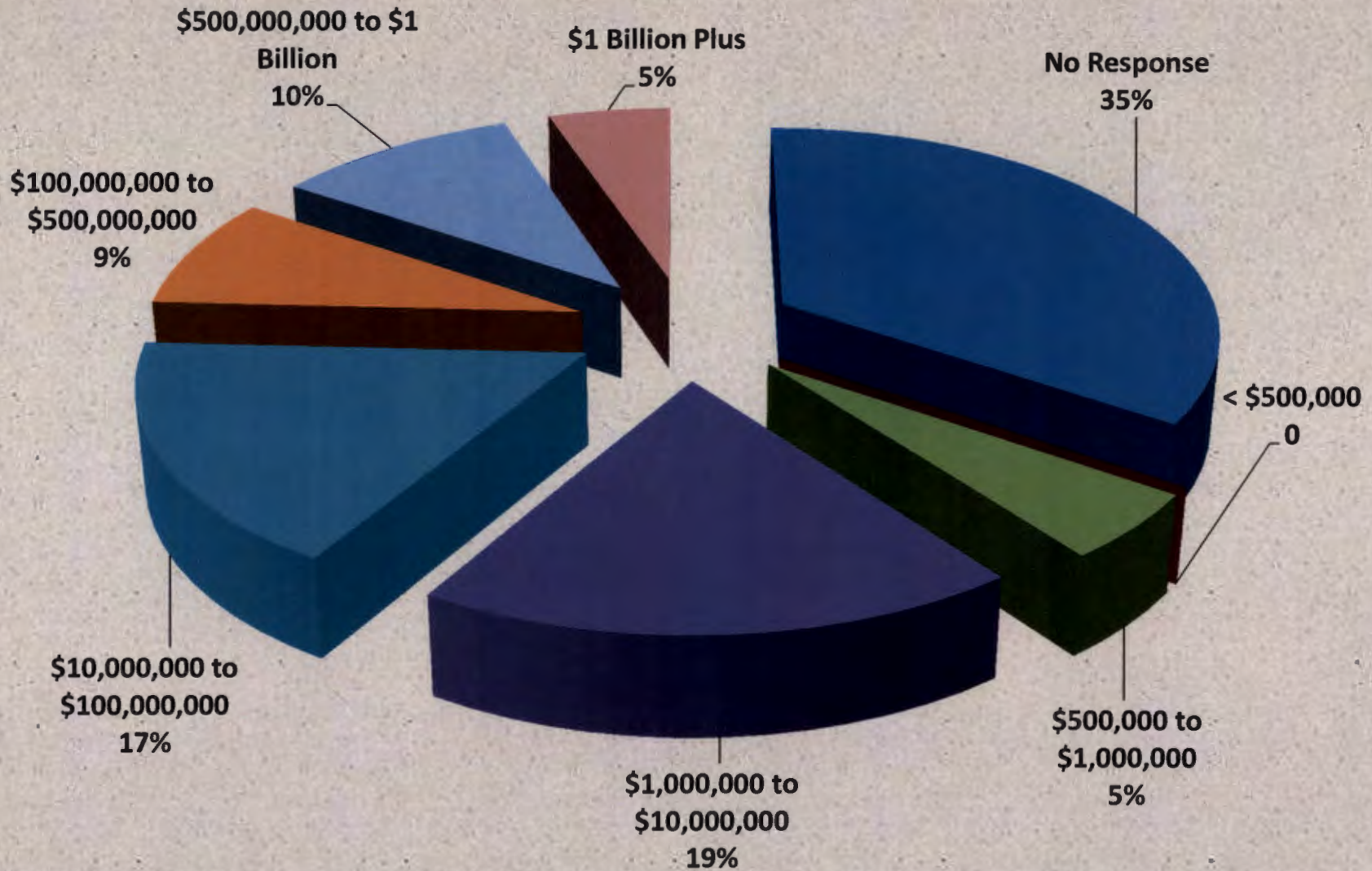
# NOARK 2014 Survey Participants

Alternative Design Manuf.	City of Fayetteville	John Brown Univ.	Signature Bank
Admiral Moving System	Clack Corporation	Keith Smith Company	Stephens Inc
Arthur J. Gallagher & Co.	Community Phys. Group	Kennametal	Sunshine School
Apex Tool Group LLC	Community Res. Group	Kerusso	Superior Industries
ARVEST Bank Group, Inc.	Consumer Testing	Legacy Capital Group	Synergy Tech.
Bank of Fayetteville	C., G., W., & G., P.C.	LifeStyles, Inc.	The Jones Center
Beaver Water District	Crystal Bridges Museum	Lindsey Management	Transplace
