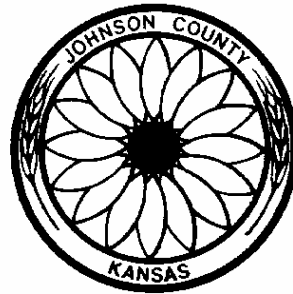


Johnson County Government, Kansas Annual Workforce Planning Report

FY 2007



May 2006

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Executive Summary

Workforce planning is the alignment of an organization's human capital with its strategic direction and is accomplished through systematically and routinely evaluating workforce data. This methodical process of analyzing current talent, determining future direction, and implementing solutions that link the organization to success through its people is also referred to as "Future Capacity Planning." Simply put, it enables the organization to identify the gap between the present workforce and future needs.

To accomplish this, the County must consider:

- What is our vision of what will be accomplished?
- Do we understand what will be different in the future?
- Is the capacity of current staff adequate to meet future needs? If not, what is our plan?
- What strategies could optimize the workforce?
- Are we effective in our efforts to recruit, retain, recognize, and reward employees who demonstrate a commitment to public service and have a desire to make a difference within the community?
- How will we know if we are successful?

By systematically and routinely analyzing workforce data to assess employees' attributes, monitoring and understanding social, economic, and political trends, then aligning that information with the current and projected needs and goals of the organization, the organization is able to have the right people with the right competencies in the right jobs at the right time – now and in the future.

The FY 2007 Workforce Planning Report continues the theme of "total rewards" as a means of attracting, retaining, and motivating top talent. Along with providing Johnson County Government workforce demographic data, this year's report also continues to reinforce the five priorities identified by the Executive Team in 2004 and presented as part of the FY 2005 Workforce Planning Report, and as reaffirmed by the Executive Team in Spring 2006:

1. Funding for the merit pool to ensure meaningful differentiation and recognition of top performers with a commitment to reach at least 5% by 2009.
2. Funding to more competitively place employees in pay range terciles based on their professional experience and performance levels to ensure that employees are compensated in accordance with the compensation philosophy.
3. Assessing the pay table structure annually to ensure the structure remains market competitive.
 - Provide funding for market adjustments for all employees, not solely those falling below the minimum of the new ranges.
4. Increasing funding for the County's contribution to the supplemental retirement 401(a) program with a commitment to reach at least 5% by 2011.
5. Implementing variable pay (incentives and bonuses) to recognize and reward top performers.

As a result of these priorities, funding was approved in the FY 2005 and FY 2006 budgets for tercile placement adjustments; in FY 2005, the County's contribution to the supplemental retirement program was increased to 2%. New HR Policies adopted by the Board of County Commissioners effective January 1, 2006 authorize the use of incentives and bonuses. These are significant achievements and demonstrate Johnson County Government's commitment to and investment in employees. To ensure that the value of those actions is not diminished, the County recognizes the continued need to, again for FY 2007, focus on these priorities.

The following recommendations are provided for consideration throughout the FY 2007 budget process:

1. Clearly articulate County goals and priorities by approving the proposed updated Total Rewards Philosophy and Compensation Philosophy.
2. Support market-competitive pay by approving funding and implementing tercile adjustments for eligible employees in FY 2007.
3. Support merit pay by maintaining the Compensation Pool at 3%
4. Support a market-competitive pay structure by approving the Proposed FY 2007 Pay Table.
5. Enhance competitive total compensation by increasing the County's contribution to the supplemental retirement program to 2.5%.

Introduction to the Workforce Planning Report

Johnson County Government is a progressive and innovative organization that provides high quality and cost-effective services to the residents of the County through its dedicated and knowledgeable workforce. The County seeks to recruit, retain, recognize, and reward employees with a commitment to public service and a desire to make a difference in the community. This report focuses on the County's investment in its human capital as the primary means of achieving organizational goals and objectives.

In 2001, the Department of Human Resources (HR) presented its first annual workforce planning report to the Board of County Commissioners (BOCC). The Workforce Planning Report is updated each year for presentation to the Board in conjunction with the annual budget update work session. Just as the budget is the numerical expression of the organization's strategic plan, this report is the numerical expression of a multi-year "people plan" that represents a majority of the organization's overall budget. For a summary of the previous Workforce Planning Reports, see Appendix B.

Workforce planning is the alignment of an organization's human capital with its strategic direction and is accomplished through systematically and routinely evaluating workforce data. This methodical process of analyzing current talent, determining future direction, and implementing solutions that link the organization to success through its people is also referred to as "Future Capacity Planning." Simply put, it enables the organization to identify the gap between the present workforce and future needs.

To accomplish this, the County must consider:

- What is our vision of what will be accomplished?
- Do we understand what will be different in the future?
- Is the capacity of current staff adequate to meet future needs? If not, what is our plan?
- What strategies could optimize the workforce?
- Are we effective in our efforts to recruit, retain, recognize, and reward employees who demonstrate a commitment to public service and have a desire to make a difference within the community?
- How will we know if we are successful?

By systematically and routinely analyzing workforce data to assess employees' attributes, monitoring and understanding social, economic, and political trends, then aligning that information with the current and projected needs and goals of the organization, the organization is able to have the right people with the right competencies in the right jobs at the right time – now and in the future.

Total Compensation Update and Recommendations

In 2004, the Executive Team participated in two planning retreats to discuss total compensation and develop a proposed 3-5 year plan to address top priorities. As the executives identified their concerns, interests, and ideas relating primarily to pay and benefits, and prioritized the areas that they believed require an immediate and ongoing organizational commitment, a strong consensus emerged regarding the top priorities.

During this spring, the Executive Team met twice to further discuss the original priorities established in 2004, and also to examine any new priorities. From these meetings, the Executive Team reaffirmed the list of total compensation priorities and developed a proposed update to the County's existing Total Rewards framework with an updated Total Rewards Philosophy and updated Compensation Philosophy.

Executive Team 2004 Priorities

1. Funding for the merit pool to ensure meaningful differentiation and recognition of top performers with a commitment to reach at least 5% by 2009.
2. Funding to properly place employees in pay range terciles based on their professional experience and performance levels to ensure that employees are compensated in accordance with the compensation philosophy.
3. Assessing the pay table structure annually to ensure the structure remains market competitive.
 - Provide funding for market adjustments for all employees, not solely those falling below the minimum of the new ranges.
4. Increasing funding for the County's contribution to the supplemental retirement 401(a) program with a commitment to reach at least 5% by 2011.
5. Implementing variable pay (incentives and bonuses) to recognize and reward top performers.

As a result of these priorities, funding was approved in the FY 2005 and FY 2006 budgets for tercile placement adjustments; in FY 2005, the County's contribution to the supplemental retirement program was increased to 2%. New HR Policies adopted by the Board of County Commissioners effective January 1, 2006 authorize the use of incentives and bonuses. These remain significant achievements and demonstrate Johnson County Government's continued commitment to employees. To ensure that the value of those actions is not diminished, the County recognizes the continued need to, again for FY 2007, focus on these priorities.

The following table explains the issues regarding each of those priorities and provides an update to the top priorities.

Top Priorities Identified:	Issues:
The Merit Pool	<p>Since 2002, the County has used the term “compensation pool” to reflect that the amount budgeted for “base pay” increases are not allocated solely for the purpose of merit increases. The compensation pool funds all pay rate increases, including merit, promotions, reclassifications, pay rates for employees hired in above the pay range minimum, temporary pay rate increases, position-specific market adjustments, etc. As a result, having a 3% compensation pool means that less than 3% is actually available to reward performance.</p> <p>The County needs to establish merit pay parameters, including a meaningful differential to recognize exceptional performance. For FY 2006, the merit guidelines allow employees who are evaluated as exceeding/significantly exceeding expectations to receive up to a 5% merit increase. Yet, the compensation pool for each department/agency remains 3%.</p> <p>Budget projections include retaining the FY 2007 Compensation at 3%.</p>
Tercile Movement/ Funding Employees Through the Pay Range	<p>Until the Tercile Placement Project and the implementation of tercile adjustments in 2005, the County had no formal, structured mechanism in place to increase employee pay rates through the pay range based on the acquisition of additional knowledge, skills, abilities, or work-related experience over time. The average merit pay rate increase has been less than the percentage movement of the pay table, resulting in ongoing “compression,” i.e., employees with higher-levels of experience and performance are paid near the same rate within their pay range along as less experienced employees.</p> <p>Included in the FY 2005 and FY 2006 budgets, the Board of County Commissioners approved funding for tercile placement market adjustments. These adjustments represented a major financial investment of approximately \$4.6 million dollars towards Johnson County Government employees.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Approve funding and implement tercile adjustments for eligible employees in January 2007. Budget projections include approximately \$2.7 million for tercile placement adjustments in FY 2007.

Top Priorities Identified:	Issues:
<p>The Pay Table/ Maintaining Employee Market Placement</p>	<p>The County's pay table is built based on the market median of the corresponding markets, as documented in the County's compensation philosophy. As a result of market changes, pay ranges may or may not increase by the same percentage. Updating the County's pay table is intended to ensure that classified positions will remain within the markets as defined by the compensation philosophy. However, it is possible for the pay range to be market competitive, while actual pay practices are not.</p> <p>Even though the pay table is updated each year to reflect market changes, the County has a business need to provide funding for market adjustments for all employees within the designated pay range, not solely those employees whose pay rate would fall below the new minimum of the pay range. This issue will become of greater significance once employees have been more competitively placed in the pay ranges through the Tercile Placement Project.</p> <p>If the market continues to result in increases to the pay ranges, but the County does not fund annual market adjustments to reflect increases in the pay ranges, problems such as pay compression around the pay range minimum will develop. This is what previously led to the need for tercile adjustments. This issue would not be resolved by a cost of living adjustment (COLA). A COLA is a fixed percentage paid to all employees regardless of the market. A better solution is to provide a market adjustment that reflects a change in the pay range in combination with the current merit system.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Approve the Proposed FY 2007 Pay Table. (See Appendix C) • Implement organizational annual market adjustments in FY 2008.
<p>Supplemental Retirement</p>	<p>The Supplemental Retirement Program is an IRS Code Section 401(a) plan designed to assist employees in saving for retirement. The plan is an optional benefit in which the County makes a matching contribution equal to 100% (of an established percentage) of the amount an employee contributes to a deferred compensation plan. When the plan was implemented in 2002, it included a recommendation to increase the employer match from 1.5% to 5% as funding allowed. Funding is currently at 2%.</p> <p>Budget projections include increasing the match to 2.5% for the Supplemental Retirement Program in FY 2007.</p>

Top Priorities Identified:	Issues:
<p>Variable Pay (Bonuses and Incentives)</p>	<p>Bonuses are additional compensation paid to an employee on a discretionary basis, i.e., the employee could not anticipate receiving the bonus. Incentives are additional compensation paid to an employee on a nondiscretionary basis, i.e., the employee could anticipate receiving the incentive if certain criteria were met. Incentives motivate behavior to occur in the future, and they should be awarded for the achievement of a specific, predetermined goal at a predetermined level.</p> <p>Effective January 1, 2006, the Board of County Commissioners approved a Compensation Policy which includes a procedure for bonuses and incentives.</p>

The Department of Human Resources recommends BOCC approval of the following proposed Total Rewards Philosophy statement and proposed Compensation Philosophy statement. Executives discussed these proposals with the BOCC at their April Budget Retreat.

Total Rewards

In the FY 2005 Workforce Planning Report, the concept of total rewards was introduced as a more comprehensive strategy to the County's compensation philosophy. *Total rewards* are all of the extrinsic and intrinsic tools available to an employer that may be used to attract, retain, and motivate employees, including pay, benefits, learning and development, and the work environment.⁴

Proposed Total Rewards Philosophy Statement

The County recognizes that its employees are the key to fulfilling its mission of providing high-quality and cost-efficient services to the people of Johnson County. The County seeks employees who are highly committed to making a difference in the lives of others. Johnson County Government strives to be recognized as an Employer of Choice, respected in the community as an organization that offers professionally and personally rewarding career opportunities.

The complete Total Rewards Philosophy and Strategy is provided in Appendix D of this report.

Compensation Philosophy

In 2002, in conjunction with the update of the County's classification and compensation system, the County developed and documented its compensation philosophy. The compensation philosophy articulates the organization's vision of the factors that will be considered in determining how employees will be compensated. Development of this philosophy was a fundamental component of updating the County's classification and compensation system to meet current and future organizational needs.

Proposed Compensation Philosophy Statement

Johnson County Government is committed to paying its employees a market competitive rate and to rewarding performance and contributions to the organization. The County will annually assess the market and adjust pay as necessary to remain competitive, while differentiating levels of performance with merit pay.

The complete Compensation Philosophy is provided in Appendix E of this report.

⁴ *Total Rewards Management, WorldatWork, 2003, p. 1.6.*
FY 2007 Workforce Planning Report

Data Sources

Data in this report is based on data reported from ASPIRE as of December 31, 2005, unless otherwise noted.

Park and Recreation positions are excluded unless otherwise noted, as Park & Recreation positions are not maintained in ASPIRE.

Effective FY 2002, data excludes the Nursing Center, as the Nursing Center became a 501(c)(3) organization in December 2002. Data prior to FY 2002 includes the Nursing Center.

Demographics are routinely provided for full-time regular employees. However, data is also provided on part-time regular, on-call, and/or seasonal employees when relevant to the demographic featured. A detailed breakdown of part-time regular, on-call, and/or seasonal employees is not provided as a general rule because the short-term and highly mobile nature of these positions contradicts the intent of being able to accurately project, forecast, or identify certain long-term trends. When reported, part-time regular employee data includes benefits and non-benefits eligible part-time employees.

Demographics are based on actual employee counts, not on FTE.⁵ As such, Full Time Equivalent (FTE) numbers reported by Budget and Financial Planning will be different than actual employee numbers reported here in this document.

