

Detailed Study Findings

Market Assessment of Base Pay

Assumptions

- Total compensation is the primary consideration for determining the City's overall market competitiveness. Data reported is current data which is reflective of concessions taken in 2011
- Labor markets vary by type and level of job; labor markets identified include national public sector and private sector, local public sector, and local private sector
- According to compensation standards for public sector entities, Segal defines market competitive ("**at market**") as being within 10 percentage points of the market average – that is between, 5 percent below (-5%) and 5 percent above (+5%) the market average. A competitive range is important in that the market pay rates can fluctuate on an annual basis dependent on the supply and demand of labor¹.

Base Pay

Overall (*public and private sectors*), we found the City to be **at market** (within the competitive range.) When considering Phoenix's base pay to each specific labor market, we found:

- **The City is slightly above national public sector employers** by 2 percentage points
- **The City is at market compared to local public sector employers** (within the competitive range)
- **The City is significantly below local private sector employers** by 19 percentage points
- **The City is at market** (within the competitive range) compared to private published data

In addition, we found:

- Sworn Public Safety Employees are **slightly above** market by 1 percentage point
- General Employees are **at market** (within the competitive range)

¹ Private sector entities consider competitive range to be between 90% and 110% of market

Union Representation in the Market Place

One of the concerns of the City and Union Representatives was the comparability of data to other entities that have collectively bargained employee groups, as does the City of Phoenix.

Based on responses received, 16 of 29 reported having either collective bargaining units or employee associations within their organization (**Table 3**). The City of Phoenix has both collective bargaining units and employee associations.

**TABLE 3
UNIONS AT PEER EMPLOYERS**

Comparator	General Employees	Police	Fire
Public Sector Custom Survey Responses			
State of Arizona	American Federation of State, County & Municipal Employees	Arizona Highway Patrol Association	N/A
City of Austin, TX	Information not provided	Information not provided	Information not provided
City of Dallas, TX	Employee Associations	Employee Association	Employee Association
City of Houston, TX	Houston Organization of Municipal Employees	Houston Police Officers' Union	Houston Professional Fire Fighters Association
City of Jacksonville, FL	American Federation of State, County & Municipal Employees, Communications Workers of America, Jacksonville Supervisor Association, and Laborers' International Union of North America	Fraternal Order of Police	International Association of Fire Fighters
City of Los Angeles, CA	American Federation of State, County & Municipal Employees, Engineers and Architects Association, International Longshore and Warehouse Union, International Union of Operating Engineers, Laborer's International Union of North America, Los Angeles County Building & Construction Trades Council, Municipal Construction Inspectors Association, and Service Employees International Union	Los Angeles Police Command Officers Association and Los Angeles Police Protective League	Los Angeles Fire Chief Officers Association and United Firefighters of Los Angeles City
City of Philadelphia, PA	American Federation of State, County & Municipal Employees, District Council 33 & District Council 47	Fraternal Order of Police	International Association of Fire Fighters

Comparator	General Employees	Police	Fire
City of San Diego, CA	American Federation of State, County & Municipal Employees Local 127, San Diego Deputy City Attorney Association, and San Diego Municipal Employees Association	San Diego Police Officers Association	International Association of Fire Fighters and Teamsters Local 911 – (Lifeguards)
City and County of San Francisco, CA	Various	San Francisco Police Officers Association	Firefighters, Local 798
Private Sector Custom Survey Responses			
Private Employer 1	Yes- unions are industry specific	N/A	N/A
Private Employer 2	N/A		
Private Employer 3	N/A		
Private Employer 4	N/A		
Private Employer 5	Yes- unions are industry specific		
Private Employer 6	Yes- unions are industry specific		
Private Employer 7	Information not provided		
Local Public Sector Responses			
City of Avondale	Information not provided	Information not provided	Information not provided
City of Chandler	Information not provided	Information not provided	Information not provided
City of Flagstaff	Information not provided	Information not provided	Information not provided
Town of Gilbert	Service Employees International Union	Gilbert Police Leadership Association	International Association of Fire Fighters
City of Glendale	N/A	Glendale Police Officer’s Coalition	Glendale Chapter of the United Phoenix Fire Fighters Association, Local 493 of the International Association of Fire Fighters
City of Goodyear	Information not provided	Information not provided	Information not provided
Maricopa County	Information not provided	Information not provided	Information not provided
City of Mesa	Information not provided	Information not provided	Information not provided

