

Recruitment, Retention, and Compensation Outlook & Recommendations

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DOUGLAS COUNTY, NV

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Purpose: To provide the Board with critical information and recommendations to make informed decisions during Labor Negotiations and the 2022-23 Fiscal Year Budget Cycle.

Overview:

- History of Compensation in Douglas County Since 2015
- National and Regional Trends in Compensation
- Updated Market Compensation Data
- Turnover, Retention, & Recruitment
- Operational Challenges
- Recommendations
- Fiscal Impact



Importance

Organizational Sustainability

- Attract and retain high-quality public servants
- Investing in County staff and building talent from within

Financial Stability

- Integral to the budgeting process
- Evaluated annually: strategic planning and goal setting



DOUGLAS COUNTY
FY18-22 STRATEGIC PLAN

History of Compensation Since 2015

July 2015- Pontifex Study, 2-year implementation

- Merits partially returned (4%)
- 1% lump sum one-time payment

July 2016- 1.5% increase in pay on anniversary

July 2017- Merit revised 0-3%, COLA 0-2% approved each yr for 5 yrs

July 2019- PERS 1.25% cost split, .625% decrease

July 2021- PERS .5% cost split, .25% decrease



Pay Plan Adjustments for Douglas County

Table 1, Summary of Pay Plan Adjustments Since 2015

Fiscal Year	Douglas Approved COLA	Douglas PERS Adjustments	Douglas County Pay Plan Adjustments	Carson City Pay Plan Adjustments	Lyon County Pay Plan Adjustments
22/23	2	0	2	2	4
21/22	2	-0.25	1.75	2.75	2
20/21	2	0	2	1.75	2
19/20	2	0	2	1.75	2
18/19	2	-0.625	1.375	1.75	1.5
17/18	2	0	2	1.75	1
16/17	0	0	0	1.75	0
15/16	0	0	0	0	0
Total	12	-0.875	11.125	13.5	12.5

