



MEMORANDUM

TO: Joint City/GUC Pay and Benefits Committee

FROM: Michael W. Cowin, City Manager 
Anthony C. Cannon, General Manager/CEO 

DATE: March 13, 2024

SUBJECT: Joint City/GUC Pay and Benefits Committee Meeting Items

The meeting of the Joint City/GUC Pay and Benefits Committee is scheduled for Monday, March 18, 2024, beginning at 3:00 p.m. in the GUC Board Room. A copy of the Meeting Agenda is enclosed for your review.

Pay Philosophy

In order to mitigate pay compression and to attract and retain high-performing employees, the City Council and Greenville Utilities Commission’s Board of Commissioners use an “at market” pay philosophy. As such, both organizations strive to pay at market and adjust the salary structures as needed to maintain market competitiveness. This enhances the City’s and GUC’s ability to recruit and retain qualified and high-performing employees. This is especially important in today’s increasingly competitive and tightening labor market.

Market Adjustment/Merit Allocation

The City and GUC have traditionally used Catapult’s (formerly CAI) annual *North Carolina and Regional Wage & Salary Survey* as the primary benchmark guide for establishing the market as it relates to wage growth. Catapult’s survey provides comprehensive pay practice and salary data for private- and public-sector employers across North Carolina, with a small number of employers located in the bordering states of South Carolina, Tennessee, Virginia, and Georgia.

In order to make informed compensation decisions and to ensure that Catapult is truly representative of the market, the City and GUC have also used other reliable data sources such as reputable published surveys and wage data from public-sector benchmark organizations and local private-sector employers. Following is data collected from the published survey sources:

Survey Company	Projection
Catapult*	3.7%
Economic Research Institute (ERI)	3.9%
Korn Ferry	4%

Survey Company	Projection
Mercer	3.9%
The Conference Board	4.1%
Willis Towers Watson	4%
WorldatWork	4.1%

**COG and GUC have traditionally used Catapult as the primary benchmark guide*

As depicted in the chart above, 2024 wage projections and trends among all these surveys are relatively consistent, collectively averaging 4%.

As previously noted, in addition to gathering published survey projections, COG and GUC staff also surveyed our established benchmark public-sector organizations and several local private employers to determine their plans related to compensation decisions for FY 2024-2025.

- Public-sector benchmark organizations: The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the organizations that responded, 24 gave their employees pay increases in FY 2023/24; the average actual increase was 5.5% (market and/or merit). Most of the benchmark organizations are in the process of developing their FY 2024/25 budgets and have not made a decision regarding pay increases. Of the 7 organizations that have responded, the average pay increase projection for FY 2024/25 is 5.3% (market and/or merit).
- Local private employers: For FY 2024/25, 29 private-sector employers were surveyed. Of the 7 employers that responded, they are projecting pay increases that average 3.7% (market and/or merit). Those same employers reported actual increases averaging 3.7% (market and/or merit) last year.

COG/GUC Combined Market and Merit Adjustment Benchmark History

Fiscal Year	Catapult	Private Sector	Public Sector	COG	GUC
20/21	2.5%	2.1%	2.2%	2.0%	2.0%
21/22	3.1%	2.7%	3.9%	2.0%	2.0%
22/23	3.8%	4.8%	5.2%	4.0%	4.0%
23/24	4.2%	3.7%	5.5%	2.0%	2.0%
24/25	3.7%*	3.7%*	5.3%*	TBD	TBD

**Projections per Catapult's NC and Regional Wage & Salary Survey. The private & public sector data represents projections collected during the Spring of each year as part of the Pay & Benefits planning process.*

GUC/COG Combined Market and Merit Adjustment History

Fiscal Year	Annual		Combined
	Market	Merit	
20/21 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	2.0%
21/22 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	2.0%
22/23 (GUC)	2.5%	1.5%	4.0%
(COG)	1.0%	3.0%	4.0%
23/24 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	2.0%

Recommendation

In order to maintain market competitiveness, staff recommends that the City and GUC fund an employee pay adjustment of 4% for FY 2024-2025, applied as deemed appropriate by each entity.

Salary Structure Adjustment

WorldatWork projects salary structures to increase by 2.6% for 2024. The City and GUC have historically used WorldatWork data because their Salary Budget Survey is the largest and most trusted resource of salary and structure adjustment data used by compensation professionals nationally and internationally.

Recommendation

In order to maintain market competitiveness, staff recommends that salary structures be adjusted by 2.6% for FY 2024-2025.