Comparator	General Employees	Police	Fire
City of Peoria	American Federation of State, County & Municipal Employees	Peoria Police Officers Association and Peoria Police Supervisors Association	United Phoenix Fire Fighters Association
City of Scottsdale	Information not provided	Information not provided	Information not provided
City of Surprise	Information not provided	Information not provided	Information not provided
City of Tempe	Service Employees International Union Local 5 and The Tempe Supervisors' Association	Tempe Officers Association	City of Tempe Firefighters' Unit
City of Tucson	American Federation of State, County & Municipal Employees and Communications Workers of America/Tucson Association of City Employees	Tucson Police Officers Association	International Association of Fire Fighters
City of Phoenix	Field Unit 1: Local 777 – Laborers' International Union of North America; Field Unit 2: Local 2384 – American Federation of State, County & Municipal Employees; Field Unit 3: Local 2960 – American Federation of State, County & Municipal Employees Unit 7: Administrative, Supervisory, Professional & Technical Employees Association	Unit 4: Phoenix Law Enforcement Association Unit 6: Phoenix Police Sergeants and Lieutenants Association	Unit 5: International Association of Firefighters – Local 493

Competitiveness by Peer Type and Occupational Group

While the City's pay ranges are competitive on an aggregate basis, competitiveness varies when examining peer type and occupational groups. At the pay range midpoint, Segal found:

- When measured against the *aggregate peer group (public and private)*:
 - **Five (5)** occupational groups are *above the market*
 - The remaining **27** occupational groups are *at market* (within the competitive range)
- When measured against the *public sector peers*:
 - **Seven (7)** occupational groups are *above the market*
 - The remaining **25** occupational are *at market* (within the competitive range)
- Out of the 17 occupational groups compared to the *private sector (custom survey data and published sources)*, we found:
 - **Two (2)** are *above the market*
 - **11** are *below the market*
 - **Four (4)** are *at market* (within the competitive range)

Additional detail can be found in **Appendix B, Tables B-1 and B-2**.

Competitiveness by Employee Category

Employees at the City of Phoenix can be grouped into 11 categories, seven (7) of which are collective bargaining units. These are identified as:

- Field Unit 1: Local 777 (Ee's = 1,434) - Laborers' International Union of North America (Unit 1)
- Field Unit 2: Local 2384 (Ee's = 1,323) - American Federation of State, County & Municipal Employees (Unit 2)
- Field Unit 3: Local 2960 (Ee's = 3,590) - American Federation of State, County & Municipal Employees (Unit 3)
- Unit 4 (Ee's = 2,638): Phoenix Law Enforcement Association (Unit 4)
- Unit 5 (Ee's = 1,082): Local 493 – International Association of Firefighters (Unit 5)
- Unit 6 (Ee's = 458): Phoenix Police Sergeants and Lieutenants Association (Unit 6)
- Unit 7 (Ee's = 2,897): Administrative, Supervisor, Professional & Technical Employees' Association (ASPTEA)
- Confidential Staff (Ee's = 167)
- Middle Managers (Ee's = 317)
- Executives (Ee's = 63)
- Council (Ee's = 12)

Each of these groups is compared to the market place:

➤ **Public and private sector:**

- 11 employee categories **are at market** (within competitive range)
- One (Unit 6) is **slightly above the market by 1 percentage point**. This is due to the fact that Career Enhancement Pay was rolled into base pay for this group during negotiations

➤ **Public sector peers:**

- 11 employee categories **are at market** (within competitive range)
- Two (Unit 6 and Executives) **slightly above the market by 1 percentage point**

➤ **Private sector peers:**

- Four (Unit 2, Confidential Staff, Middle Managers and Executives) are **substantially below market** by greater than 10 percentage points
- Three (3) **are at market** (within competitive range)

Additional detail regarding employee category can be found in **Appendix B, Tables B-3 and B-4**, as well as detail, regarding relative market positioning and market averages by benchmark job title in **Appendix B, Tables B-5 and B-6**.