Bentonville Public Schools	Daisy Outdoors Products	MANA	Triple T Foods
BNSF Logistics	1 <sup>st</sup> Employment Staffing	Mercy Health System	Tyson Foods, Inc.
Brunner & Lay Inc.	Five Star Sports	OK Industries	United Bank
CCF Brands, LLC	FM Corporation	Outdoor Cap Co. Inc.	Univ. of Arkansas
CEI Engineering	Glad Manuf. Company	Ozark Ortho. Clinic	Walton Arts Center
Circle of Life	J.B. Hunt Transport, Inc.	Sealed Air Corporation	Washington County
City of Bentonville	Johanson Group	Select Staff	W.R. Medical Center

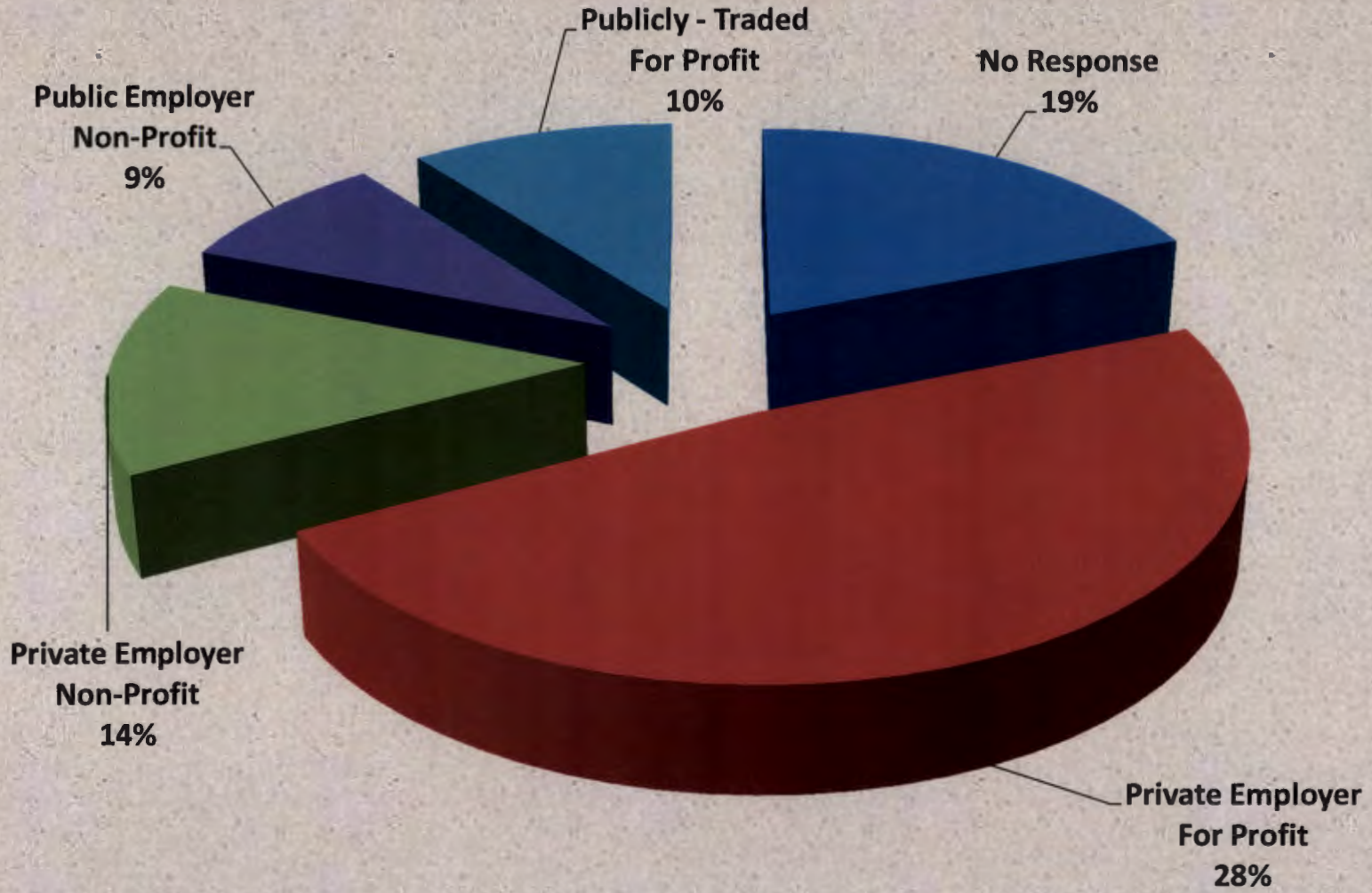
### NOARK 2014 Survey - Company Size (Number of Employees)