Pay Plan Adjustments for Douglas County Compared to Carson City & Lyon County

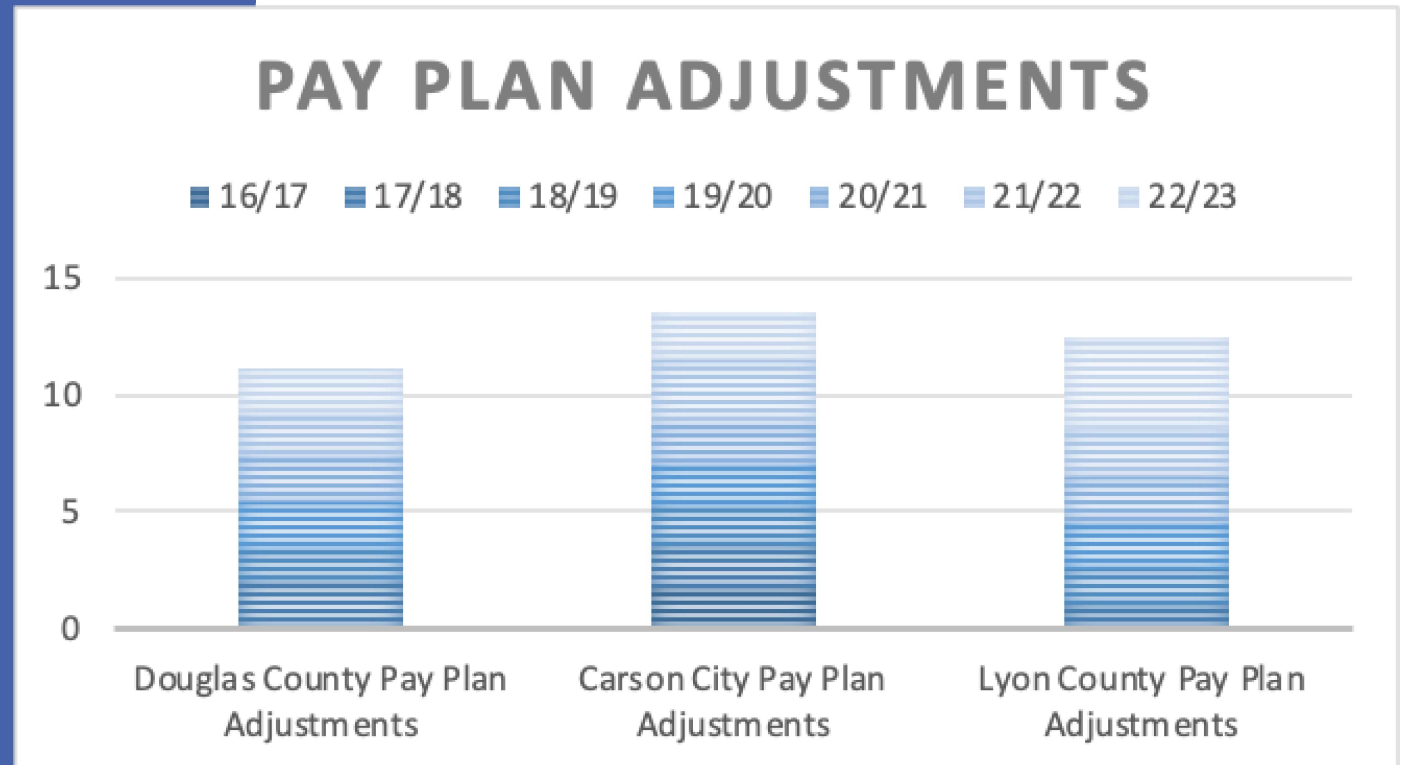
Douglas County- 11.125%

Carson City- 13.5%

Covers the cost of PERS increases up to 1.5%.

Lyon County- 12.5%

Covers the cost of PERS increases.



National and Regional Trends in Compensation

Table 2a, Employer Cost of Employee Compensation for the Private Sector



U.S. BUREAU OF LABOR STATISTICS

<i>Private Sector Employers</i>	<i>Cost Compensation 2014</i>	<i>Cost Compensation 2021</i>	<i>% Increase</i>
All Private Employers	\$19.41	\$26.36	36%
- Professionals	\$32.16	\$39.94	24%
- Office & Administrative Support	\$15.65	\$19.87	27%
- Service Occupations	\$10.32	\$14.44	40%

The “Employer Costs for Employee Compensation” survey is produced by the Bureau of Labor Statistics of the U.S. Department of Labor to show employer’s average hourly costs for compensation and its components.

Table 2b, Employer Cost of Employee Compensation for State and Local Government

<i>State & Local Government Employers</i>	<i>Cost Compensation 2014</i>	<i>Cost Compensation 2021</i>	<i>% Increase</i>
All State & Local Government Employers	\$21.98	\$33.76	54%
- Professionals	\$33.96	\$40.93	21%
- Office & Administrative Support	\$16.54	\$21.78	32%
- Service Occupations	\$10.81	\$23.10	114%

National Trends in Compensation

Bureau of Labor Statistics Report (January 2022)

- Wage pressure is driving increases in compensation in the private sector not seen since 2001. Service positions in particular impacted.
- Fourth quarter employment costs (ECI) rose 4 % for private sector.
- Public sector employment costs increased 2.6% in the same period.
- These costs can be mostly attributed to increases in wages.
- Both public and private sector "real earnings" losing ground to inflation.
- Public sector is not keeping up with private sector in speed of recruitments



U.S. BUREAU OF LABOR STATISTICS

Northern Nevada Trends in Compensation

Northern Nevada Business Weekly (July 2021)

"Market Faces 'Tremendous Wage Pressure'" particularly in the private sector

- 25,000 job openings, 9,000 on unemployment (Reno-Sparks area)
- 28% increase in competitive job postings in Reno Market
- 8% increase in median salary

State Minimum Wage (2019 Legislative Cycle)

- Min wage in private employment will increase by 26%, to \$12 per hour w/out benefits and \$11 per hour with benefits, by July 1, 2024.
- \$0.75 annual incremental increases to the rate began July 1, 2021 and are currently \$9.75 and \$8.75 per hour, respectively.
- Douglas County is now competing with wages below or close to the mandatory minimums set for private sector employers.



Updated Market Compensation Data

Table 3a, Overall Percentage Difference in Rates of Compensation for Douglas County vs. Northern Nevada Public Sector Employer Survey Participants

County as a Percent of Northern Nevada Public Sector - Minimum	County as a Percent of Northern Nevada Public Sector - Midpoint	County as a Percent of Northern Nevada Public Sector - Maximum
-15%	-9%	-5%

Table 3b, Percentage Difference at the Minimum, Midpoint, and Maximum Salary Range Rate for Douglas County vs. Northern Nevada Public Sector Employer Survey Participants

PAY GRADE	HOURLY MIN	HOURLY MID	HOURLY MAX
Administrative/Unskilled	-20%	-15%	-12%
Senior Leadership	-18%	-13%	-10%
Juvenile Justice	-17%	-8%	-3%
Legal	-4%	1%	3%
Managers	-25%	-20%	-17%
Professionals	-11%	-4%	-1%
Public Safety	-18%	-9%	-4%
Supervisors	-10%	-4%	-1%
Technicians	-13%	-6%	-2%