401(k) Employer Contribution

Currently, the City and GUC contribute \$40 per pay period (\$1,040 per year) to the 401(k) accounts of full-time and designated part-time employees, except for sworn law enforcement officers employed by the City who, pursuant to North Carolina General Statute, receive a 5% 401(k) contribution.

The City and GUC are the only organizations among the 20 largest North Carolina municipalities that contribute a flat dollar amount for general employees; the remaining 19 municipalities contribute a percentage currently averaging 3.8%. For an employee earning \$35,000 annually, a 3.8% employer contribution equates to \$1,330 per year, while a 3.8% employer contribution equates to \$1,900 per year for an employee earning \$50,000 annually. In both examples, the employer contribution is greater than the \$1,040 per year contributed by the City and GUC.

In today's highly competitive labor market, it is imperative that the City and GUC offer market competitive benefits—in addition to pay—in order to attract and retain talent. Additionally, increasing the 401(k) employer contribution for its general employees will more closely align the contribution to that of sworn law enforcement officers, which is the practice of most North Carolina municipalities.

Recommendation

For full-time and select designated part-time employees (excluding sworn law enforcement officers), change the 401(k) employer contribution from \$40 per pay period to 3% per pay period effective FY 2024/25. Funding permitting, increase the 401(k) employer contribution by a quarter percent each fiscal year until the 401(k) employer contribution reaches 3.75%, at which time the employer contribution will be reevaluated for market competitiveness. For designated part-time employees who would be adversely impacted by the change to 3% per pay period, maintain the current 401(k) employer contribution of \$40 per pay period.

We look forward to seeing you at the upcoming Committee Meeting on March 18, 2024 at 3:00 p.m.

cc: Chris Padgett, GUC Assistant General Manager/Chief Administrative Officer
Ken Graves, COG Deputy City Manager
Dene' Alexander, COG Assistant City Manager
Leah Futrell, COG Director of Human Resources
Richie Shreves, GUC Director of Human Resources

Joint City/GUC Pay & Benefits Committee

Monday, March 18, 2024

3:00 p.m.

GUC Board Room

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – August 24, 2023
- IV. Consideration of Market Adjustment/Merit Program for FY 2024-2025
- V. Consideration of Salary Structure Adjustment
- VI. Review and Comparison of 401(k) Benefits
- VII. Next Steps
- VIII. Adjournment

Minutes
Joint Pay & Benefits Committee Meeting
August 24, 2023

The Joint Pay & Benefits Committee met on Thursday, August 24, 2023, at 3:00 p.m. in the GUC Board Room, located at 401 S. Greene Street, Greenville, North Carolina.

Committee Members Present

Commissioner Peter Geiger, Greenville Utilities Commission
Commissioner Lindsey Griffin, Greenville Utilities Commission
Council Member Rick Smiley, City of Greenville

Committee Members Absent

Mayor Pro-Tem Rose Glover, City of Greenville

Staff Present

Tony Cannon, General Manager/Chief Executive Officer, Greenville Utilities Commission
Michael Cowin, Deputy City Manager, City of Greenville
Phil Dixon, General Counsel, Greenville Utilities Commission
Leah Futrell, Director of Human Resources, City of Greenville
Ken Graves, Assistant City Manager, City of Greenville
Steve Hawley, Public Information Officer/Communications Manager, Greenville Utilities Commission
Lou Norris, Secretary to the General Manager/CEO, Greenville Utilities Commission
Chris Padgett, Assistant General Manager/Chief Administrative Officer, Greenville Utilities Commission
Valerie Shiuwegar, City Clerk, City of Greenville
Richie Shreves, Director of Human Resources, Greenville Utilities Commission
Ann Wall, City Manager, City of Greenville
Danaille White, Assistant City Clerk, City of Greenville

Others Present

Commissioner Mark Garner
Steve Graybill, Parker Cramer, and Joe Harten with Mercer Consulting

I. Call to Order

City Manager Wall called the meeting to order at 3:00 p.m.

II. Approval of the Agenda

Council Member Smiley made a motion to approve the agenda as presented. Commissioner Geiger seconded the motion and it carried unanimously.

III. Approval of the Minutes

Commissioner Geiger made a motion to approve the minutes from the March 21, 2023 Joint Pay & Benefits Committee. Council Member Smiley seconded the motion and it carried unanimously.