Pay Practices

Pay Schedule Design

We found a mixture of pay schedule designs across and within the peer groups. In general, we found:

- The majority of survey responses show **Sworn Public Safety (police and fire) have grade and step structures**
- The majority of both public sector and private sector responses indicate **open ranges for Executives and Managers**
- In the **general employee** group, responses **show grades and steps in unionized** workforces and **open ranges in non-unionized workforces** in both the public and private sectors

This is **consistent** with what is found at the City of Phoenix.

Pay Progression

We found individuals move through salary structures in a variety of ways. In general, we found:

- In the *general employee grouping, unionized workforces are based on step increases* whereas *non-unionized workforces are based on individual performance*
- Pay progression for *Sworn Public Safety (police and fire) is based on step increases*
- Majority of both public sector and all of private sector responses indicate pay progression for *Managers and Executives is based on individual performance*

This is *consistent* with what is found at the City of Phoenix.

Pay Schedule Adjustments

In general, survey responses indicated:

- In the *public sector*, approximately 50% of employers adjust manager and executive salary schedules based on market equity and affordability of increases; sworn public safety structures have yearly increases built into the collective bargaining agreements
- In the *private sector*, the majority of respondents' base structural increases are based on market equity and budget affordability

This is *consistent* with what is found at the City of Phoenix.

Salary Increases for Fiscal Year 2011/2012

As one would expect, *very few public sector* employers gave base salary increases this fiscal year.

- Four (4) of the respondents gave salary increases to *General Employees ranging from 0.6% to 4.25%*
- Five (5) respondents gave salary increases to *Sworn Public Safety ranging from 0.6% to 5%*

In the *private sector*, employers on average gave *3-4% increases*.

At the City of Phoenix, *Middle Managers and Executives did not receive increases; General Employees and Sworn Public Safety received approximately 1.86% merit increases.*

Shift Differentials

The majority of all respondents offer shift differentials for 2nd and 3rd shifts.

➤ *Public sector:*

- *2nd shift rates range from \$0.25 - \$1.00 an hour, or 2%-10% of base pay*
- *3rd shift rates range from \$0.35 - \$1.00 an hour, or 3.5%-15% of base pay*

Rates vary by collective bargaining agreement.

➤ *Private sector:*

- *2nd and 3rd shifts rates range from \$1.00 - \$1.20 an hour, or 10% of base pay for 2nd shift and 15% of base pay for 3rd shift.*

Rates vary by collective bargaining agreement.

The City of Phoenix's shift differentials range *from \$0.50 - \$1.30 an hour for 2nd shift, and \$0.75 - \$1.30 an hour for 3rd shift.* Rates vary by collective bargaining agreement. Overall Phoenix is *slightly higher at the minimum and maximum of the range of rates* compared to the public sector. When comparing to *private sector, Phoenix's minimum rates are lower and maximum rates are higher.*

Weekend Differentials

Two (2) of the 29 respondents offer weekend differentials, one (1) private and one (1) public sector entity.

The *City of Phoenix offers weekend differentials for four (4) of its employee groups;* differentials range from \$.40 - \$.60 an hour. Weekend differentials are typically not found in the market place.

Longevity Pay

Longevity pay has been of particular concern due to publicity in the press, locally and nationally. In reviewing the survey data, we found it is still common in the public sector, although not in the private sector. Specifically, we found in the public sector that:

- Approximately 65% of respondents offer longevity pay to *Sworn Public Safety Employees*
- Approximately 44% of respondents offer longevity to *General Employees* (a few even within management groups)
- Four (4) of the respondents have longevity only for employees that are hired before a specific date; indicating that longevity may no longer be offered to new employees

- Longevity pay is provided in a variety of forms ranging from a percentage of pay to a lump-sum payment based on years of service and paid in a number of ways at varying points in time.

The *City provides longevity to Sworn Public Safety groups and General Employees*, but does not for Middle Managers and Executives *which is consistent with the market*. Longevity varies by collective bargaining unit.

Detail information on longevity can be found in **Appendix A, Table A-5**.

Performance-based Pay

Performance-based pay can be found in a variety of forms within the market.