⁵ As indicated in the Terms and Definitions section of this report, FTE is the “full-time equivalent” for a position, also referred to as a position’s “percent time.”

Employee Demographics

Employee demographics provide an overall snapshot of the current workforce.

Based on the demographics provided, the average County employee:

- Works on a full-time basis,
- Is a white male
- Is 42 years old
- Has 8.2 years of service with the County
- Earns \$41,121 per year (\$19.77 per hour) on average

Employees by Employment Status (1998 – 2005)

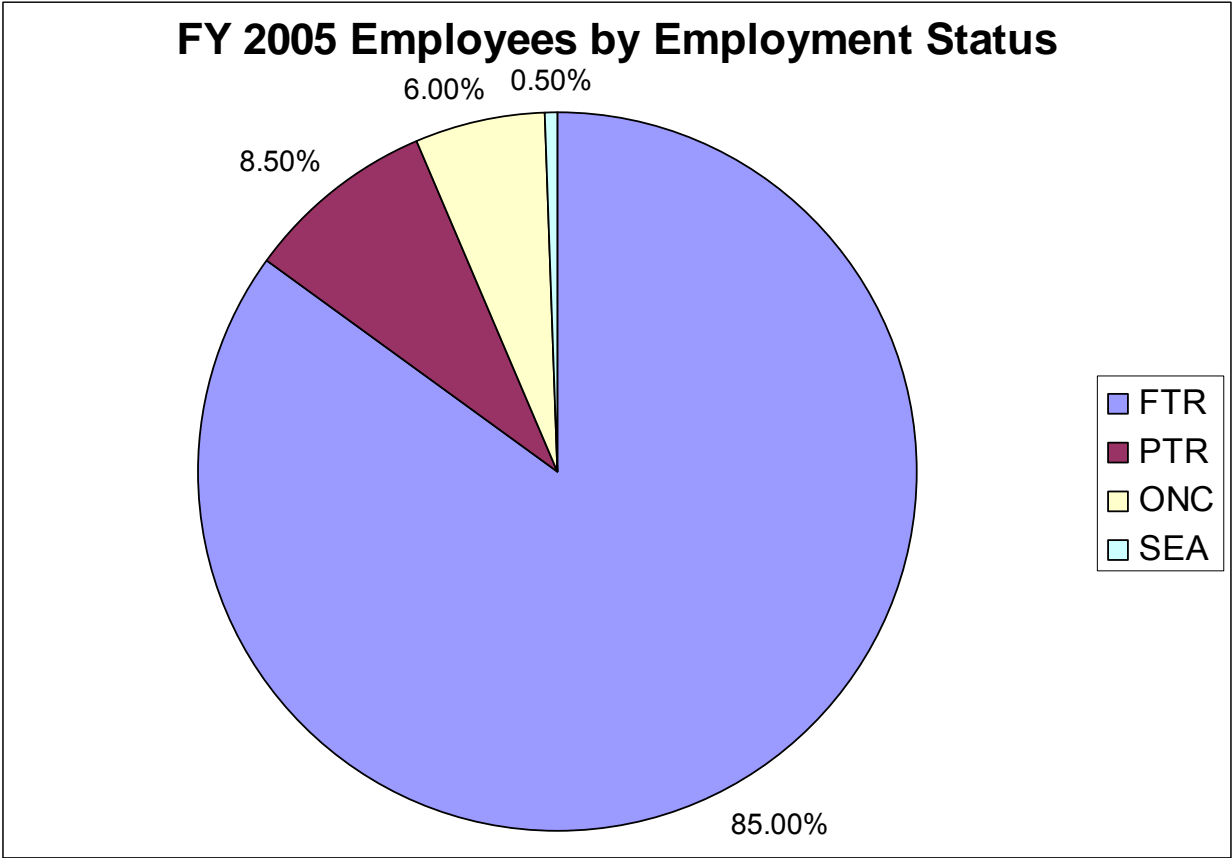
Four employment categories are defined by Johnson County Government, including full-time regular (FTR), part-time regular (PTR), on-call (ONC), and seasonal (SEA).

- **Full-Time Regular** (FTR) positions are benefits-eligible positions budgeted to work at least 40 hours per week.
- **Part-Time Regular** (PTR) positions include positions that may be eligible for prorated sick and vacation accrual; they are budgeted to work at least 20 hours and no more than 39 hours per week.
- **On-Call** (ONC) positions are not benefits-eligible; they are generally budgeted to work various hours per week not to exceed 999 hours per year.
- **Seasonal** (SEA) positions are not benefits-eligible; they generally are budgeted to work up to 40 hours per week for a period of time not to exceed six months.

Employment Status	1998	1999	2000	2001	2002	2003	2004	2005	+/- 1998 to 2005
FTR	2566	2634	2676	2799	2764	2813	2891	3217	25.4%
PTR	292	293	312	353	361	352	364	319	9.2%
ONC	237	253	239	226	199	191	176	227	-4.2%
SEA	28	21	24	42	38	22	21	19	-32.1%
Totals	3123	3201	3251	3420	3362	3378	3452	3782	21.1%

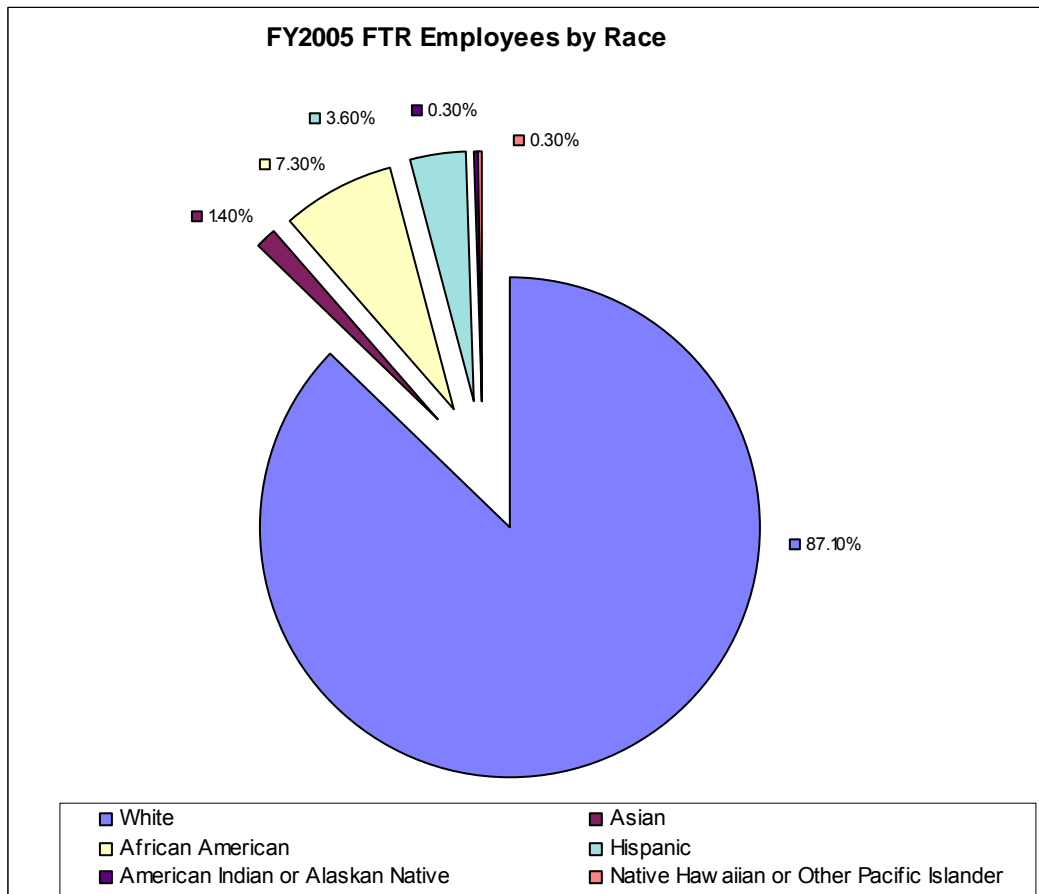
Johnson County Population Growth	1998	1999	2000	2001	2002	2003	2004	2005	1998 to 2005
Population	432,723	443,434	454,514	463,974	476,009	486,515	496,691	506,562	17.1%
% Change	2.7%	2.5%	2.5%	2.1%	2.6%	2.2%	2.1%	2.0%	

FY 2005 FTR Employees by Employment Status



FTR Employees by Race

Race	FY 2003 Percent of Workforce	FY 2004 Percent of Workforce	FY2005 Percent of Workforce	Year 2000 Johnson County, KS Demographic	2004 Estimate Johnson County, KS Demographic
White	88.84%	88.03%	87.10%	90.3%	87.4%
Asian	1.24%	1.35%	1.40%	2.8%	3.9%
African American	6.11%	6.57%	7.30%	2.6%	3.3%
Hispanic	3.23%	3.42%	3.60%	3.9%	4.9%
American Indian or Alaskan Native	0.18%	0.28%	0.30%	0.3%	0.4%
Native Hawaiian or Other Pacific Islander	0.39%	0.35%	0.30%	0.0%	0.0%
Totals	100.00%	100.00%	100.00%	100.8% ⁶	100.0%



⁶ US Census Bureau internet site <http://quickfacts.census.gov/qfd/state>. Value over 100 reported by the US Census Bureau
 FY 2007 Workforce Planning Report

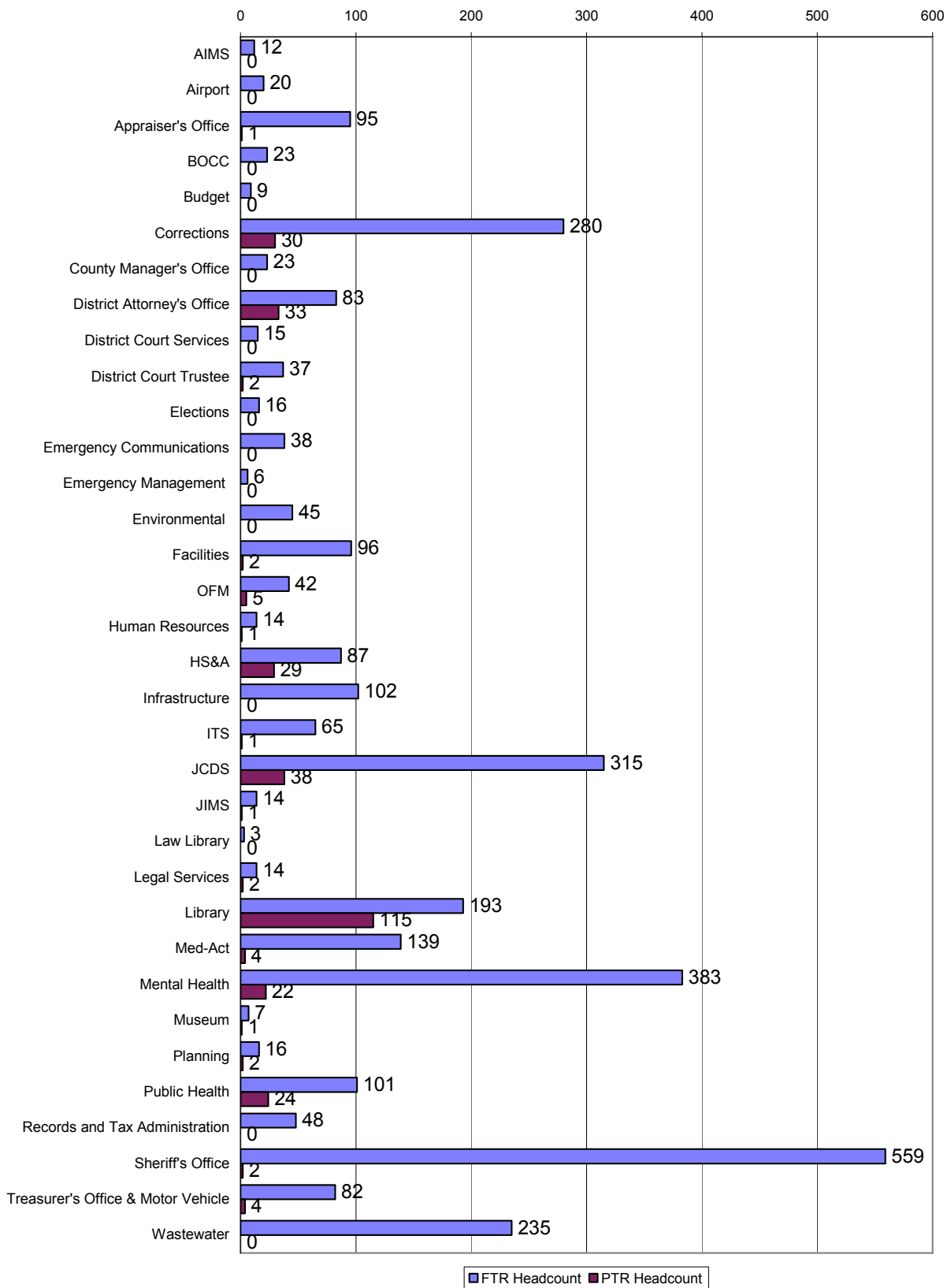
Comments:

Statistics on employee race indicate representation of all racial groups in the workforce in proportion to the population of Johnson County. Increases in the Hispanic and Asian populations as indicated by changes in the 2000 census and the 2004 population estimate indicate a need to increase recruitment of Hispanic and Asian employees in FY2006 and beyond.

