

As we were preparing to implement the pay increases, we discovered a conflict between the language in the Budget Ordinance and our available funds. This issue was discovered before payment of any salary increases for this fiscal year and brought to the Board's attention immediately. The original error was due to miscommunication and inadequate follow-up during budget preparation. Salary increases included in the budget were not calculated according to the language in the Budget Ordinance. The Budget Ordinance implies that employees with 10 or more years in their current grade would automatically go to the midpoint of their grade and that was not the intent.

In 2015 the County adopted a pay plan that included a process to move employees to the midpoint of their grade within 10 years. This process was dependent on the availability of funds. In the years between the adoption of that pay plan and the subsequent pay study the County only managed two years where there were sufficient funds to move employees toward the midpoint of their grade. As a result, employee pay within grades did not move much and new employees were making very close to the amount employees with several years of experience were making.

In 2023 the County commissioned another pay study. This study made the same recommendation as our previous study. Their recommendation was that the County design and implement a process to at least move employees to midpoint over a set period. The County intended to follow the previously adopted process to move employees to the midpoint of their grade over a 10-year period contingent upon a satisfactory annual performance evaluation and availability of funds.

The language in the fiscal year 2024-25 budget ordinance is written to achieve this objective. However, the amount of funds required to achieve this objective exceeds our available resources, and the language should have been revised prior to adoption. The cost to implement the pay increases as outlined in the Budget Ordinance would cost approximately \$1.7 million. This amount exceeds the available resources of the County. The funding included in the budget is less than \$750,000.

Proposed revision to Section XII of budget ordinance

The section will read as rewritten:

Section XII Personnel

Employee Base Our ceiling for full-time employees at the end of our current fiscal year was 580. No additional positions were included for Fiscal Year 2024-2025. As identified in the Pay Study implemented in 2015, the final step to maintain the progress realized through the adoption of a pay plan is to develop and maintain a sustainable process to move all employees from the minimum to the midpoint of their assigned pay grade within 10 years. Understanding the process and recognizing the opportunity will address ongoing compression issues created when the salaries of new hires nearly match the salaries of seasoned employees. With the traditional practice of addressing cost-of-living issues with percentage pay raises across the board, nothing has effectively addressed the need to move employees forward through their pay grades. Effective July 1, 2024, employee salaries will be evaluated to determine the difference between employee salary and midpoint of the assigned pay grade as well as time in the pay grade. If an employee has less than one year in their grade, then the employee would receive 5% of the difference between their current salary and midpoint of their grade. If an employee has between one and six years in their grade, then the employee would receive 10% of the difference between their current salary and midpoint of their grade. Employees with seven or more years in their grade would receive 20% of the difference between their current salary and midpoint. No employee's increase would put them above the midpoint of their grade. The results will allow employees to realize incremental pay raises and greater reward for long-term employees. Employees at or above midpoint will not receive any increase.