- **Public sector:**
 - Approximately 50% of Middle Managers and Executives receive increases to base salary based on individual performance
 - Less than 50% of General Employees and those in Sworn Public Safety receive increases to base salary based on individual performance
 - Very few employers offer “bonuses” for either individual or group performance
- **Private sector:**
 - Approximately 50% of all employee groups receive increases either to base salary or through bonuses based on individual performance

This City has pay for performance for Executives and Middle Managers.

Tuition Reimbursements

In the *public and private sectors*, we found the majority of respondents provide a tuition reimbursement for all employees.

- **Public sector** maximum reimbursements *range from approximately \$1,000 - \$8,700 per year*
- **Private sector** maximum reimbursements *range from approximately \$1,000 - \$11,800 per year*
- The *most common amount reported is \$5,000*.

The City of Phoenix offers *approximately \$9,200, which is generous, particularly* when the most common amount reported is \$5,000 and the federal limit that is excludable from taxable income for an employee’s grant-in-aid is \$5,250.

Additional Perquisites

The *public sector* offers very few perquisites for Middle Managers and Executives. In reviewing prevalent perquisites, we found:

- Three (3) offer sabbaticals for Executives and Middle Managers
- Eight (8) offer car allowances for Executives, three (3) for Middle Managers
- Six (6) offer some form of relocation allowance for Executives, four (4) for Middle Managers

In general, *public sector* entities are rolling what may have typically been considered perquisites into base salaries.

The *private sector*, with the exception of relocation allowances, of which the majority offers, perquisites are reserved for Executives. Specifically, we found:

- One (1) offers a sabbatical
- Four (4) offer car allowances
- Four (4) offer executive physicals
- Four (4) offer stock options

Further detail regarding perquisites can be found in **Appendix A, Table A-11**.

Paid Leave

Paid leave is a valuable benefit to both the employer and the employee. Paid leave can be found in the form of a Paid Time Off (PTO) Policy where vacation and sick days are combined, or as a traditional leave program that allow for separate allotments.

➤ *Public sector:*

- Three (3) public sector respondents have a PTO policy
- One (1) respondent has a PTO policy for uniformed police

➤ *Private sector:*

- Two (2) entities have a PTO policy

The majority of the respondents have traditional paid time off programs that provide for separate allotments for vacation, sick, holiday and personal leave

Published survey sources validate these responses in that the Bureau of Labor Statistics (BLS) reports 63% of workers have traditional programs and Towers Watson reports that 84% of employers offer traditional programs.

Vacation Leave

Vacation Accrual

Vacation accrual is dependent on years of services.

Tables 4A-4D illustrates the *City of Phoenix, overall, is below the averages for both the public and private sectors* when reviewing vacation accrual for each employee group.

**TABLE 4A
PTO/VACATION LEAVE ACCRUAL FOR EXECUTIVES/MANAGERS**

Market Sector	1 – 5	6 – 10	11 – 15	16 – 20	21+
Public Sector Custom	Execs: 16 Mgrs: 15	Execs:18 Mgrs: 17	19	22	23
Private Sector Custom	15/14	19	20	23	23
Local Public Sector	15	18	20	21	22
Published Data	16	22	23	N/A	N/A
City of Phoenix	12	15	16.5	19.5	22.5

**TABLE 4B
PTO/VACATION LEAVE ACCRUAL FOR GENERAL EMPLOYEES**

Market Sector	1 – 5	6 – 10	11 – 15	16 – 20	21+
Public Sector Custom	14	18	20	22	23
Private Sector Custom	14	19	20	23	23
Local Public Sector	14	17	19	21	21
Published Data	16	22	23	N/A	N/A
City of Phoenix	12	15	16.5	19.5	22.5

**TABLE 4C
PTO/VACATION LEAVE ACCRUAL FOR SWORN POLICE**

Market Sector	1 – 5	6 – 10	11 – 15	16 – 20	21+
Public Sector Custom	14	18	20	23	24
Private Sector Custom	N/A	N/A	N/A	N/A	N/A
Local Public Sector	14	17	20	21	22
Published Data	N/A	N/A	N/A	N/A	N/A
City of Phoenix	12	15	16.5	19.5	22.5

**TABLE 4D
PTO/VACATION LEAVE ACCRUAL FOR SWORN FIRE**

Market Sector	1 – 5	6 – 10	11 – 15	16 – 20	21+
Public Sector Custom	13	16	19	21	22
Private Sector Custom	N/A	N/A	N/A	N/A	N/A
Local Public Sector	16	20	23	25	26
Published Data	N/A	N/A	N/A	N/A	N/A
City of Phoenix	12	15	16.5	19.5	22.5

Vacation Carry Over and Cash-Out

The majority of public and private sector entities allows for carry over and cash-out of unused vacation time at separation and/or at retirement.

