

## **Analysis of Suggestions for Improvement as part of the FY 2010 County's Line of Business & Schools Program Review Processes Fall 2008**

**Request By:** Public

**Suggestion:** Do not offer the same benefits for 20 hour merit staff as for 40 hour merit staff, specifically with health benefits (like other local governments - Prince William and Fairfax City). Perhaps Fairfax County could grandfather in those employees already in the system and those newly hired would have to contribute a greater amount than they do now.

### **Response**

**Provided By:** Department of Human Resources

**Background:** The existing payment structure for health benefits has been in effect for some time. Employer contributions to health benefits are available to all merit employees scheduled to work at least 20 hours per week (or working 40 hours in one of two pay periods in the month). In the early 1990's some employees who were working 10 hours per week were grandfathered and allowed to continue health benefits at the full-time employee rate.

### **Recommendation:**

The County should evaluate this suggestion in light of policies of surrounding jurisdictions. Most other jurisdictions (including Loudoun County Public Schools, Arlington County, City of Alexandria, Prince William County, Loudoun County and Montgomery County) pro-rate health benefits based on scheduled hours. Retirement and life insurance benefits are automatically pro-rated due to the part-time salary and service. Any recommendation to change the health benefits structure must be evaluated for potential adverse impact to certain occupational groups (i.e., crossing guards and library assistants) and in light of Fairfax County's objectives to be work/life friendly, as this change could impact the ability to attract and retain employees.

Savings projections are dependent on hiring patterns and the extent to which benefits are to be pro-rated. Estimated savings of \$2.3 million annually is projected if all part-time employees are pro-rated and required to pay 50 percent of the premium if scheduled to work 20-29 hours per week (the employer contribution would be 75 percent of the premium if scheduled to work 30-39 hours per week). Grandfathering of existing part time employees and applying this payment structure to new hires could save approximately \$347,000 - \$672,000 annually, depending on the premium schedule adopted and hiring patterns for the year. Because turnover in this group is higher than that of full-time employees, the new hires would pay higher premium rates and the savings would materialize more quickly.

If the change in policy is adopted, the Department of Human Resources suggests implementation in January 2010 to provide ample time for communication of the policy change to employees and give agencies sufficient time to restructure positions, if needed.

If implemented, programming to the County's Human Resource Information System (HRIS) would be required and personnel regulations and procedural memorandums must be reviewed for any potential impact (including policies pertaining to job share employees). Additionally, policies must be developed to address how premiums would be assessed for employees in full-time positions who work less than scheduled hours. It is recommended that the Employment and Workforce Planning Division meet with heavily impacted agencies well in advance of the effective date to determine if jobs could be restructured and converted to full-time positions.