Northern Nevada Area Public Sector Employer Survey Participants

Carson City
 Churchill County
 Lyon County – including Western Nevada Regional Youth Center
 City of Reno
 City of Sparks
 Washoe County



Updated Market Compensation Data for Northern Nevada Region, January 2022

Table 4, Hourly Rate Difference at the Minimum, Midpoint, and Maximum Salary Range Rate for Douglas County vs. Northern Nevada Public Sector Employers, Sample Pay Grades

PAY GRADE	Douglas County			Market Average			County as % of Market		
	MIN	MID	MAX	MIN	MID	MAX	MIN	MID	MAX
A2 i.e. Recreation Leader	\$14.31	\$17.89	\$21.47	\$17.58	\$20.95	\$24.38	-23%	-17%	-14%
A4 i.e. Emergency Communications	\$19.49	\$24.36	\$29.22	\$21.13	\$25.37	\$29.70	-8%	-4%	-2%
PS2 i.e. Deputy Sheriff II	\$22.87	\$28.58	\$34.31	\$26.85	\$31.69	\$36.90	-17%	-11%	-8%
T3 i.e. Utility Systems Technician Senior	\$24.47	\$30.58	\$36.70	\$27.10	\$31.61	\$36.19	-11%	-3%	1%
P2 i.e. Accountant Senior	\$27.37	\$34.21	\$41.07	\$31.32	\$36.73	\$42.36	-14%	-7%	-3%
M2 i.e. IT Manager, County Engineer	\$38.26	\$47.83	\$57.39	\$41.16	\$48.52	\$56.10	-8%	-1%	2%
D2 i.e. Chief Financial Officer	\$45.97	\$57.47	\$68.97	\$56.39	\$67.97	\$79.80	-23%	-18%	-16%



Updated Market Compensation Data

Table 5a, Overall Percentage Difference in Rates of Compensation for Douglas County vs. Lyon County and Carson City

County compared to Lyon County & Carson City - Minimum	County compared to Lyon County & Carson City - Midpoint	County compared to Lyon County & Carson City - Maximum
-3%	-1%	-0%

Table 5b, Percentage Difference at the Minimum, Midpoint, and Maximum Salary Range Rate for Douglas County vs. Lyon County and Carson City

PAY GRADE	HOURLY MIN	HOURLY MID	HOURLY MAX
Administrative/Unskilled	-16%	-19%	-21%
Senior Leadership	0%	-2%	-3%
Juvenile Justice	11%	15%	16%
Legal	9%	12%	14%
Managers	-1%	0%	0%
Professionals	-2%	1%	2%
Public Safety	-8%	-2%	2%
Supervisors	4%	5%	5%
Technicians	1%	2%	3%



Updated Market Compensation Data for Lyon County and Carson City, January 2022

Table 6, Hourly Rate Difference at the Minimum, Midpoint, and Maximum Salary Range Rate for Douglas County vs. Lyon County and Carson City, Sample Pay Grades

PAY GRADE	Douglas County			Carson/Lyon Average			County as % of Market		
	MIN	MID	MAX	MIN	MID	MAX	MIN	MID	MAX
A2 i.e. Recreation Leader	\$14.31	\$17.89	\$21.47	\$16.07	\$20.48	\$24.89	-12%	-14%	-16%
A4 i.e. Emergency Communications	\$19.49	\$24.36	\$29.22	\$18.88	\$23.79	\$28.76	3%	2%	2%
PS2 i.e. Deputy Sheriff II	\$22.87	\$28.58	\$34.31	\$26.06	\$30.20	\$34.48	-14%	-6%	0%
T3 i.e. Utility Systems Technician Senior	\$24.47	\$30.58	\$36.70	\$23.83	\$27.70	\$31.56	3%	9%	14%
P2 i.e. Accountant Senior	\$27.37	\$34.21	\$41.07	\$29.01	\$35.25	\$41.67	-6%	-3%	-1%
M2 i.e. IT Manager, County Engineer	\$38.26	\$47.83	\$57.39	\$36.01	\$43.50	\$50.99	6%	9%	11%
D2 i.e. Chief Financial Officer	\$45.97	\$57.47	\$68.97	\$47.89	\$60.89	\$74.04	-4%	-6%	-7%



Competitiveness of Douglas County Rates of Compensation vs. Region as of January 2022

By July 1, 2022 Douglas County's rates of compensation overall will average:

- Minimum rates of pay: **5-15% below the public sector market**
- Midpoint rates of pay: **3-9% below the public sector market**
- Maximum rates of pay: **2-5% below the public sector market**



Turnover/Recruitment in Douglas County

Table 7, New Hires by Fiscal Year Compared to Separations and Applications Received

FISCAL YEAR	NEW HIRES	INVOLUNTARY TERMINATIONS	VOLUNTARY TERMINATIONS	NET CHANGE	APPLICATIONS RECEIVED
2021-2022*	45	7	58	-20	1,048
2020-2021	76	13	86	-23	2,663
2019-2020	90	19	84	-13	2,548
2018-2019	104	26	95	-17	3,900
2017-2018	112	38	115	18+	3,584
2016-2017	110	19	51	10+	4,295
2015-2016	40	No Data	No Data	No Data	3,401

*2021-2022 only includes data through December 31, 2021.