➤ **Public sector:**

- **Vacation carry over ranges from 30 – unlimited days**; for some employers maximum number of days varies by employee group
- **Vacation cash-out ranges from 0 – unlimited days**; for some employers cash-out at separation and retirement vary across employee groups

➤ **Private sector:**

- **Vacation carry over ranges from 8 – unlimited days** where maximum number of days remains consistent across all employee groups
- **Five (5) of seven (7) allow vacation cash-out at retirement that is unlimited**

City of **Phoenix** vacation carry over ranges from 24-45 days; cash-out at separation is 45 days and cash-out for retirement has a maximum of 56.25 days, which is consistent across employee groups. In this respect, the **City of Phoenix is more conservative** than the market.

Sick Leave

Unlike vacation accrual, sick leave is typically given as a set number of days regardless of years of service.

Sick Accrual

- **Public sector**, sick leave accrual averages range from 8-20 days dependent on employee group
- **Private sector**, sick leave accrual ranges from 5-12 days

The City of Phoenix accrues 15 days regardless of employee group which is **slightly higher**; however, **the City does not provide short-term disability insurance**.

Sick Leave Carry Over and Cash-out

The majority of employers allow for the carryover of sick leave, while less than half allow sick time to be cashed out.

➤ **Public sector:**

- **Sick leave carry over ranges from 52 – unlimited days**
- **Sick leave cash-out** at separation ranges from 0 – unlimited and **at retirement** ranges from 60 – unlimited days

➤ **Private sector:**

- Sick leave carry over ranges from **0 – unlimited**
- Sick leave cash-out at separation ranges from **80 – unlimited days**, and at retirement ranges from **90 – unlimited days**

The City of **Phoenix does not allow cash-out at separation, and limits the amount that can be cashed out at retirement.** This varies by employee group and ranges from 20%-25% for General Employees and 35% - 60% for Sworn Public Safety depending on employee group.

Paid Holidays/Personal Leave

Holidays

All of public and private employers provide holidays.

- **Public sector employees receive 11 holidays**
- **Private sector receive 9 holidays**

The City of **Phoenix has 11.5 holidays.**

Personal Leave

Approximately, one half of public and private employers provide for personal days.

- On average, in the **public sector and private sector** employees receive one (1) personal day

The City of Phoenix offers **3 for Middle Managers, Executives and General Employees; 2.5 for uniformed Police; and, 0 for Fire which is more generous** than the market.

Combined Paid Time Off Calculation

In that some employers have a combined paid time off policy, it is important to consider a combined time off calculation. It is important to note that combined paid time off calculations will vary based on years of service due to varying vacation accruals. **Table 5** on the following page illustrates the total numbers for combined paid time off based on the different market sectors for six (6) to ten (10) years of service.

For this calculation, 6-10 years of service is shown, as it is representative of a large number of employees.

**TABLE 5
COMBINED PAID TIME OFF**

Market Sector	Vacation 6-10 years	Sick*	Holiday	Personal	Total
Public Sector					
Executives	18	11	10	2	41
Managers	17	11	10	2	40
General Employees	17	11	10	1	39
Police	17	12	11	1	41
Fire	18	13	11	2	44
Private Sector					
Executives	19	11	9	1	40
Managers	19	11	9	1	40
General Employees	19	9	9	1	38
Published Data					
Executives	22	9	9	3	43
Managers	22	9	9	3	43
General Employees	22	10	9	3	44
OVERALL					
Executives	18	11	10	1	40
Managers	18	11	10	1	40
General Employees	17	11	10	1	39
Police	17	12	11	1	41
Fire	18	13	11	2	44
Phoenix					
Executives	15	15	11.5	3	44.5
Managers	15	15	11.5	3	44.5
General Employees	15	15	11.5	3	44.5
Police	15	15	11.5	2.5	44
Fire	15	15	11.5	0	41.5

**Phoenix does not offer short-term disability.*

Disability Insurance

Short-term Disability

In general, the majority of *public sector* respondents in the national data set do not provide short-term disability; whereas, in the Phoenix metropolitan area, the majority do provide short-term disability with a replacement ratio ranging from 50% – 100% of salary.

