

MEMORANDUM

TO: Joint City/GUC Pay and Benefits Committee

FROM: Ann E. Wall, City Manager
Anthony C. Cannon, General Manager/CEO *ACE*

DATE: March 24, 2021

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

The next meeting of the City/GUC Joint Pay and Benefits Committee is scheduled for Tuesday, March 30, 2021, beginning at 3:00 p.m. Because of continued health concerns due to COVID-19, the meeting will be held virtually using Zoom. A copy of the Meeting Agenda is enclosed for your review.

Pay Philosophy

In order to mitigate pay compression and 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 pay at market and adjust our salary structure as needed so that it is market competitive. This enhances the City's and GUC's ability to recruit and retain qualified and high-performing employees.

Market Adjustment/Merit Allocation

The City and GUC annually review the competitive market pay posture of our joint pay plan. Additionally, in late 2019 a consultant was hired to assist both entities in evaluating the Joint Pay Plan to ensure that it is in line with the market. We received the results of those efforts last year; the results showed that overall the current pay plan is 5% over the market. As such, we elected not to update the Joint Pay Plan as a whole; however, each organization has a handful of positions that may need to be evaluated to ensure they are competitive with the market. At some point in the future, when things have stabilized, City and GUC management will further evaluate the Joint Pay Plan to determine whether any modifications are warranted. In all of these efforts, the objective is to maintain an effective pay system for our employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace.

The City and GUC have traditionally used the survey from Capital Associated Industries (CAI), now known as Catapult, as the primary benchmark guide for establishing the market related to wage growth. Over the past several years, staff has received requests to include data from other reputable surveys, other public sector organizations, and local employers to ensure that CAI (now Catapult) is truly representative of the market.

As depicted in the chart below, wage projections and trends for 2021 are relatively consistent among the following surveys, with the exception of Aon Hewitt.

Survey Company	Projection
Aon Hewitt	7.3%
Catapult (fka CAI)*	2.2%
Korn Ferry (fka Hay Group)	3.0%
Mercer	2.5%
Willis Towers Watson	2.7%
WorldAtWork	2.9%

**COG and GUC have traditionally used CAI (now Catapult) as the primary benchmark guide*

Staff surveyed our established benchmark public sector organizations and several local private employers to determine their plans related to compensation decisions for FY 2021-2022.

- Public-sector benchmark organizations: The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the 26 organizations that responded, 20 gave their employees pay increases in FY 2020/21; the average actual increase was 2.2% (market and/or merit, including those organizations giving 0%). Many of the benchmark organizations are in the process of developing their FY 2021/22 budgets and have not made a decision regarding pay increases. Of the seven organizations that have responded, the average pay increase projection for FY 2021/22 is 3.9% (market and/or merit). This projection is likely high because only seven public-sector benchmark organizations have responded to date, which is fewer than in prior years.
- Local private employers: For FY 2021/22, nineteen private-sector employers were surveyed. Of the ten employers that responded, they are projecting pay increases that average 2.6% (market and/or merit). Those same ten employers reported actual increases averaging 2.1% last year.

GUC/COG Combined Market and Merit Benchmark History

Fiscal Year	Private Sector	Public Sector	GUC	COG
20/21	2.1%^	2.2%^	2.0%	2.0%
21/22	2.6*	3.9*	TBD	TBD

*The private & public sector data represents projections collected during the Spring of each year as part of the Pay & Benefits planning process.

^Due to the Pandemic, no public or private sector data was collected in 2020; however, actuals for 2020 were collected in early 2021 as part of the Pay & Benefits planning process.

GUC/COG Combined Market and Merit Adjustment History

Fiscal Year	Annual		Combined
	Market	Merit	
15/16 (GUC) (COG)	.5% 2.0%	1.5% 0%	2.0% 2.0%
16/17 (GUC) (COG)	.5% 2.0%	1.5% 0%	2.0% 2.0%
17/18 (GUC) (COG)	1.7% 2.0%	1.5% 1.2%	3.2% 3.2%
18/19 (GUC) (COG)	1.2% 1.2%	1.5% 1.5%	2.7% 2.7%
19/20 (GUC) (COG)	1.2% 1.2%	1.5% 1.5%	2.7% 2.7%
20/21 (GUC) (COG)	.5% .5%	1.5% 1.5%	2.0%

Salary Structure Adjustment

WorldAtWork projects salary structures to increase by 1.9% for 2021. 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. Given that the Joint Pay Plan was determined to be 5% over the market when the classification and compensation study was conducted in late 2019/early 2020, City and GUC salary structures were not updated for FY 2020/21 and are not recommended for update for FY 2021/22. Maintaining the current salary structures for a second fiscal year will allow the Joint Pay Plan to better align with the market.

Summary

The past 12 months have certainly been unprecedented and challenging times given the impact that the COVID-19 pandemic has had on nearly all aspects of our business and personal lives. As such, both the GUC Board of Commissioners and Greenville City Council initially adopted their respective budgets for Fiscal Year 2020/21 without funding for market or merit increases for employees. Fortunately, earlier this year as we began to emerge from the pandemic, the City Council and the Board of Commissioners approved a 2% retroactive merit/market adjustment for FY 2020/21; no salary structure adjustment was made. Based on the information collected and presented in this Memorandum, Staff recommends the same for FY 2021/22 – a 2% merit/market adjustment and no adjustment to the salary structure. This recommendation will be discussed in detail at the Committee meeting. The Committee's formal recommendation will be considered by City Council and the GUC Board of Commissioners at the April 19th Joint Meeting.