FY 2005 FTR and PTR Employees by Department/Agency

Department/Agency	FTR	Female FTR	Male FTR	PTR	Female PTR	Male PTR	Number of FTR and PTR Employees	Percent of Workforce
AIMS	12	2	10	0	0	0	12	0.3%
Airport	20	4	16	0	0	0	20	0.6%
Appraiser's Office	95	48	47	1	1	0	96	2.7%
BOCC	23	13	10	0	0	0	23	0.7%
Budget	9	5	4	0	0	0	9	0.3%
Corrections	280	138	142	30	20	10	310	8.8%
County Manager's Office	23	9	14	0	0	0	23	0.7%
District Attorney's Office	83	56	27	33	25	8	116	3.3%
District Court Services	15	10	5	0	0	0	15	0.4%
District Court Trustee	37	36	1	2	2	0	39	1.1%
Elections	16	12	4	0	0	0	16	0.5%
Emergency Communications	38	17	21	0	0	0	38	1.1%
Emergency Management	6	3	3	0	0	0	6	0.2%
Environmental	45	23	22	0	0	0	45	1.3%
Facilities	96	28	68	2	0	2	98	2.8%
OFM	42	26	16	5	4	1	47	1.3%
Human Resources	14	11	3	1	1	0	15	0.4%
HS&A	87	70	17	29	21	8	116	3.3%
Infrastructure	102	17	85	0	0	0	102	2.9%
ITS	65	13	52	1	1	0	66	1.9%
JCDS	315	217	98	38	24	14	353	10.0%
JIMS	14	4	10	1	1	0	15	0.4%
Law Library	3	2	1	0	0	0	3	0.1%
Legal Services	14	8	6	2	2	0	16	0.5%
Library	193	133	60	115	90	25	308	8.7%
Med-Act	139	39	100	4	1	3	143	4.0%
Mental Health	383	272	111	22	16	6	405	11.5%
Museum	7	5	2	1	0	1	8	0.2%
Planning	16	7	9	2	1	1	18	0.5%
Public Health	101	95	6	24	24	0	125	3.5%
Records and Tax Administration	48	41	7	0	0	0	48	1.4%
Sheriff's Office	559	134	425	2	1	1	561	15.9%
Treasurer's Office & Motor Vehicle	82	70	12	4	4	0	86	2.4%
Wastewater	235	38	197	0	0	0	235	6.6%
Totals	3217	1606	1611	319	239	80	3536	100.0%
% Totals		49.9%	50.1%		74.9%	25.1%		

FTR and PTR Employees by Agency



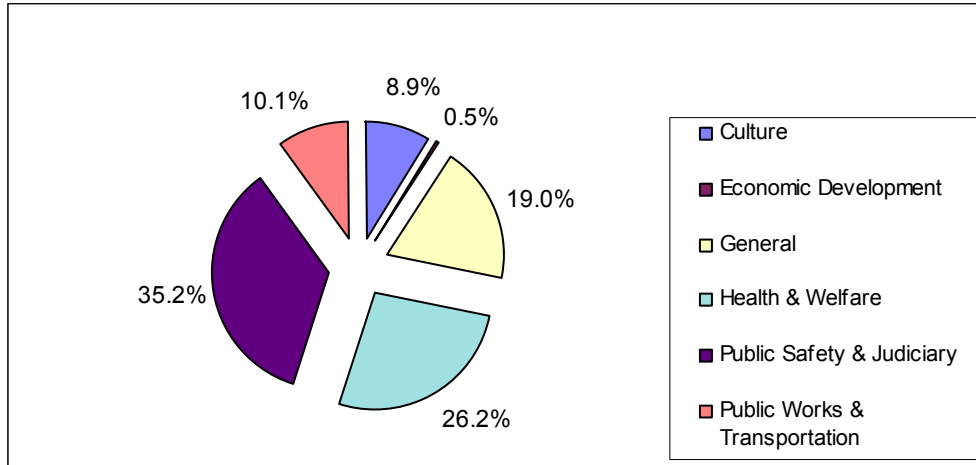
FY 2005 FTR and PTR Employees by Agency – Categorized by Strategic Program

Strategic Program	Department/Agency	FTR	PTR	Number of FTR and PTR Employees	Percent of Workforce
Culture	Library	193	115	308	8.7%
Culture	Museum	7	1	8	0.2%
Total		200	116	316	8.9%
Economic Development	Planning	16	2	18	0.5%
Total		16	2	18	0.5%
General	AIMS	12	0	12	0.3%
General	Appraiser's Office	95	1	96	2.7%
General	BOCC	23	0	23	0.7%
General	Budget and Financial Planning	9	0	9	0.3%
General	County Manager's Office	23	0	23	0.7%
General	Elections	16	0	16	0.5%
General	Facilities	96	2	98	2.8%
General	Financial Management	42	5	47	1.3%
General	Human Resources	14	1	15	0.4%
General	ITS	65	1	66	1.9%
General	Legal Services	14	2	16	0.5%
General	Records and Tax Administration	48	0	48	1.4%
General	Treasurer's Office & Motor Vehicle	82	4	86	2.4%
General	Human Services & Aging	87	29	116	3.3%
Total		626	45	671	19.0%

FY 2005 FTR and PTR Employees by Agency – Categorized by Strategic Program

Strategic Program	Department/Agency	FTR	PTR	Number of FTR and PTR Employees	Percent of Workforce
Health & Welfare	Environmental	45	0	45	1.3%
Health & Welfare	JCDS	315	38	353	10.0%
Health & Welfare	Mental Health	383	22	405	11.5%
Health & Welfare	Public Health	101	24	125	3.5%
Total		844	84	928	26.2%
Public Safety & Judiciary	Corrections	280	30	310	8.8%
Public Safety & Judiciary	District Attorney's Office	83	33	116	3.3%
Public Safety & Judiciary	District Court Services	15	0	15	0.4%
Public Safety & Judiciary	District Court Trustee	37	2	39	1.1%
Public Safety & Judiciary	Emergency Communications	38	0	38	1.1%
Public Safety & Judiciary	Emergency Management	6	0	6	0.2%
Public Safety & Judiciary	JIMS	14	1	15	0.4%
Public Safety & Judiciary	Law Library	3	0	3	0.1%
Public Safety & Judiciary	Med-Act	139	4	143	4.0%
Public Safety & Judiciary	Sheriff's Office	559	2	561	15.9%
Total		1174	72	1246	35.2%
Public Works & Transportation	Airport	20	0	20	0.6%
Public Works & Transportation	Infrastructure	102	0	102	2.9%
Public Works & Transportation	Wastewater	235	0	235	6.6%
Total		357	0	357	10.1%
Overall Total		3217	319	3536	100%

FY2005 FTR and PTR Headcount by Strategic Program



FTR Employees by Age Range

Age Range	2002	2003	2004	2005	Percent of Workforce in 2005	Percent Change 2002 to 2005
18-34.99	919	882	988	988	30.7%	8%
35-54.99	1474	1505	1539	1675	52.0%	14%
55 - 70+	371	426	467	559	17.3%	51%
Totals	2764	2814	2891	3222	100.0%	17%

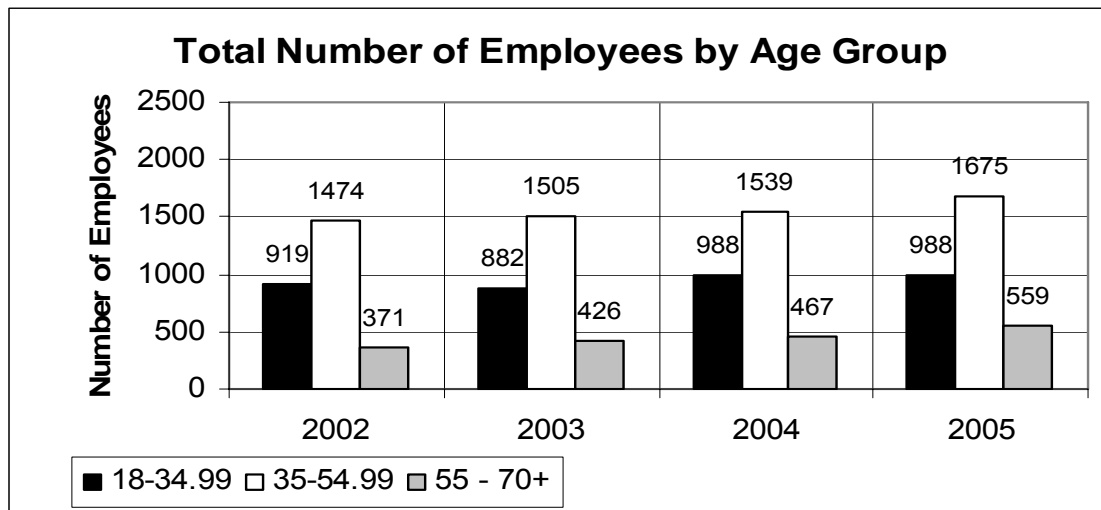
Age Range	Percent of Workforce in 2002	Percent of Workforce in 2003	Percent of Workforce in 2004	Percent of Workforce in 2005	Percent Change 2002 to 2005
18-34.99	33.2%	31.3%	34.2%	30.7%	-8%
35-54.99	53.3%	53.5%	53.2%	52.0%	-3%
55 - 70+	13.4%	15.1%	16.2%	17.3%	29%
Totals	100.0%	100.0%	100.0%	100.0%	0%

There has been a noticeable shift in the age range of employees from 2002 to 2005, with an increase in the total number of employees age 55 and older.

There has been a dramatic increase in the median age of employees in 2005, as noted below:

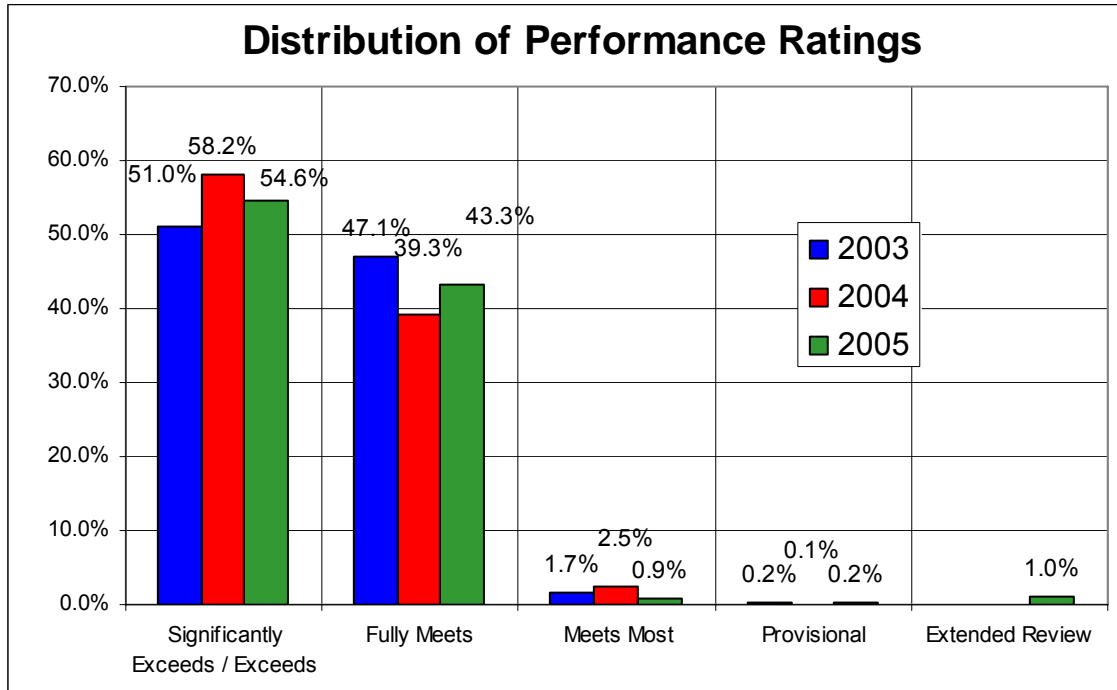
	2002	2003	2004	2005
Average Age	42 *	42	42	42
Median Age	41	42	42	48.5

* NOTE: This was incorrectly reported in previous WFP Reports



Distribution of Performance Ratings by Year

Performance Rating	Total Percentage for FY 2003	Total Percentage for FY 2004	Total Percentage for FY 2005
Significantly Exceeds / Exceeds	51.0%	58.2%	54.6%
Fully Meets	47.1%	39.3%	43.3%
Meets Most	1.7%	2.5%	0.9%
Provisional	0.2%	0.1%	0.2%
Extended Review			1.0%
Total	100.0%	100.0%	100.0%



Comments:

Overall, 2005 performance ratings indicate that 97.9% of the County's employees are rated at least 'Fully Meets Expectations'.

Tercile Placement Project

Distribution of Employees by Grade and Tercile for FY2005 and FY2006

The total number of tercile adjustments for FY 2005 was 1266. The average tercile adjustment was 3.4%.