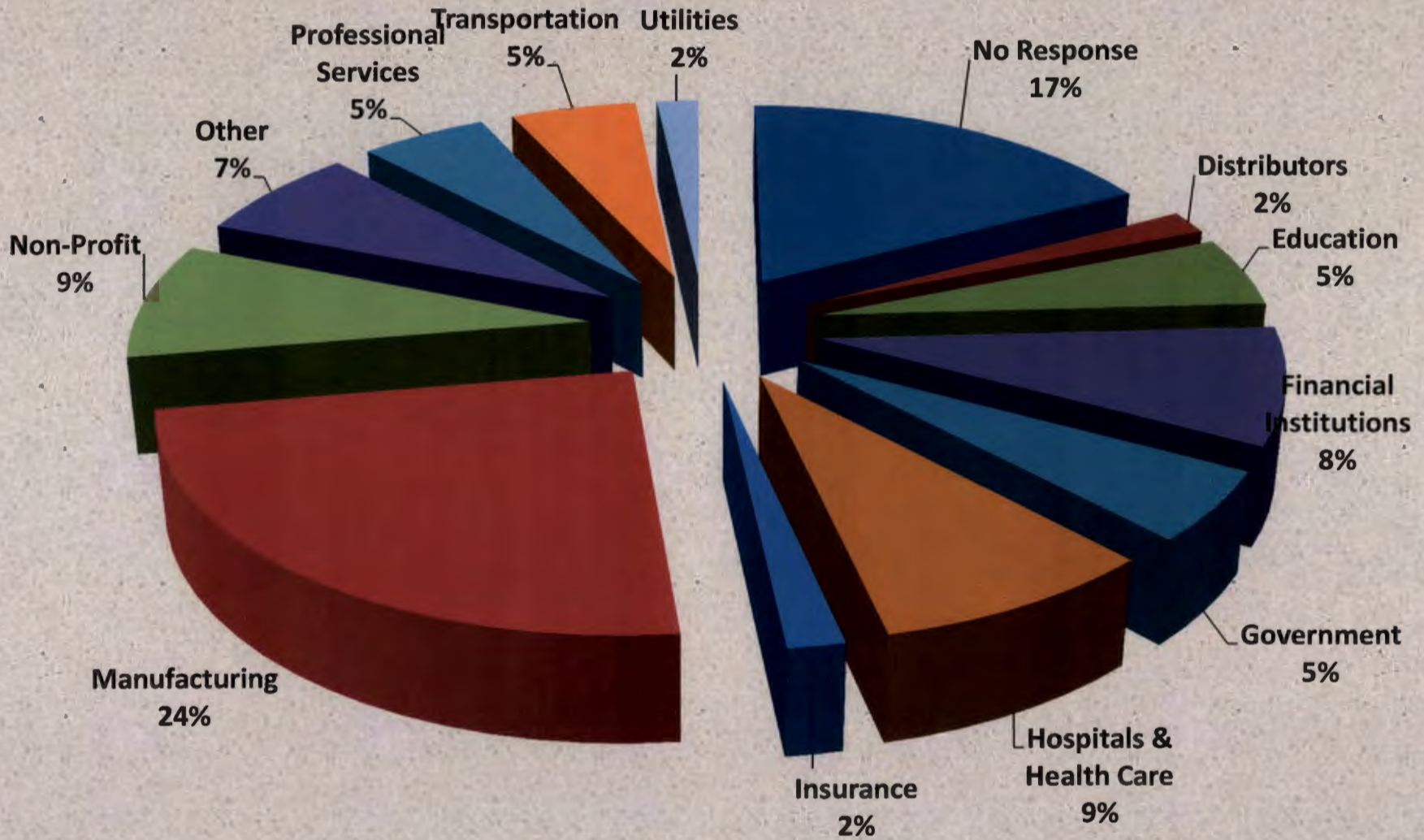
### NOARK 2014 Survey - Participant Company Revenues