We look forward to seeing you at the upcoming Joint Pay and Benefits Committee Meeting on March 30th.

cc: Chris Padgett, GUC Chief Administrative Officer
Michael Cowin, COG Assistant City Manager
Richie Shreves, GUC Director of Human Resources
Leah Futrell, COG Director of Human Resources

Joint City/GUC Pay & Benefits Committee

Tuesday, March 30, 2021

3:00 p.m.

Virtual Meeting

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – September 14, 2020
- IV. Market Adjustment and Merit Allocation
- V. Consideration of additional 457 Plan offering
- VI. Next Steps
- VII. Adjournment

PROPOSED MINUTES
JOINT PAY AND BENEFITS COMMITTEE
MONDAY, SEPTEMBER 14, 2020

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) held a virtual meeting on Monday, September 14, 2020, at 3:00 p.m.

Committee members present included Council Members Rick Smiley and Rose Glover, and GUC Commissioners Kelly L. Darden, Jr. and Peter Geiger.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Michael Cowin, Director of Human Resources Leah Futrell, and City Clerk Valerie Shiuwegar.

Other GUC officials and staff present included General Manager/CEO Tony Cannon, Chief Administrative Officer Chris Padgett, Director of Human Resources Richie Shreves, Benefits Administrator Leah Herring, Human Resources Manager Lena Previll, Executive Assistant to the General Manager/CEO Amy Wade, General Counsel Phil Dixon and Secretary to the General Manager/CEO Lou Norris.

Others present included Mercer Consultants Steve Graybill, Taylor Ryan, and Christian Wallser.

ITEM I-CALL TO ORDER

City Manager Ann Wall called the meeting to order at 3:00 p.m. Executive Secretary Amy Wade called the roll and a quorum was ascertained.

ITEM II-APPROVAL OF THE AGENDA

Council Member Smiley moved to accept the agenda and Council Member Glover seconded the motion. Upon a roll call vote, the motion passed unanimously.

ITEM III-APPROVAL OF MINUTES

Council Member Smiley moved to approve the August 26, 2019 minutes and Commissioner Darden seconded the motion. Upon a roll call vote, the motion passed unanimously.

**ITEM IV-MERCER PRESENTATION: COG/GUC 2021 RECOMMENDATIONS FOR
HEALTH/DENTAL INSURANCE**

City Manager Ann Wall introduced Mercer Consultant Steve Graybill to provide an update on the joint medical and dental plans.

Mr. Graybill announced that medical and dental plans have performed well for 2020 and COVID impacts have been minimal thus far. Usage of the inhouse Clinic has contributed to this positive performance.

Medical Plan:

Mr. Graybill stated that the only plan change recommendations are to implement the new pharmacy programs with Cigna which are detailed below.

2021 Recommended Pharmacy Programs

- **Best Start @ Accredo:** requires members newly prescribed specialty medication (SRx) to use Accredo on their first fill.
 - Current SRx members are already filling medications at Accredo
 - Members newly prescribed SRx currently have one grace fill allowed
 - No disruption to members
 - Promotes better specialty drug management and engagement which results in lower condition costs
- **SaveonSP:** maximizes drug manufacturer assistance to reduce members out of pocket costs for medications
 - No disruption to members
 - Members have a choice to opt-in to the program
 - Aims to achieve a zero-dollar cost share for the member
 - Would only apply to the Enhanced and Core PPO Plans due to first-dollar coverage restrictions on High Deductible Health Plans
 - Up to \$193,000 in annual savings for both members and COG/GUC
- **Patient Assurance Program:** makes diabetes medications more affordable for members to increase medication adherence funded by the manufacturers
 - Caps customer cost share for eligible drugs at point-of-service
 - \$25 for 30 days' supply, pre-deductible (savings of \$5 per script)
 - Only for the Enhanced and Core PPO plans as HSA members receive these preventive drugs at no cost
 - No member disruption
 - Estimated member savings of \$3,000 annually for employees

Dental Plan:

Mr. Graybill shared that dental providers were shut down in April and claim levels are slowly returning to normal. A 2% increase in dental plan premiums is recommended with funding by employers.

Summary of the 2021 Recommendations for Medical and Dental Plans:

- No change in Employee Contributions for medical or dental
- Recommend 1.5% increase in medical plan premiums and a 2% increase in dental plan premiums funded by employers
- Continue the “first-year incentive” of \$250 for individual coverage and \$500 for family coverage for employees electing to enroll in the health savings account (HSA) for the first time to encourage migration to the HSA; this is in addition to the regular, annual funding of \$500 individual and \$1,000 family
- Recommended Rx program enhancements for specialty and diabetes medication

ITEM V- DISCUSSION OF JOINT COMMITTEE RECOMMENDATIONS

After discussion, Council Member Smiley made a motion to adopt staff recommendations to the medical and dental plans and to cancel the Joint COG/GUC meeting that was previously scheduled for September 21, 2020. Commissioner Geiger seconded the motion and upon a roll call vote, the motion passed by unanimous vote.

ITEM VI- NEXT STEPS

City Manager Ann Wall and General Manager/CEO Tony Cannon will take the Joint Committee recommendations to City Council and GUC Board of Commissioners at their next regularly scheduled meetings.

ITEM VII- ADJOURNMENT

There being no further discussion, Council Member Glover made the motion to adjourn the meeting and Commissioner Geiger seconded the motion. Upon a roll call vote, the motion passed unanimously, and the meeting was adjourned at 3:31 p.m.

Respectfully submitted,

Amy Carson Wade
Executive Secretary