Tercile increases in 2005 were given to employees in grades 11-22. Tercile increases had the most significant impact for employees in grades 12, 13, 17, 18, 19 and 20, as shown in the following table:

Year 1 of Tercile - 2005

Grade	10	11	12	13	14	15	16	17	18	19	20	21	22	Total
Number of Increases	0	8	152	327	200	178	133	121	61	58	21	6	1	1266
Average Percent Increase	0.0%	3.4%	4.0%	3.1%	2.5%	3.3%	3.3%	3.4%	3.9%	3.6%	5.1%	2.5%	0.2%	3.4%

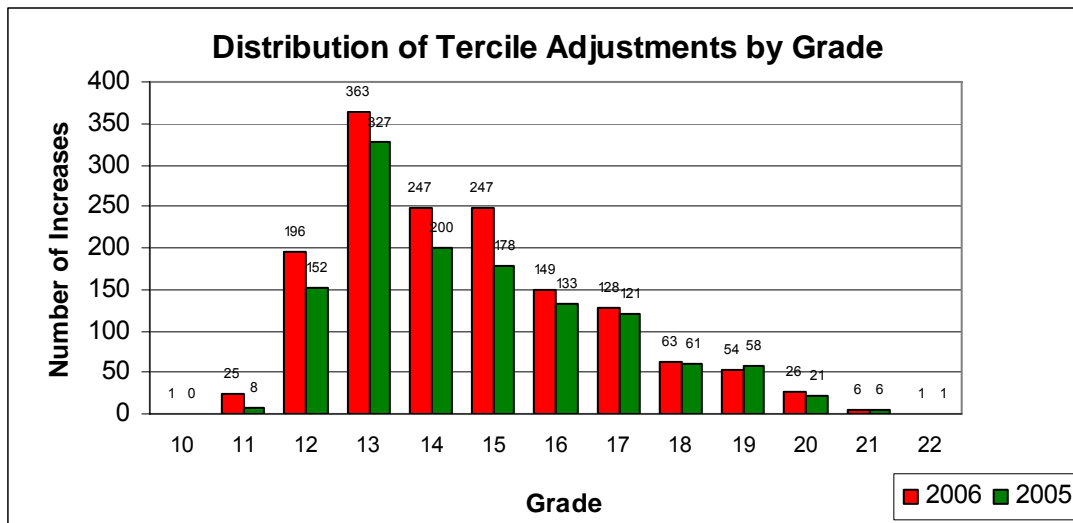
The total number of tercile adjustments for FY 2006 was 15066. The average tercile adjustment was 3.9%.

Tercile increases in 2006 were given to employees in grades 11-22. Tercile increases had the most significant impact for employees in grades 12, 13, 14, 16 and 17, as shown in the following table:

Year 2 of Tercile - 2006

Grade	10	11	12	13	14	15	16	17	18	19	20	21	22	Total
Number of Increases	1	25	196	363	247	247	149	128	63	54	26	6	1	1506
Average Percent Increase	7.0%	3.1%	4.1%	4.6%	3.8%	3.5%	3.8%	3.8%	3.6%	3.1%	3.2%	2.7%	0.6%	3.9%

A graph of the distribution of tercile increases by grade for FY2005 and FY2006 is as follows:



Median Market Percentages by Grade as of 1.1.2005

Grade	Minimum	Midpoint	Maximum
10	\$5.15	\$8.95	\$12.76
11	\$8.61	\$11.47	\$14.34
12	\$10.03	\$13.37	\$16.72
13	\$12.20	\$16.27	\$20.34
14	\$13.39	\$17.86	\$22.32
15	\$14.97	\$19.96	\$24.96
16	\$17.48	\$23.31	\$29.14
17	\$20.11	\$26.82	\$33.52
18	\$23.11	\$30.81	\$38.52
19	\$27.42	\$36.56	\$45.70
20	\$32.78	\$43.71	\$54.64
21	\$35.53	\$47.37	\$59.22
22	\$37.79	\$50.39	\$62.99
23	\$40.32	\$53.76	\$67.20
24	\$43.46	\$57.95	\$72.44
25	\$47.56	\$63.41	\$79.27
26	\$52.35	\$69.80	\$87.25
27	\$58.45	\$77.93	\$97.42
28	\$65.56	\$87.41	\$109.26

Median Pay Levels by Grade
\$10.40
\$11.34
\$13.15
\$15.92
\$18.88
\$21.00
\$23.92
\$27.99
\$34.31
\$40.12
\$46.57
\$52.55
\$60.79
\$52.53
\$75.03
\$76.00

Median Market %
91%
85%
81%
89%
95%
90%
89%
91%
94%
92%
98%
104%
113%
83%
107%
87%

Overall Average

93%

FY 2005 Med-Act Pay Table			
<i>(Based on 2,912 Hours Worked/Year)</i>			
	Minimum	Midpoint	Maximum
15	\$10.70	\$14.26	\$17.83
16	\$12.49	\$16.65	\$20.82
17	\$14.37	\$19.16	\$23.94
18	\$16.51	\$22.01	\$27.51
19	\$19.59	\$26.12	\$32.64

\$12.89
\$17.61
\$21.09
\$23.92

77%
92%
96%
92%

Overall Average

88%

Median Market Percentages by Grade as of 12.31.2005

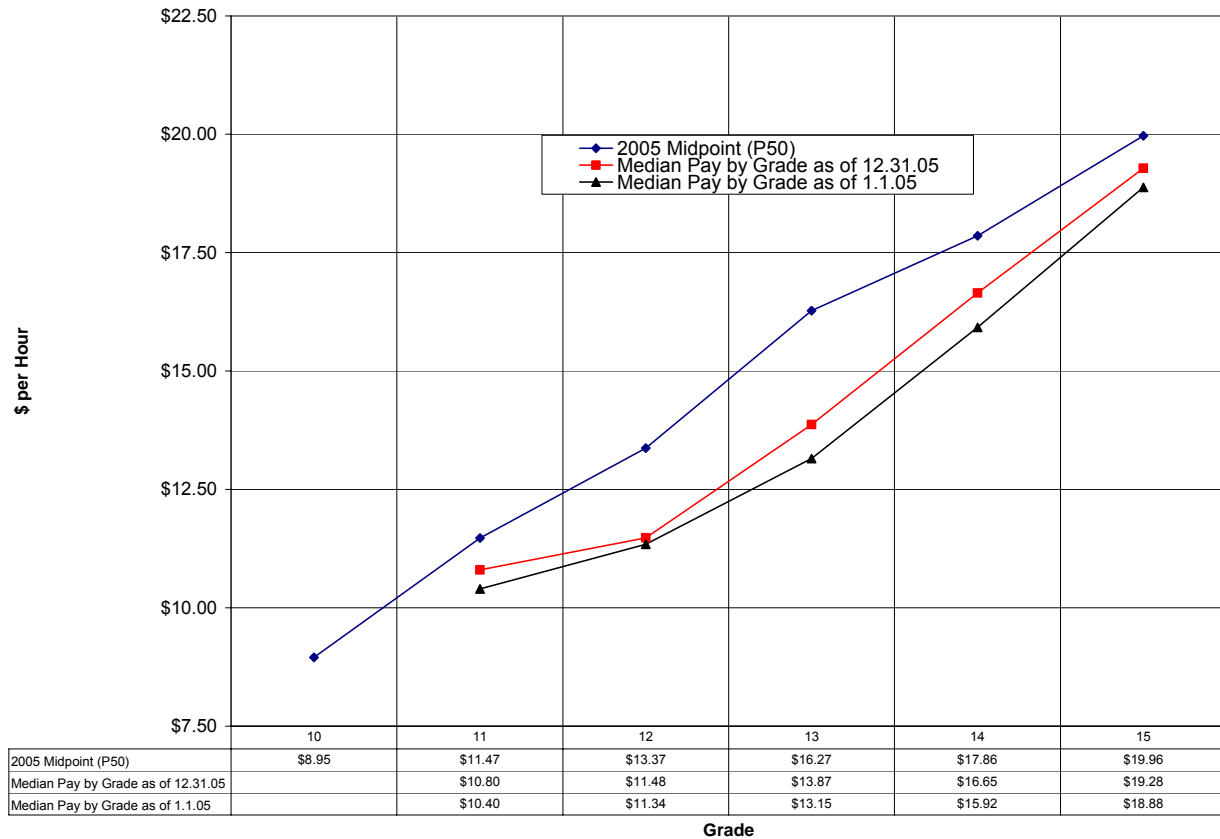
Grade	Minimum	Midpoint	Maximum	Median Pay Levels by Grade	Median Market %
10	\$5.15	\$8.95	\$12.76		
11	\$8.61	\$11.47	\$14.34	\$10.80	94%
12	\$10.03	\$13.37	\$16.72	\$11.48	86%
13	\$12.20	\$16.27	\$20.34	\$13.87	85%
14	\$13.39	\$17.86	\$22.32	\$16.65	93%
15	\$14.97	\$19.96	\$24.96	\$19.28	97%
16	\$17.48	\$23.31	\$29.14	\$22.71	97%
17	\$20.11	\$26.82	\$33.52	\$26.02	97%
18	\$23.11	\$30.81	\$38.52	\$29.96	97%
19	\$27.42	\$36.56	\$45.70	\$36.74	100%
20	\$32.78	\$43.71	\$54.64	\$43.08	99%
21	\$35.53	\$47.37	\$59.22	\$48.81	103%
22	\$37.79	\$50.39	\$62.99	\$53.39	106%
23	\$40.32	\$53.76	\$67.20	\$63.27	118%
24	\$43.46	\$57.95	\$72.44		
25	\$47.56	\$63.41	\$79.27	\$58.13	92%
26	\$52.35	\$69.80	\$87.25	\$70.39	101%
27	\$58.45	\$77.93	\$97.42		
28	\$65.56	\$87.41	\$109.26	\$76.00	87%
				Overall Average	98%

FY 2005 Med-Act Pay Table					
<i>(Based on 2,912 Hours Worked/Year)</i>					
	Minimum	Midpoint	Maximum		
15	\$10.70	\$14.26	\$17.83		
16	\$12.49	\$16.65	\$20.82	\$13.35	80%
17	\$14.37	\$19.16	\$23.94	\$18.41	96%
18	\$16.51	\$22.01	\$27.51	\$21.71	99%
19	\$19.59	\$26.12	\$32.64	\$25.64	98%
				Overall Average	92%

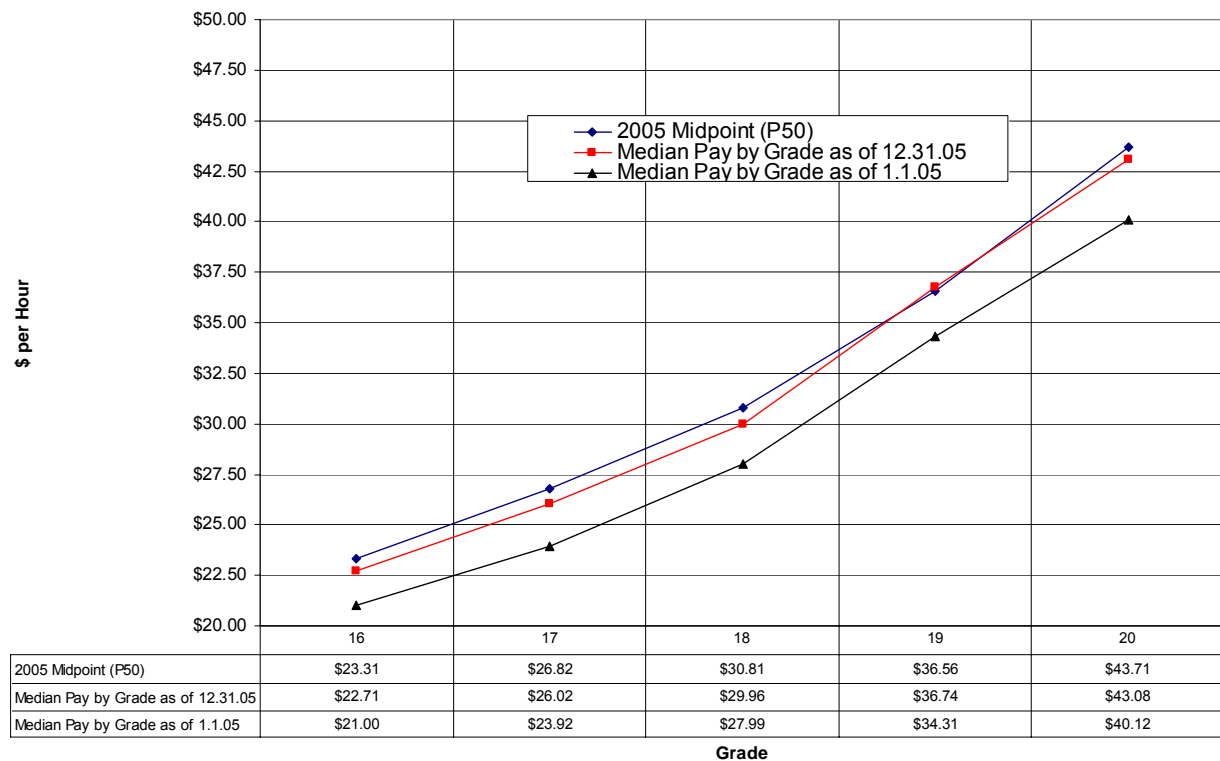
Comments

The movements in the median market position from the beginning to the end of 2005 shown are significant – a gain of 5% for FTR employees working a 2080 schedule and a 4% gain for FTR employees on the 2912 schedule. These gains are due to a combination of both tercile and merit increases. The gains clearly show the positive impact the tercile program is having on employees’ position in their salary ranges.