### NOARK 2014 Survey - Public/Private Profit/ Non-Profit



### NOARK 2014 Survey - Industry Type



# Changes Made Due to Economy

<b>Actions Taken</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>Resp. #</b>	<b>Resp. #</b>	<b>Resp. #</b>	<b>Resp. #</b>
<b>Salaries Frozen</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>10</b>
<b>Reduced Merit Budget</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>5</b>
<b>Hiring Freeze</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>3</b>
<b>Reduced Benefits</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>2</b>
<b>Layoffs</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>4</b>
<b>Furloughs</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Pay Cuts</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>
<b>Freezing Pension Plan Contributions</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>
<b>Benefits Subsidies</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>
<b>Reduced Work Schedules</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>4</b>



# Salary Adjustments

<b>Non-Exempt</b> <b>* Excludes 0%'s</b>			
<b><u>Year</u></b>	<b><u>General</u></b>	<b><u>Merit</u></b>	<b><u>Total</u></b>
<b>2013*</b>	<b>2.85%</b>	<b>3.22%</b>	<b>3.43%</b>
<b>2013</b>	<b>1.53%</b>	<b>2.35%</b>	<b>2.84%</b>
<b>2014*</b>	<b>2.69%</b>	<b>3.39%</b>	<b>3.30%</b>
<b>2014</b>	<b>1.64%</b>	<b>1.98%</b>	<b>2.69%</b>
<b>2015*</b>	<b>2.67%</b>	<b>2.83%</b>	<b>2.93%</b>
<b>2015</b>	<b>1.14%</b>	<b>1.42%</b>	<b>2.05%</b>

# Salary Adjustments

<b>Exempt</b> *Excludes 0%'s			
<u><b>Year</b></u>	<u><b>General</b></u>	<u><b>Merit</b></u>	<u><b>Total</b></u>
<b>2013*</b>	<b>3.54%</b>	<b>3.15%</b>	<b>4.40%</b>
<b>2013</b>	<b>2.06%</b>	<b>2.39%</b>	<b>3.67%</b>
<b>2014*</b>	<b>2.77%</b>	<b>3.90%</b>	<b>3.61%</b>
<b>2014</b>	<b>1.68%</b>	<b>2.60%</b>	<b>3.09%</b>
<b>2015*</b>	<b>2.50%</b>	<b>2.70%</b>	<b>3.35%</b>
<b>2015</b>	<b>1.43%</b>	<b>2.31%</b>	<b>2.78%</b>

# National Salary Adjustments

World At Work 2014-15 Survey - Arkansas

Actual 2014		Projected 2015	
Mean	Median	Mean	Median
2.9%	3.0%	2.9%	3.0%

# Salary Range Increase

<b>NON-EXEMPT</b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Including zeroes</b>	<b>1.12%</b>	<b>1.17%</b>	<b>1.30%</b>
<b>Excluding zeroes</b>	<b>2.45%</b>	<b>2.80%</b>	<b>3.25%</b>
<b>EXEMPT</b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Including zeroes</b>	<b>1.34%</b>	<b>1.10%</b>	<b>1.50%</b>
<b>Excluding zeroes</b>	<b>2.58%</b>	<b>2.81%</b>	<b>3.00%</b>