IV. Mercer Presentation: COG/GUC 2024 Recommendations for Health/Dental Insurance

Mr. Steve Graybill, Consultant with Mercer Consulting, reflected on the approved 3-year strategy:

2023 Plan Year

- Target 80% ER/20% EE cost share. Continue to monitor market for shifts in strategy
- Maintain plan designs – consider minor changes to align with benchmarks
- Review care management enhancements through medical carrier or outside point solutions
- Review HSA incentives and adjust based on market data – continue initial and ongoing incentives
- Continued promotion of onsite clinics (ECU Health)

2024 Plan Year

- Continue 80%/20% cost share target
- Review carrier lineup and ensure that all carriers align with current goals
- Evaluate return on investment (ROI) on implemented point solution(s) - decide whether to continue or discontinue
- Promote onsite clinic initiatives – growing awareness and drive wellness activities to solution
- Review population trends and add point solution(s) to address current market cost drivers as necessary

2025 Plan Year

- Continue 80%/20% cost share target
- Review carrier lineup and ensure that all carriers align with current goals
- Ongoing monitor of plan cost to maintain appropriate actuarial balance to minimize selection risk
- Continue evaluation of new offerings in the market that make sense based on data analysis

He shared that the stoploss proposal from Cigna is an 8% increase and that most plans are running about 16%. He recommends accepting as this is the lowest stoploss this year.

Mr. Graybill stated that Cigna has redesigned offerings and Pathwell Bone and Joint Program is being launched and is similar to the piloted program that COG/GUC offered in the past. This program is intended to shape the new standard of care for musculoskeletal system diseases. The

program helps employees with spine, hip, knee, or shoulder pain get on the right treatment path and reduce unnecessary surgeries.

Next Mercer Consultant Parker Cramer talked about the financials.

Year 2024 for Medical/Rx/Vision is expecting a 5.7% increase to the 2023 budget. The proposal for employee contributions is a 5.0% increase across all tiers and salary bands. A chart was provided showing the amount for employee contributions for Medical/Rx/Vision for each category. The increase dollar amount per pay period ranges from \$0.33 for the lowest tier “employee only” in the HSA plan to \$15.99 for the “employee plus family” in the highest tier of the enhanced plan.

Year 2024 for Dental is expecting a 3.7% increase to the 2023 budget. The proposal for employee contributions is a 3.7% increase across all tiers. A chart was provided showing the increase in employee contributions for Dental for each tier. The increase dollar amount per pay period ranges from \$.12 for “employee only” in the basic dental plan to \$1.33 “employee plus family” in the dental plus plan.

Mr. Graybill provided a summary:

Program	Carrier	Status	Notes
•Self-funded Medical & Rx	Cigna	Renews 1/1/2024	<ul style="list-style-type: none"> Renewing AS IS, no plan design changes for 2024. COG/GUC to move forward with implementing Cigna’s Pathwell Bone & Joint Program COG/GUC moving forward with an increase to the budget rates by 5% COG/GUC moving forward with an increase to employee contributions by 5%
•Insured Stop Loss	Cigna	Renews 1/1/2024	<ul style="list-style-type: none"> <i>Cigna has proposed an 8% renewal</i>
•Self-funded Dental	Cigna	Renews 1/1/2024	<ul style="list-style-type: none"> Renewing AS IS, no plan design changes for 2024. COG/GUC moving forward with increasing the budget and employee contributions by 3.7%
•Self-funded Vision	Cigna	Renews 1/1/2024	<ul style="list-style-type: none"> Renewing AS IS, no plan design changes for 2024.
•EAP	Cigna	Renews 1/1/2024	<ul style="list-style-type: none"> Renewing AS IS, no plan design changes for 2024.

V. Discussion of Joint Committee Recommendations

After Committee discussion, Council Member Smiley made a motion to recommend that the Greenville Utilities Commission Board and City Council adopt staff recommendations regarding health and dental insurance and recommend similar actions to be taken by City Council and the GUC Board of Commissioners at the September 14, 2023 Joint Meeting. Commissioner Geiger seconded the motion and it carried unanimously.

VI. Next Steps

Recommendations from the Committee on the Health and Dental Benefits will be presented to the City Council and the GUC Board of Commissioners at the Joint meeting scheduled for Thursday, September 14, 2023, at 5:00 p.m. in the City Hall Chambers.

General Manager/CEO Cannon noted that he and City Manager Wall would work on the memo to the GUC Board of Commissioners and City Council.

VII. Adjourn

Hearing no objections, City Manager Wall adjourned at 3:33 p.m.

Respectfully Submitted,

Lou Norris
Acting Secretary