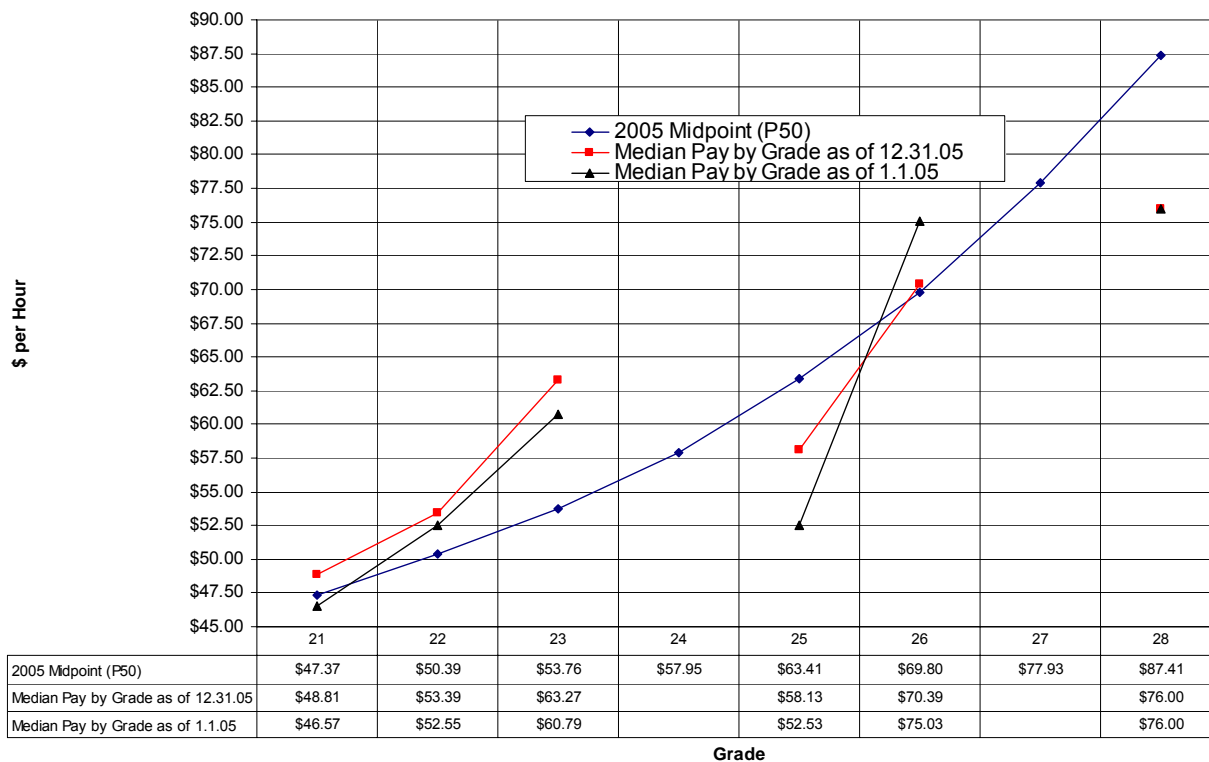
2005 Median Actual Pay and Midpoints by Grade for FTR Employees



2005 Median Actual Pay and Midpoints by Grade for FTR Employees



2005 Median Actual Pay and Midpoints by Grade for FTR Employees



Comments:

A review of median pay levels by grade as of 12/31/05 for FTR employees indicates that employees in all grades continue to lag the market on average.

Generally speaking, median pay levels are at or above market for higher graded positions, particularly those in grades 19 and higher.

Grades 10 to 13 are significantly below market, even after one year of tercile related pay increases, while grades 14 to 18 fare better.

Employees in Med-Act continue to pay significantly below market at an entry level, while the higher graded positions are paid at market levels.

Average Pay Table Movement for FY2004 to FY2007

Grade	Change from 2004 to 2005	Change from 2005 to 2006	Proposed Change from 2006 to 2007	Average Movement from 2004 to 2007
10	6.1%	3.3%	1.5%	3.6%
11	5.5%	3.5%	1.3%	3.4%
12	4.8%	3.7%	1.0%	3.2%
13	4.1%	4.0%	0.7%	2.9%
14	3.8%	4.1%	0.6%	2.8%
15	3.5%	4.2%	0.5%	2.7%
16	0.0%	3.4%	1.0%	1.5%
17	0.0%	2.6%	1.7%	1.4%
18	0.0%	2.0%	3.0%	1.7%
19	0.0%	1.3%	2.9%	1.4%
20	0.0%	0.7%	3.5%	1.4%
21	3.6%	4.4%	2.5%	3.5%
22	4.1%	4.3%	2.4%	3.6%
23	5.0%	4.3%	2.4%	3.9%
24	5.2%	4.3%	2.3%	3.9%
25	5.8%	4.2%	2.2%	4.1%
26	6.5%	4.2%	2.1%	4.3%
27	7.1%	4.2%	2.0%	4.4%
28	7.8%	4.1%	2.0%	4.6%
Average	3.84%	3.50%	1.87%	3.07%

Comments:

The final recommendation on the FY2007 Pay table will be presented in August, 2006. A draft of the 2007 pay table is in the Appendix. The above chart represents actual pay table movement for 2004, 2005 and 2006, while the 2007 movement is projected based on data from the Hay Group.

Most significant is the increase in the midpoints proposed for 2007 for grades 21 and above, which indicates a tightening in the labor market for senior managers. The movement in grade 10 is also significant, which indicates a tightening in the labor market for unskilled labor.

2005 Merit Pay Rate Increase Guidelines

Performance Appraisal Overall Rating	Annual Merit Pay Rate Increase Percentage Range
Significantly Exceeds Expectations (SE) and Exceeds Expectations (EE) *	3.00 - 5.00% (capped at pay range maximum)
Fully Meets Expectations (FM)	1.00 - 2.75% (capped at pay range maximum)
Meets Most Expectations (MM)	0%
Does Not Meet Expectations (DM)	0%

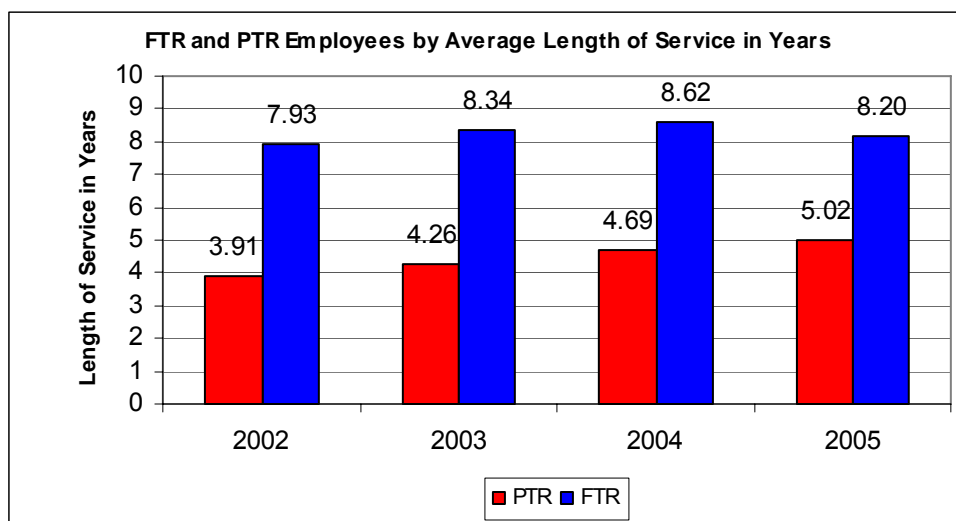
* Throughout the organization, a variety of performance appraisal forms are used which have different rating scales; some use “significantly exceeds expectations” while others use “exceeds expectations” as the highest rating. For this reason, the top two categories are combined.

The average 2005 merit increase percentage was 3.07%.

Employee Retention

FTR and PTR Employees by Average Length of Service (LOS) in Years

Category	2002	2003	2004	2005	+/- 2004 to 2005
FTR	7.93	8.34	8.62	8.20	-4.86%
Male	8.57	8.95	9.13	8.00	12.33%
Female	7.28	7.72	8.11	8.40	3.55%
PTR	3.91	4.26	4.69	5.02	7.00%
Male	3.17	3.85	4.03	2.98	26.10%
Female	4.16	4.37	5.34	6.38	19.45%



Comments:

Full Time Regular (FTR) employees show a decline in their length of service from 2004 to 2005, but service is up from 2002 to 2005:

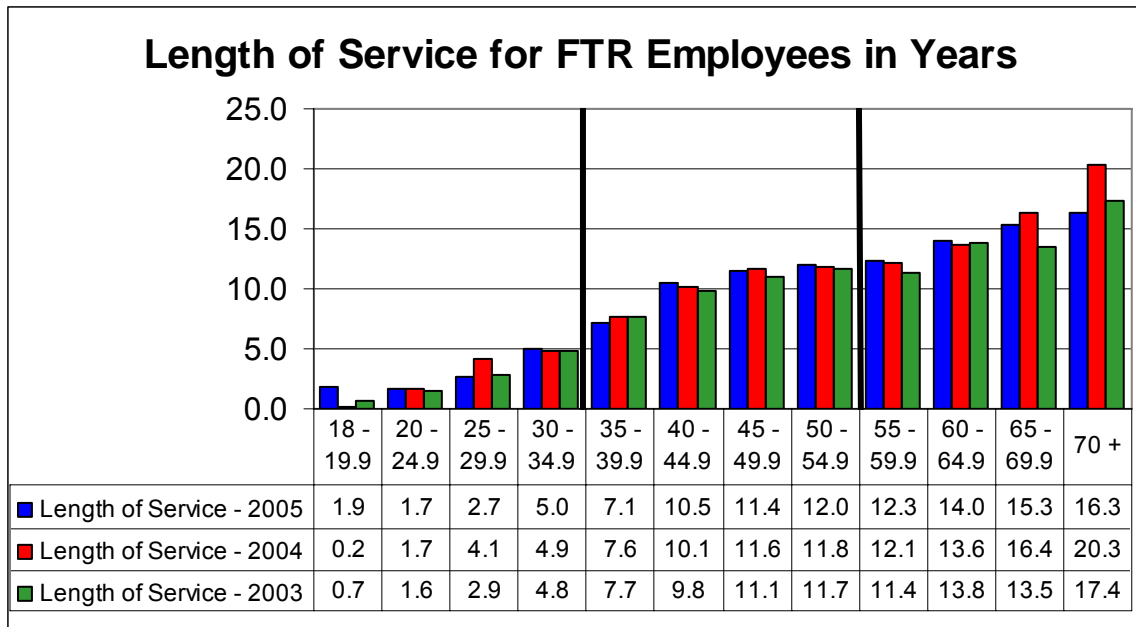
- From 2004 to 2005, FTR employees' length of service declined 4.65%, to 8.2 years
- From 2002 to 2005, FTR employees' service increased 3.4%, from 7.93 years to 8.2 years

Part Time Regular (PTR) employees continue to show gains in their length of service, in comparing 2002 to 2005 and in comparing 2004 to 2005:

- From 2004 to 2005, PTR employees' service increased 7.0% from 4.69 to 5.02 years
- From 2002 to 2005, PTR employees' service increased 28.4%, from 3.91 to 5.02 years

Average Length of Service by Age Range

Age Range	Average LOS as of 12/31/ 2003 (Years) for FTR Employees	Average LOS as of 12/31/ 2004 (Years) for FTR Employees	Average LOS as of 12/31/ 2005 (Years) for FTR Employees
18 - 19.99	0.7	0.2	1.9
20 - 24.99	1.6	1.7	1.7
25 - 29.99	2.9	4.1	2.7
30 - 34.99	4.8	4.9	5.0
35 - 39.99	7.7	7.6	7.1
40 - 44.99	9.8	10.1	10.5
45 - 49.99	11.1	11.6	11.4
50 - 54.99	11.7	11.8	12.0
55 - 59.99	11.4	12.1	12.3
60 - 64.99	13.8	13.6	14.0
65 - 69.99	13.5	16.4	15.3
70 +	17.4	20.3	16.3



Turnover

Turnover is the ratio of the number of terminations of employment to the average number of employed workers for a one year period of time. Turnover is calculated as follows:

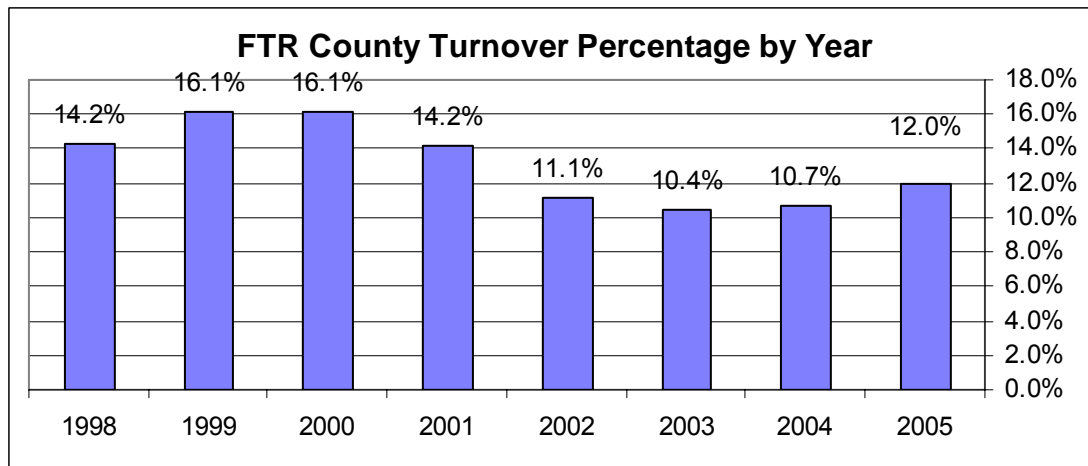
$$\frac{\text{Total \# of Terminations}}{(\text{Begin Count} + \text{End Count})/2} \times 100 = x\% \text{ turnover} \quad \leftarrow \text{Average \# of employees}$$

Terminations of employment may be voluntary, involuntary, for medical reasons, due to death, or due to a reduction in force. Voluntary terminations of employment include terminations of employment due to resignation of employment; however, internal transfers from one County Department/Agency to another Department/Agency are not included in this number. Involuntary terminations of employment include terminations of employment related to personal conduct or unsatisfactory work performance. Some positions may experience more than one termination of employment during the reporting period.

FTR Countywide Turnover (1998 – 2005)

Year	Starting # Employees	Ending # Employees	Terms	Turnover (1)	+/- Previous Year
2005	2552	2892	326	12.0%	11.9%
2004	2816	3255	325	10.7%	3.0%
2003	2762	2813	290	10.4%	-6.5%
2002	2722	2745	304	11.1%	-21.5%
2001	2676	2799	388	14.2%	-12.1%
2000	2634	2676	428	16.1%	0.0%
1999	2566	2634	419	16.1%	13.3%
1998	2381	2566	352	14.2%	6.8%

(1) Does not include internal transfers of employees from one Agency to another.