# AML Cities – 10,000+ Pop.

Arkadelphia

Bella Vista

Benton

Bentonville

Blytheville

Bryant

Cabot

Conway

Fayetteville

Fort Smith

Harrison

Hope

Hot Springs

Jacksonville

Jonesboro

Little Rock

Malvern

Marion

Maumelle

Mountain Home

North Little Rock

Paragould

Pine Bluff

Rogers

Russellville

Searcy

Sherwood

Siloam Springs

Springdale

Texarkana

West Memphis

# Cities Salary Adjustments

<b>Non-Exempt</b> <b>* Excludes 0%'s</b>			
<b><u>Year</u></b>	<b><u>General</u></b>	<b><u>COLA</u></b>	<b><u>Merit</u></b>
<b>2013*</b>	<b>2.85%</b>	<b>2.05%</b>	<b>2.31%</b>
<b>2013</b>	<b>1.16%</b>	<b>1.12%</b>	<b>1.28%</b>
<b>2014*</b>	<b>3.20%</b>	<b>2.50%</b>	<b>2.40%</b>
<b>2014</b>	<b>1.06%</b>	<b>1.11%</b>	<b>1.21%</b>
<b>2015*</b>	<b>2.00%</b>	<b>2.50%</b>	<b>2.70%</b>
<b>2015</b>	<b>0.40%</b>	<b>0.83%</b>	<b>1.50%</b>

# Cities Salary Adjustments

<b>Exempt</b> <b>* Excludes 0%'s</b>			
<u><b>Year</b></u>	<u><b>General</b></u>	<u><b>COLA</b></u>	<u><b>Merit</b></u>
<b>2013*</b>	<b>2.85%</b>	<b>2.12%</b>	<b>2.31%</b>
<b>2013</b>	<b>1.13%</b>	<b>1.06%</b>	<b>1.28%</b>
<b>2014*</b>	<b>3.50%</b>	<b>2.50%</b>	<b>2.40%</b>
<b>2014</b>	<b>1.18%</b>	<b>1.11%</b>	<b>1.20%</b>
<b>2015*</b>	<b>2.00%</b>	<b>2.50%</b>	<b>2.70%</b>
<b>2015</b>	<b>0.40%</b>	<b>0.83%</b>	<b>1.54%</b>

# Salary & Benefits Planning for 2014 - 15

“Continued moderation in base salary increases are placing higher pressure on companies to build out more effective variable pay and nonfinancial reward programs.”

Tom McMullen, Hay Group’s  
North America Reward Practice Leader

## Private Organizations

- 2007 – 33% usage of incentive pay practice
- 2014 – 100% usage of short-term incentive pay practices
- 2014 – 50% usage of long-term
- 2014 – 86% usage of annual incentive pay plan
- 2014 – 80% usage of profitability & 56% growth measures

**Source: WorldatWork: Vivient Consulting Group Study**



# Salary & Benefits Planning for 2014

Pricewaterhouse Coopers's Health Research Institute – Forecasts medical expense growth of 6.8% over all in 2015, compared with the Institute's estimate of 6.5% for 2014.

June 24, 2014 World at Work — Despite rising health-care costs, employers are redirecting more of their financial resources toward health and wellness benefits, according to the “2014 SHRM Employee Benefits” report released by the SHRM.

# Salary & Benefits Planning for 2014

**Employers are also considering implementing the following tactics to mitigate health costs in the next three to five years:**

- **72% of employers are or will be reducing subsidies for dependents;**
- **52% of employers anticipate using unitized pricing — where employees pay per person and not individual versus family — up from 5% today;**
- **42% of employers are considering offering high-deductible health plans as a full replacement plan, up from 15% today;**
- **24% of employers plan to offer employees tools to guide decisions in plan selection and utilization, up from 19% today; and**
- **92% plan to offer cost transparency tools, up from 49% today.**

WorldatWork – Aon Hewitt's – Health Care Survey