The voluntary departure of employees remains constant between 17-22% of the workforce annually, while the average number of job applications per recruitment dropped 28% in the same time period.

Overall the hiring of new positions is not keeping pace with the rate of separations.



Attrition Rate by Employee Group

Table 8, Attrition Rate by Employee Group 2019-2021

Position Type	2017	2018	2019	2020	2021
Senior Leadership	11%	18%	11%	22%	19%
Management	7%	15%	4%	8%	4%
DCSPA	10%	5%	3%	6%	7%
Staff – Full Time	14%	18%	12%	12%	22%
Staff – Part Time	41%	58%	45%	53%	41%
Total	17%	22%	15%	18%	19%

Entry level staff positions experience high levels of separations annually, with 22% turnover in 2021. Turnover in Sr. Leadership positions is trending at higher percentages since 2019 with attrition rates increasing from 11% in 2019, to 22% in 2020 and 19% in 2021.

Turnover for hourly sworn officers of the Sheriff (DCSPA) is up from 3% in 2019 to 7% in 2021, and turnover in full-time staff positions has increased significantly since 2019 from 12% to 22%.



Age Distribution of Douglas County Employees

Figure 2, Age Distribution by Percentage of County Employees

The number of employees currently eligible for retirement increased to **52** from 26 employees in 2019.

134 employees will be eligible in five years.

In five years, 25% of the organization will be age 62 and over, with 18% over the age of 65.



Operational Challenges by Department

Community Services

- Lost revenue opportunities
- Reductions in service levels
- Reduction inefficiencies
- Deferred maintenance on infrastructure

District Attorney

"Despite labor shortage across the region, Douglas County is at the greatest disadvantage due to our wages."

Clerk-Treasurer

Significant reduction in applicant volume. Applicants demand starting \$2-\$7 above County rates.

Judicial Services
Consistently hires 10% above the minimum.

Sheriff

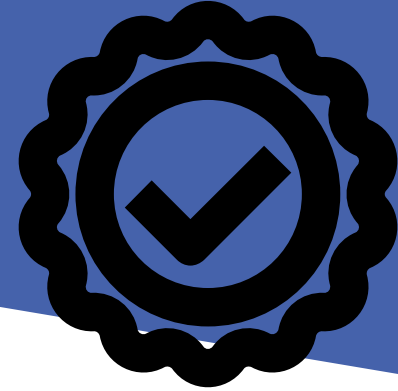
- Filling vacancies is nearly impossible.
- Staffing shortages have led to fewer deputies on the streets serving the citizens.

"We need to pay all County employees as well as we can in order to realize benefits from retention, recruitment, and morale among the workforce"

Emergency Communications
40% vacancy in positions



Recommendations



The County's rates of compensation established in 2015 are not keeping up with compensation in the region for the public sector.

- **Move up the timeline of the planned 2% COLA from July 2022 to April 2, 2022**
- **Adopt a minimum of a one-time 7% market adjustment of the pay and ranges for all employees effective July 2022**
- **Utilize an independent consultant to conduct a compensation and classification study in Fiscal Year 2022-23 to review position classifications, pay grades, compensation philosophy, and evaluate the market for verification that no further adjustments to salaries are needed. (Estimated cost is \$100,000)**

Estimated Fiscal Impact

- The proposed one-time 5% market adjustment is approximately \$3.4 million (\$2.1 m from GF).
- Funding is available in Fiscal Year 2022-23
 - Increased revenues (Property Tax, C-Tax, and Room Tax)
 - Prioritization of General Fund transfers out to other funds that are no longer needed
- An annual review of compensation is a necessary component of the budget process

This recommendation is fiscally feasible and necessary to maintain fiscal stability.



Douglas County-Estimated cost of 7% Salary Adjustment	
Estimated Salary Budget-FY 2022-23	\$38,576,155
7% Salary Adjustment	\$2,700,331
PERS Cost-Regular	623,00
PERS Cost-Safety	265,432
Tax Cost-Medicare	39,155
Tax Cost-SUTA	13,502
Total Cost of 7% Adjustment	\$3,642,299

Questions?