FY 2005 FTR Department/Agency Turnover by Strategic Program

Strategic Program	Agency	2005 Terms[1]	Departmental Turnover %	% of Overall Countywide Turnover (2)
Culture & Recreation	Library	15	8.7%	4.6%
Culture & Recreation	Museum	1	18.2%	0.3%
	Turnover by Strategic Area	16	9.0%	
Economic Development	Planning	2	16.0%	0.6%
	Turnover by Strategic Area	2	16.0%	
General	AIMS	1	10.5%	0.3%
General	Appraiser's Office	6	6.8%	1.8%
General	Budget and Financial Planning	0	0.0%	0.0%
General	County Manager's Office	2	14.8%	0.6%
General	Elections	0	0.0%	0.0%
General	Facilities	9	10.8%	2.8%
General	Financial Management	2	4.9%	0.6%
General	Human Resources	1	7.7%	0.3%
General	ITS	4	6.5%	1.2%
General	Legal	1	7.7%	0.3%
General	Records and Tax Administration	5	12.7%	1.5%
General	Treasurer's Office & Motor Vehicle	9	12.9%	2.8%
General	BOCC	2	10.8%	0.6%
	Turnover by Strategic Area	42	8.8%	
Health & Welfare	Environmental	2	4.9%	0.6%
Health & Welfare	Human Services and Aging	5	6.5%	1.5%
Health & Welfare	JCDS	43	17.4%	13.2%
Health & Welfare	Mental Health	52	16.7%	16.0%
Health & Welfare	Public Health	14	17.9%	4.3%
	Turnover by Strategic Area	116	15.4%	

Strategic Program	Agency	2005 Terms[1]	Departmental Turnover %	% of Overall Countywide Turnover (2)
Public Safety & Judiciary	Corrections	33	14.6%	10.1%
Public Safety & Judiciary	District Attorney's Office	11	16.3%	3.4%
Public Safety & Judiciary	District Court Services	0	0.0%	0.0%
Public Safety & Judiciary	District Court Trustee	3	9.2%	0.9%
Public Safety & Judiciary	Emergency Communications	9	28.1%	2.8%
Public Safety & Judiciary	Emergency Management	0	0.0%	0.0%
Public Safety & Judiciary	JIMS	1	10.0%	0.3%
Public Safety & Judiciary	Law Library	0	0.0%	0.0%
Public Safety & Judiciary	Med-Act	13	10.5%	4.0%
Public Safety & Judiciary	Sheriff's Office	39	7.9%	12.0%
	Turnover by Strategic Area	109	10.8%	
Public Works & Transportation	Airport	3	19.4%	0.9%
Public Works & Transportation	Infrastructure	10	11.5%	3.1%
Public Works & Transportation	Wastewater	28	14.2%	8.6%
	Turnover by Strategic Area	41	13.7%	
	Overall Turnover	326	12.0%	

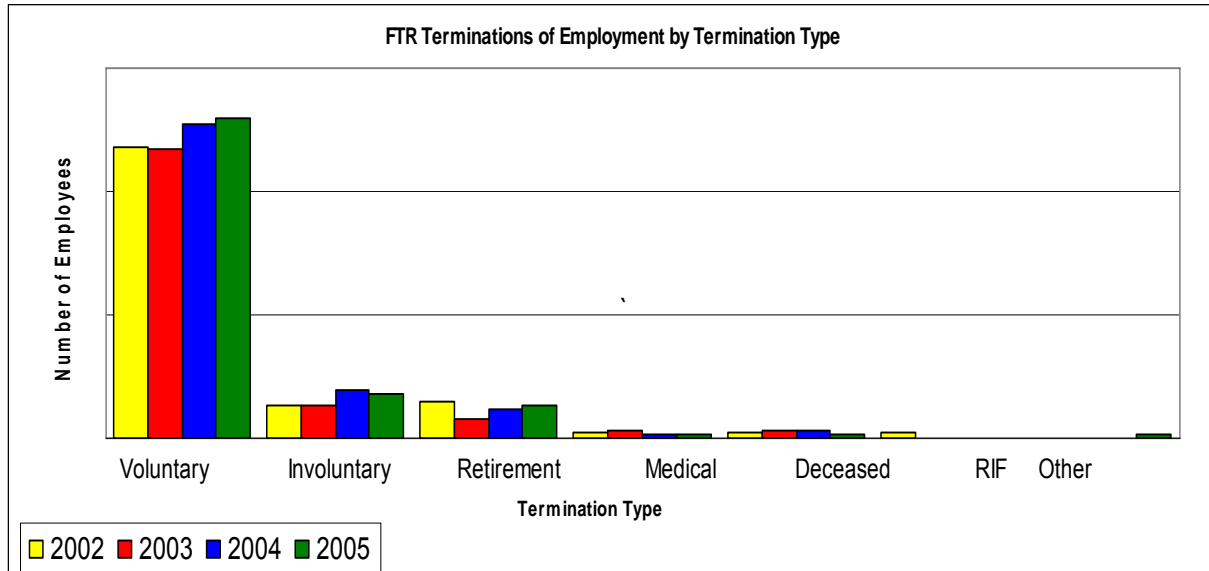
(1) This number does not include internal transfers from one department to another

(2) Each percentage is the number of terminated employees per department as a percentage of the total number of terminated employees

Terminations of Employment

FTR Terminations of Employment by Termination Type (1998 – 2005)

Termination Type	1998	1999	2000	2001	2002	2003	2004	2005
Voluntary	274	341	345	297	236	235	254	258
Involuntary	43	47	53	53	26	27	39	36
Retirement	22	22	24	23	29	15	23	26
Medical	5	4	4	8	4	7	3	3
Deceased	2	1	2	6	5	6	6	3
Reduction in Force	6	4	0	1	4	0	0	0
Totals	352	419	428	388	304	290	325	326

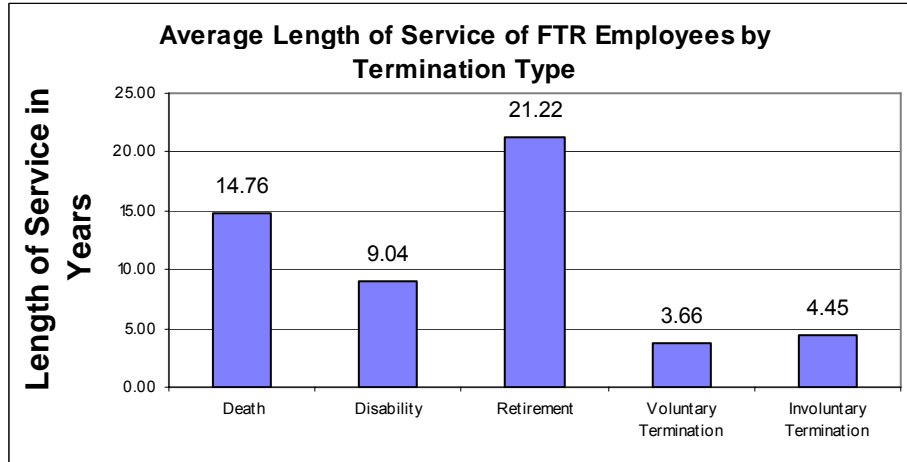
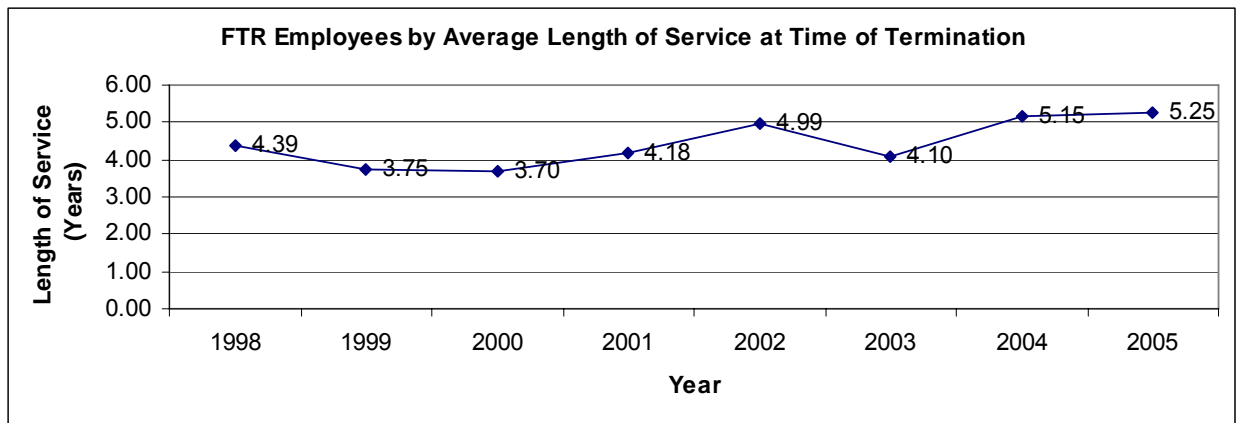


Looking solely at voluntary terminations:

Year	Number of Voluntary Terminations	Average FTR Workforce Size	Percentage
2005	259	2474	10.5%
2004	254	2600	9.8%
2003	235	2655	8.9%
2002	236	2738	8.6%
2001	297	2734	10.9%
2000	345	2788	12.4%
1999	341	3036	11.2%
1998	274	2772	9.9%

FTR Employees by Average Length of Service (LOS) at the Time of Termination

Date	Average Length of Service (LOS) in Years
2005	5.25
2004	5.15
2003	4.10
2002	4.99
2001	4.18
2000	3.70
1999	3.75
1998	4.39



Comments:

Voluntary terminations have increased in 2005 from 2002 and 2003 levels.

Retirement

Johnson County Government employees participate in either the Kansas Public Employers Retirement System (KPERS) or the Kansas Police and Fire Retirement System (KP&F), depending on the type of position they hold while employed with the County. Employees in safety-related positions, including Emergency Communication Center Controllers, Sheriff's Office public safety-related positions, and select positions in Med-Act, participate in KP&F. All other County employees participate in KPERS.

Retirement criteria are as follows for each of the plans:

KPERS		KP&F	
Early	Full	Early	Full
Age 55 + 10 years of service	<ul style="list-style-type: none"> Age 62 + 10 years of service Age 65 + 1 year of service 85 points (age + length of service = 85) 	Age 50 + 20 years of service	<ul style="list-style-type: none"> Age 50 + 25 years of service Age 55 + 20 years of service Age 60 + 15 years of service

For the purpose of calculating years of service, the years of service must be "**credited.**" Employees do not contribute to KPERS during their first year of employment, so the first year of service is not credited unless the employee buys back that year.

To calculate the early retirement demographics, an assumption is made that the employee did **not** buy back the first year of service and did **not** have any years of credited service from previous employment.

For workforce planning, we have computed the dates at which KPERS employees will be eligible for the Rule of 85 under KPERS and the earliest dates under which KP&F employees will be eligible under the full retirement provisions.

- Full retirement for KP&F employees is computed at the earlier of age 50 & 25 years of service or at age 55 & 20 years of service.
- Full retirement for KPERS employees is computed at the earlier of the Rule of 85 or at age 62 with 10 years of service.

The assumption behind these charts is that employees will opt for full retirement at the earliest possible date. As such, these graphs should be interpreted as "worse case scenarios" – if employees eligible for full or early retirement do actually retire, their exit from active employment could impact delivery of County services.

Full Time Regular Employees - Actual and Projected Retirement Dates under KPERS

Grade	2005 and prior	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total eligible to retire by 2016	Percent of employees to retire by 2016 as a % of total in grade	Number of Employees to retire after 2016	Total Number of employees in grade
28		1											1	100%	0	1
26						1							1	50%	1	2
25													0	0%	1	1
23	2					1	2			1			6	60%	4	10
22					1	2	1						4	80%	1	5
21	1				1	2							7	54%	6	13
Subtotal	3	0	1	0	2	6	3	0	1	1	0	2	19		13	32
20	1		2	1	1		1	1	3	1	2	2	13	36%	23	36
19	1	2	2	2	6	2	2	2	3	4	4	4	34	45%	42	76
18	4	2	1	3	2	2	1	3	5	2	2	4	30	26%	87	117
17	10	4	3	2	3	4	1	1	5	5	5	7	50	29%	121	171
16	12	1	4	3	7	7	12	5	10	5	7	2	75	34%	146	221
Subtotal	28	9	12	9	20	15	17	12	26	16	19	19	202		419	621
15	12	3	10	8	4	12	13	15	11	13	17	13	131	31%	290	421
14	13	5	7	4	7	8	5	12	9	9	15	9	103	30%	240	343
13	16	7	6	8	9	11	14	11	14	16	13	10	135	29%	333	468
12	7	2	5	3	5	5	5	10	8	7	12	12	81	92%	7	88
11	1								1	1		1	4	57%	3	7
10													0	0%	0	0
Subtotal	49	17	28	23	25	36	37	48	43	46	57	45	454		873	1327
Total	80	26	41	32	47	57	57	60	70	63	76	66	675		1305	1980
Percentage eligible to retire by 2016	12%	4%	6%	5%	7%	8%	8%	9%	10%	9%	11%	10%	34%		66%	100%

Full Time Regular Employees - Actual and Projected Retirement Dates under KP&E

Grade/ Title	2006 and prior	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total Eligible by 2016	Total Eligible to Retire by 2016 as a % of Total in Grade	Total Eligible 2017 and later	Total in Grade
19		1	1	2	4	1	3	2	1			1	16	54.2%	3	19
18			1	1	1			2	1	2	1		8	56.7%	4	12
17	2		2		6	3	1	1	1	2	1	2	20	58.6%	14	34
16				1	1	1	1			2	2		7	13.5%	45	52
15	1			1	1	1			1				5	45.5%	6	11
14									1	2	2		3	23.1%	10	13
Subtotal	3	1	4	3	12	6	6	6	6	6	6	3	59	51.6%	82	141
Undersheriff													0	0.0%	1	1
Major		1			1	1	1						4	100.0%	0	4
Captain		1		3				1	1	2		3	11	51.7%	1	12
Lieutenant	4			3	1	2	1	2	3	4	2	2	24	33.5%	3	27
Forensic Related							1						2	18.2%	9	11
Sergeant	1		1	1		1	4	1	1	5	4	6	26	53.4%	15	41
Master Deputy	3		4	3	4	9	5	5	5	7	13	7	65	38.5%	104	169
Deputy			1	1	1	1	1	3	3	5	1	1	14	8.6%	148	163
Subtotal	8	2	6	11	6	16	13	6	13	23	21	21	146	34.1%	202	428
Total	11	3	10	14	18	21	18	13	18	29	26	24	205		364	569
% Eligible to Retire by 2016	5%	1%	5%	7%	9%	10%	8%	6%	8%	14%	13%	12%	36%		64%	100%

Comments

12% of KPERS employees eligible to retire in the next ten years can retire in FY2006.

Starting in 2009, the percentage of employees eligible to retire in the next ten years will increase markedly over prior years.

Given that there are fewer KP&F employees as compared to KPERS employees; projected retirements have a small impact on countywide service delivery, but a potential larger impact on Med-Act and Sheriff's operations.

Starting in 2010, the number of employees eligible to retire in the next ten years will increase markedly. The large number of employees already eligible to retire under KPERS and the large number of anticipated retirements points to the need for succession planning on a countywide basis. A countywide succession planning process would enable individual departments and agencies to develop employees for future assignments and maintain service delivery levels on a program by program and agency by agency basis.

Workforce Trends and Analysis

Analysis of the County's employee demographics identifies current and imminent challenges relating to recruitment and retention of a talented and engaged workforce. While ensuring that compensation and benefits remain competitive with other organizations is a core component of retention initiatives, it is by being perceived as an Employer of Choice that the County will have a competitive advantage. Those differentiators come from organizational culture and values, work/life balance, and conveying through actions that employees are valued and appreciated.

When the unemployment rate was at its low of 3.9% in December 2000, the County was confronted with an organizational turnover rate of 16.1%. When the unemployment rate reached a high of 6.3% in 2003, the County's turnover rate decreased to a low of 10.4%. As the unemployment rate began to decrease to nearly 5% by Spring 2005 due to economic recovery, the County's turnover rate began to increase. The current rate of 12.1% is anticipated to increase as the economy strengthens.

Market competitive total compensation (pay and benefits) is an imperative component of retention. Employees who have seen minimal pay increases (as compared to what they came to expect in the 1990's) will be easily enticed by the opportunity to strengthen their earning potential. Concerns about job stability will lessen as the economy improves, thereby decreasing the impact of one aspect of the County's competitive advantage over the past 5 years: the perception that government work provides increased job security.

As the County strives to be recognized as an Employer of Choice, it is important to understand some of the key differentiators. A 2005 study by Hewitt Associates of the best employers reveals that the top organizations exhibit several common characteristics:

- **Leadership** – providing clear direction and a vision of the future that employees find exciting and meaningful to them; succession planning and leadership development are key areas of focus.
- **Growth** – the organization has the capacity to grow and transform; direction is provided in preparing for and leading change.
- **Talent management** – consistently focusing on placing the right people in the right roles led by the right leaders; inspiring high performance.
- **Focus on the details** – paying attention to the day-to-day details of managing people effectively and consistently, creating a unified work environment that feels the same to all employees.

(Source: Best Employers Study Identifies Winning Ways)

Furthermore, recent data from the Saratoga Institute's "Talent and Retention Survey" reveals that upper management increasingly is being held responsible for organizational turmoil, not providing clear direction or vision, and not having solutions for the host of problems most employees deal with on a daily basis.⁷

⁷ Source: http://www.improvenow.com/news/index.cfm?a_id=47&action=view_article

Workforce Trends and Analysis (continued)

However, it is essential that employers understand *why* employees are active or passive participants in the job market. According to more than 80% of employees, “it’s the preponderance of negative factors in their current workplaces -- from poor management practices to toxic workplace cultures -- that essentially push them toward the door.”⁸ Analysis of the data from the Saratoga Institute reveals seven hidden reasons that employees leave organizations:

1. The job or workplace was not as the employee expected.
2. The mismatch between job and person.
3. Too little coaching or feedback.
4. Too few advancement and growth opportunities.
5. Feel devalued and unrecognized.
6. Stress from overwork and work/life imbalance.
7. Loss of trust and confidence in senior leaders.⁹

At the other end of the spectrum, employees who are highly engaged and committed are an organization’s key to success. DDI¹⁰ defines engaged employees as those who enjoy and believe in what they do and feel valued for doing it; their research indicates that engaged employees are *less than half as likely* to leave the organization. In support of the BOCC’s strategic initiative to “advance a positive organizational environment to empower employee innovation and productivity,” the County conducted its first Employee Engagement Survey in Fall, 2005. The results reflect a 66% response rate and are intended to serve as a baseline for internal benchmarking and comparison purposes.

The highest rated statements on the survey were:

- 90% Overall, I have a good understanding of what I am supposed to be doing in my job.
 - DDI indicates that this is almost always the highest rated item in survey responses.
- 74% People in my work group cooperate with each other to get the job done.
- 73% I can make meaningful decisions about how I do my job.
- 71% In my work group, my ideas and opinions are appreciated.
- 70% I find personal meaning and fulfillment in my work.

The lowest rated statements on the survey were:

- 40% In my work group, people are held accountable for low performance.
- 42% At Johnson County Government, different work groups reach out to help and support each other.
 - DDI indicates that these two statements are typically the two lowest rated responses.
- 50% People in my work group quickly resolve conflicts when they arise.
- 50% In my work group, meetings are focused and efficient.
- 53% I am kept well informed about changes at Johnson County Government that affect my work group.

⁸ Source: The Seven Hidden Reasons Employees Leave by Leigh Branham, http://www.ebooks.com/ebooks/book_display.asp?IID=242984

⁹ Source: Leigh Branham, http://www.truecareers.com/corporate/pr/news_globeAndMail_042705.shtml

¹⁰ Development Dimensions Internal, Inc.

Workforce Trends and Analysis (continued)

In response to the survey results, the following initiatives are underway:

1. Each department/agency is responsible for communicating organizational and department/agency results to all of their employees, and for implementing participative processes to develop action plans based on their specific results.
2. An online training tool from DDI that directly correlates to the survey's questions and key themes is available to all employees.
3. A page has been developed on the County's website to communicate information about engagement activities.
4. Countywide training programs are currently being developed to address the areas of conflict resolution and meeting efficiency.
5. Funding for an updated performance management system has been requested as a part of the FY 2007 budget process.
6. Funding and FTE for additional staff in the Department of Human Resources to meet the organization's current compensation and training needs has been requested as a part of the FY 2007 budget process.
7. A follow-up survey will be conducted 24 months after the initial survey was distributed.

While the County is fortunate to recognize employees annually who have 25 to 35 years of service with this organization, this most likely will not be the case for those who are currently entering and competing for jobs in the workplace. At a time that the need for County services will be increasing due to a growing and aging community population, the availability of potential employees will be decreasing and the competition for top talent will be significantly heightened. Being perceived as an Employer of Choice will be essential to having a competitive advantage. Keeping top talent highly engaged and contributing to the organization will require proactive efforts to enhance the organization's culture and leadership.

Closing Summary

In looking to 2007, Johnson County Government needs to recognize that more work is required towards developing a long-term compensation plan that incorporates the ideas of total rewards, is consistent with the Compensation Philosophy, and addresses future workforce challenges. Priorities were presented in past reports that still remain important in 2007. Johnson County Government must focus on these priorities to ensure a more competitive compensation approach is maintained.

Overall, the data in the FY 2007 Workforce Planning Report continues to indicate that Johnson County Government has a workforce that has remained loyal and high-performing. The ongoing challenge is determining what impact external factors such as the economy have had or will have on the workforce. As was indicated in previous reports, the data indicates an aging workforce that could significantly impact the County's ability to deliver services as more employees become eligible for retirement.

As Johnson County Government prepares proactive employee initiatives for 2007 and the years to follow, it is essential to:

- Continue to identify and/or improve components of total rewards, including the elements of base pay, short-term variable pay, long-term variable pay, benefits, perquisites, and organizational culture and climate.
- Enhance communication regarding the real and perceived values of total rewards.
- Review classification and compensation-related policies and procedures annually and recommend changes to keep the County competitively positioned.
- Review the County's pay table annually to ensure it remains consistent with the County's Compensation Philosophy.
- Review employees' pay rates annually and recommend ongoing strategies to ensure they are compensated in a manner consistent with the County's Compensation Philosophy.
- Update the Recruitment and Retention Strategy initiatives, including Employer of Choice initiatives.
- Allocate resources to review and update the County's performance and rewards system to align performance expectations and outcomes with organizational goals and objectives.
- Allocate resources to develop and implement a succession planning process, including learning and development initiatives aligned with succession plans.

As the entire organization continues to balance service demands and workforce needs, the County Manager's Office and Department of Human Resources will continue to examine the most effective approach to strengthening the organization's investment in its workforce.

Appendix A: Terms and Definitions

Base Pay: Direct compensation in the form of base salary or hourly wage.

Benefits: Indirect compensation in the form of retirement, health and welfare, paid time off, income replacement options, etc

Bonus: Additional compensation paid to an employee on a discretionary basis. Bonuses reward behavior that has already occurred. They may be used to recognize work performed on a specific project or exceptional performance in regular duties.

Full-Time Equivalent (FTE): The full-time equivalent for a position, also referred to as a position's "percent time." A position's FTE is calculated by dividing the actual number of hours (if nonexempt) or days (if exempt) worked per year, by the hours or days represented by the position's full time equivalency base. One FTE is equal to 100% which is equal to 2,080 hours worked/year.

Full-Time Regular (FTR): FTR positions are benefits-eligible positions budgeted to work at least 40 hours per week.

Incentive: Additional compensation paid to an employee on a nondiscretionary basis. Incentives motivate behavior to occur in the future, and they should be awarded for the achievement of a specific, predetermined goal at a predetermined level.

Knowledge-Based Organization: An organization with a workforce of employees who have typically gained specialized knowledge and the ability to apply it productively through a combination of higher education and professional experience. They primarily focus their energy on using and applying information.

Long-Term Variable Pay: At-risk pay in the form of bonuses/incentives paid based on a 1+ year or longer-term plan.

On-Call (ONC) and Seasonal (SEA): On-Call (ONC) positions are not benefits-eligible; they are generally budgeted to work various hours per week not to exceed 999 hours per year. Seasonal (SEA) positions are not benefits-eligible; they generally are budgeted to work up to 40 hours per week for a period of time not to exceed six months.

Organizational Culture: Work/life balance, employee career development, quality of work values, organizational behaviors and supervision, etc.

Part-Time Regular (PTR): PTR positions are eligible for prorated sick and vacation accrual; they are budgeted to work at least 20 hours and no more than 39 hours per week.

Perquisites: Indirect compensation in the form of a car, car allowance, health club membership, cell phone, etc.

Short-Term Variable Pay: At-risk pay in the form of bonuses/incentives paid based on a 1-year or shorter-term plan.

Workforce Planning: A process of systematically and routinely evaluating workforce data.

Appendix B: Summary of Workforce Planning Reports

The FY 2006 Workforce Planning Report continued the theme of “total rewards” as a means to attract, retain, and motivate top talent. It continued to reinforce the five priorities identified by the Executive Team in 2004. Importantly, the FY 2006 report provided an update on the Tercile Placement Project, which was approved by the BOCC in August 2004 and implemented in January 2005. Overall, the Tercile Placement Project was well received by County employees, and the 2005 tercile adjustments indicate a commitment by Johnson County Government to compensate employees at market competitive pay rates.

The FY 2005 Workforce Planning Report introduced the concept of “total rewards” as a means to attract, retain, and motivate top talent. It defined “total compensation” and its components. Finally, it articulated five issues that the Executive Team had identified as critical issues to improving total compensation at Johnson County Government at its 2004 Total Compensation Retreats. Skilled top performers remained hard to find and keep, and total compensation could be used to attract and retain quality employees in an improving economy.

The FY 2004 Workforce Planning Report continued the theme of previous reports by focusing on the topic of retaining top performers throughout good and bad times. It reminded the organization that, despite the recession that began in March 2001, skilled top performers were harder to find and harder to keep. The report cited evidence that addressing the economic downturn in traditional ways would not work to retain top talent. It cautioned that shortsighted tactics would have long-term consequences; highly qualified and productive employees need to know that they are recognized and valued within the organization or they will leave when the economy improves. The report stated that despite the economic downturn, the need for County services had not declined.

The FY 2003 Workforce Planning Report addressed economic instability as it related to the Johnson County Government workforce. It continued the theme of the FY 2002 report, emphasizing the need to invest in employees by focusing on strategies that promote retention and stability. The report cited evidence that when an organization keeps its focus on retention, it will save money and attract and retain good employees regardless of the prevailing economic climate.

Appendix C: The Proposed FY 2007 Pay Table

The following pay table was designed based on pay range midpoints provided by The Hay Group, the firm that designed the County's current classification and compensation system.

DRAFT FY 2007 Pay Table

Grade	Rate Type	Tercile #1		Tercile #2			Tercile #3	
		Minimum (rounded)		Midpoint				Maximum (rounded)
10	Annualized	\$10,712	\$16,416	\$16,417	\$22,258	\$22,121	\$22,122	\$27,825
	Hourly	\$5.15	\$7.89	\$7.90	\$10.70	\$10.63	\$10.64	\$13.38
11	Annualized	\$18,500	\$22,755	\$22,756	\$24,883	\$27,010	\$27,011	\$31,265
	Hourly	\$8.89	\$10.94	\$10.95	\$11.96	\$12.99	\$13.00	\$15.03
12	Annualized	\$21,650	\$26,575	\$26,576	\$29,038	\$31,500	\$31,501	\$36,425
	Hourly	\$10.41	\$12.78	\$12.79	\$13.96	\$15.14	\$15.15	\$17.51
13	Annualized	\$26,400	\$32,367	\$32,368	\$35,350	\$38,333	\$38,334	\$44,300
	Hourly	\$12.69	\$15.56	\$15.57	\$17.00	\$18.43	\$18.44	\$21.30
14	Annualized	\$29,000	\$35,533	\$35,534	\$38,800	\$42,067	\$42,068	\$48,600
	Hourly	\$13.94	\$17.08	\$17.09	\$18.65	\$20.22	\$20.23	\$23.37
15	Annualized	\$32,450	\$39,750	\$39,751	\$43,400	\$47,050	\$47,051	\$54,350
	Hourly	\$15.60	\$19.11	\$19.12	\$20.87	\$22.62	\$22.63	\$26.13
16	Annualized	\$37,600	\$46,158	\$46,159	\$50,438	\$54,717	\$54,718	\$63,275
	Hourly	\$18.08	\$22.19	\$22.20	\$24.25	\$26.31	\$26.32	\$30.42
17	Annualized	\$42,950	\$52,883	\$52,884	\$57,850	\$62,817	\$62,818	\$72,750
	Hourly	\$20.65	\$25.42	\$25.43	\$27.81	\$30.20	\$30.21	\$34.98
18	Annualized	\$49,000	\$60,517	\$60,518	\$66,275	\$72,033	\$72,034	\$83,550
	Hourly	\$23.56	\$29.09	\$29.10	\$31.86	\$34.63	\$34.64	\$40.17
19	Annualized	\$57,775	\$71,550	\$71,551	\$78,438	\$85,325	\$85,326	\$99,100
	Hourly	\$27.78	\$34.40	\$34.41	\$37.71	\$41.02	\$41.03	\$47.64
20	Annualized	\$68,650	\$85,233	\$85,234	\$93,525	\$101,817	\$101,818	\$118,400
	Hourly	\$33.00	\$40.98	\$40.99	\$44.96	\$48.95	\$48.96	\$56.92
21	Annualized	\$77,125	\$95,350	\$95,351	\$104,463	\$113,575	\$113,576	\$131,800
	Hourly	\$37.08	\$45.84	\$45.85	\$50.22	\$54.60	\$54.61	\$63.37
22	Annualized	\$82,025	\$101,350	\$101,351	\$111,013	\$120,675	\$120,676	\$140,000
	Hourly	\$39.44	\$48.73	\$48.74	\$53.37	\$58.02	\$58.03	\$67.31
23	Annualized	\$87,500	\$108,083	\$108,084	\$118,375	\$128,667	\$128,668	\$149,250
	Hourly	\$42.07	\$51.96	\$51.97	\$56.91	\$61.86	\$61.87	\$71.75
24	Annualized	\$94,275	\$116,417	\$116,418	\$127,488	\$138,558	\$138,559	\$160,700
	Hourly	\$45.32	\$55.97	\$55.98	\$61.29	\$66.61	\$66.62	\$77.26
25	Annualized	\$103,125	\$127,296	\$127,297	\$139,382	\$151,468	\$151,469	\$175,639
	Hourly	\$49.58	\$61.20	\$61.21	\$67.01	\$72.82	\$72.83	\$84.44
26	Annualized	\$113,475	\$140,025	\$140,026	\$153,300	\$166,575	\$166,576	\$193,125
	Hourly	\$54.56	\$67.32	\$67.33	\$73.70	\$80.08	\$80.09	\$92.85
27	Annualized	\$126,650	\$156,233	\$156,234	\$171,025	\$185,817	\$185,818	\$215,400
	Hourly	\$60.89	\$75.11	\$75.12	\$82.22	\$89.33	\$89.34	\$103.56
28	Annualized	\$142,000	\$175,100	\$175,101	\$191,650	\$208,200	\$208,201	\$241,300
	Hourly	\$68.27	\$84.18	\$84.19	\$92.14	\$100.10	\$100.11	\$116.01

Appendix D: The Total Rewards Philosophy and Strategy

The Total Rewards Philosophy and Strategy

Total Rewards Philosophy

The County recognizes that its employees are the key to fulfilling its mission of providing high-quality and cost-efficient services to the people of Johnson County. The County seeks employees who are highly committed to making a difference in the lives of others. Johnson County Government strives to be recognized as an Employer of Choice, respected in the community as an organization that offers professionally and personally rewarding career opportunities.

Total Rewards Strategy

Johnson County Government will continuously evaluate the intrinsic and extrinsic components of total rewards based on its evolving strategic goals, as identified and established by the Board of County Commissioners and the changing needs of the organization's workforce. The organization will annually assess progress towards stated initiatives and realign those initiatives as necessary, remaining focused on long-term commitments and goals.

Total Rewards

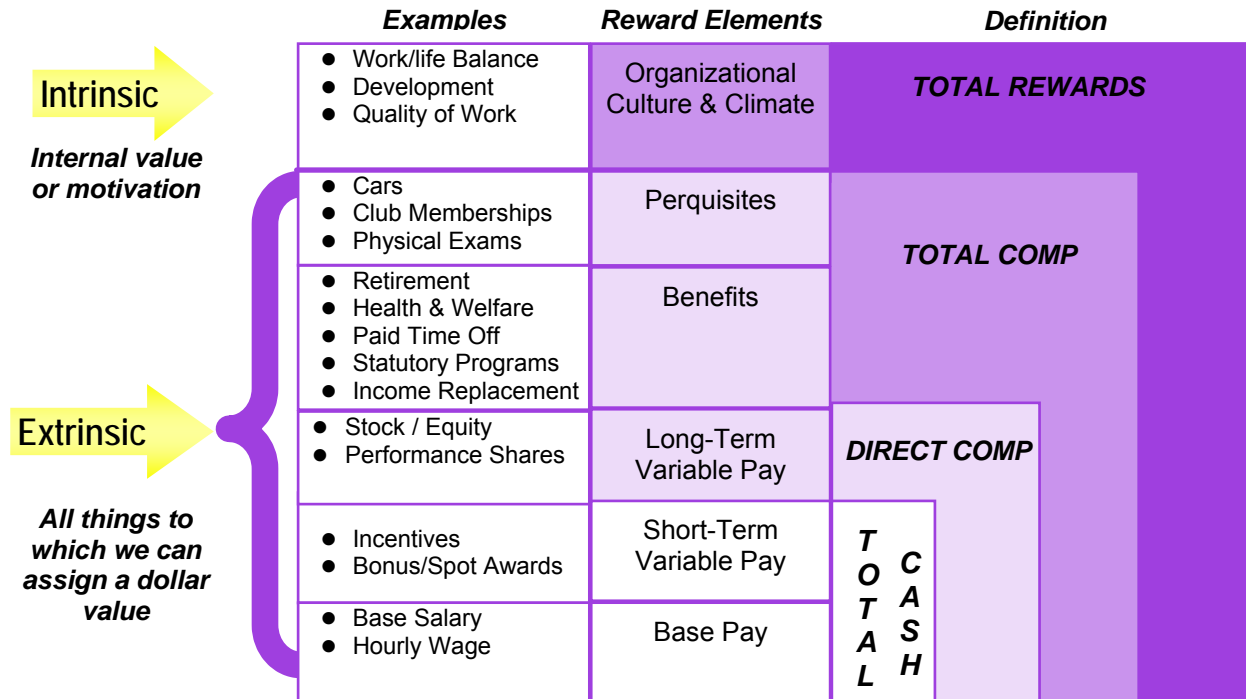
Total rewards are all of the extrinsic and intrinsic tools available to an employer that may be used to attract, retain, motivate, and reward employees, including pay, benefits, learning and development, and the work environment.¹¹

The County's Total Rewards Philosophy is comprised of these supporting philosophies:

- Compensation (e.g., base pay, variable pay, differential pay)
- Benefits
- Vision, Values, and Culture
- Learning and Development

¹¹ *Total Rewards Management*, WorldatWork, 2003, p. 1.6.
FY 2007 Workforce Planning Report

The Components of Total Rewards¹²



¹² The HayGroup, Kansas City, Missouri, January 9, 2003.
FY 2007 Workforce Planning Report

Appendix E: The Compensation Philosophy

Philosophy Statement

Johnson County Government is committed to paying its employees a market competitive rate and to rewarding performance and contributions to the organization. The County will annually assess the market and adjust pay as necessary to remain competitive, while differentiating levels of performance with merit pay.

Introduction

Through progressive, creative, and innovative government leadership, Johnson County Government will provide cost-efficient and high quality services to the residents of Johnson County. As such, the County strives to be recognized as an Employer of Choice within the community and by its employees. The County seeks to recruit, retain, recognize, and reward employees who demonstrate a commitment to public service and a desire to make a difference in the community.

The County recognizes that compensation is only one element of its commitment to Total Rewards, which is the concept of fostering a work environment that is both extrinsically and intrinsically attractive and rewarding to its employees. The County's Total Rewards Philosophy will contain these components:

- Compensation (e.g., base pay, variable pay, differential pay)
- Benefits
- Vision, Values, and Culture
- Learning and Development

Scope

The compensation system is integrated with the County's classification system. It applies to all employees of Johnson County Government, with the exception of Elected Officials, appointed Officials, and the Executives reporting directly to the Board of County Commissioners, since those positions are designated as "unclassified." The compensation system applies to the Sheriff's Office Civil Service System with some structural differences for administration of merit pay.

Objectives

It is through the dedication and commitment of employees that the County fulfills its mission of providing timely and quality services that enhance the lives of Johnson County residents. To recognize and reward employees' contributions, the County will establish and maintain a compensation program that delivers competitive pay to its employees. To be effective, the County's compensation program:

- Aligns with the County's culture and supports the achievement of its strategic goals and objectives;
- Ensures base compensation practices that are competitive within established labor markets;
- Is internally equitable;
- Recognizes and rewards individual, department/agency, and organizational performance excellence;
- Supports its ability to recruit, retain, recognize, and reward qualified and productive employees;
- Is easily understood and administered;
- Complies with all legal, regulatory, and statutory aspects affecting compensation; and
- Is administered in accordance with the County's financial resources.

The County is committed to achieving and sustaining all of these goals:

- Ensuring that the organizational pay table is built and maintained by using relevant market data based on the cost of labor benchmarked at the market midpoint (i.e., 50th percentile).
- Establishing pay ranges that create a structure for fair and equitable compensation for employees.
- Ensuring that the organizational pay table is reviewed and updated annually, by analyzing relevant market data for each specific pay grade and increasing those ranges which the data supports.
- Providing annual market adjustments to employees as determined by the data for their relevant pay grade, that - in conjunction with merit increases - allow employees to maintain or enhance their market position.
- Ensuring that employees have the opportunity to move through and be compensated within the entire pay range associated with their pay grade.
- Allowing employees' placement within the pay range to be based on their qualifications, relevant work experience, and their performance and contributions to the organization, as well as relevant market conditions.
- Recognizing the contributions of employees who consistently "fully meet" performance expectations through the use of merit pay increases that enable them to maintain or enhance their market position.
- Recognizing the contributions of employees who consistently "exceed" expectations through the use of merit pay increases that enable them to significantly enhance their market position.

Market Position

The County's compensation philosophy is to be competitive within the relevant comparable labor markets for total cash compensation by:

- Basing the midpoint of the pay table on the 50th percentile;
- Recognizing outstanding performance and organizational contributions through the use of merit pay, bonuses, and/or incentives to compensate exceptional employees; and
- Establishing differential pay practices consistent with the market.

The following table identifies the comparable labor markets for the County:

Employee Category	Comparable Geography	Labor Market/Industry
Executives/Directors	National	Public Sector
Professional/Key Managers	Midwest Regional	All Industry
Non-Exempt	Local	All Industry
Civil Service	Johnson County	Police Departments

Valid and reliable data sources from each of the four comparable labor markets will be used to determine the actual market targets and the County's market competitive position.

Compensation System Elements

The elements of the County's compensation system include:

- **Job Evaluation** – a process in which the relative value of the job within the organization is determined objectively through a systematic assessment of job content. It then establishes a range of pay that can be compared to other jobs to allow internal equity when making assessments across the organization.
- **Base Pay** – annual or hourly pay received for work performed, excluding additional payments or allowances; the rate on which overtime or compensatory time is calculated for nonexempt employees; the rate on which many benefits are calculated (e.g., insurance, retirement, leave payments).
- **Market Pay** – the component of base pay that is competitive when compared to other employers within the defined benchmark areas.
- **Merit Pay** – the component of base pay that is determined by an employee's performance, contributions, and accomplishments within the organization.
- **Differential Pay** – compensation, in addition to base pay, for specific business requirements and/or working conditions (e.g., shift work, on-call pay, foreign language skills).
- **Performance Appraisal** – the ongoing process by which performance goals are established, monitored, reviewed, and rewarded through base pay increases or non-base pay bonuses or incentives for individual or collective/team contributions.
- **Variable Compensation** – compensation in the form of bonuses or incentives, in addition to base pay, granted for individual, team, department/agency, and/or organizational performance, accomplishments, or contributions.