When reviewing *private sector* responses, we found that all of the entities surveyed provide short-term disability insurance (60-100% replacement ratio).

According to BLS, 63% of employees have access to coverage replacing 66% of earnings. Towers Watson reports a slightly higher number at 83% of employees with access to coverage replacing 66% of earnings.

The *City of Phoenix does not offer short-term disability*, which is attributable to the ability to bank unused sick leave as insurance against short-term disability.

See **Table 6** on page 29 for more detail.

Long-term Disability

Long-term Disability insurance prevalence varies greatly across both public and private sector entities.

Public sector:

- Three (3) employers pay 100% for basic coverage
- One (1) pays 50% for basic coverage
- Two (2) pay 47% for basic coverage
- Four (4) report that they do not offer long-term disability

Private sector:

- Four (4) employers pay 100% for basic coverage, while two (2) do not offer long-term disability

The City of Phoenix *offers long-term disability insurance*. Contribution detail by employee group and market sector can be found in **Table 7** on page 30.

Additional detail can be found in **Appendix C, Tables C-10 through C-14** for short-term disability insurance and **Tables C-15 through C-20** for long-term disability insurance.

TABLE 6
SHORT TERM DISABILITY INSURANCE – EMPLOYER CONTRIBUTION

Comparators	Short-term Disability Insurance Prevalence & Employer Contribution (% of premium)				
	Executives	Managers	General Employees	Uniformed Police	Uniformed Fire/Rescue
Custom – Public Sector	1 employer: 0% N/A: 6 employers	1 employer: 0% N/A: 6 employers	1 employer: 0% N/A: 6 employers	1 employer: 0% N/A: 6 employers	1 employer: 0% N/A: 6 employers
Custom – Private Sector	4 employers: 100% 3 employers: 0%:	4 employers: 100% 3 employers: 0%:	4 employers: 100% 3 employers: 0%:	N/A	N/A
Local Public Sector	3 employers: 100% N/A: 2 employers	3 employers: 100% N/A: 2 employers	3 employers: 100% N/A: 2 employers	3 employers: 100% N/A: 2 employers	3 employers: 100% N/A: 2 employers
Published Data	77 – 88% of employers (depending on data source): 100%	100%: 77 – 88% of employers (depending on data source)	100%: 77 – 88% of employers (depending on data source)	N/A	N/A
City of Phoenix	N/A	N/A	N/A	N/A	N/A

Note: Not all public sector respondents provided responses to this question.

TABLE 7
LONG TERM DISABILITY INSURANCE – EMPLOYER CONTRIBUTION

Comparators	Long Term Disability Insurance Prevalence and Employer Contribution (% of premium)				
	Executives	Managers	General Employees	Uniformed Police	Uniformed Fire/Rescue
Custom – Public Sector	2 employers: 100% 1 employer: 0% N/A: 3 employers	2 employers: 100% 1 employer: 0% N/A: 3 employers	2 employers: 100% 1 employer: 0% N/A: 3 employers	2 employers: 100% N/A: 2 employers	2 employers: 100% 1 employer: 0%: N/A: 2 employers
Custom – Private Sector	4 employers: 100% 2 employers: 0%:	4 employers: 100% 2 employers: 0%:	4 employers: 100% 2 employers: 0%:	N/A	N/A
Local Public Sector	1 employer: 100%: 1 employer: 50% 2 employers: 47% 2 employers: Other N/A: 1 employer	1 employer: 100%: 1 employer: 50% 2 employers: 47% 2 employers: Other N/A: 1 employer	1 employer: 100%: 1 employer: 50% 2 employers: 47% 2 employers: Other N/A: 1 employer	2 employers: 100% 2 employers: Other N/A: 1 employer	2 employers: 100% 2 employers: Other N/A: 1 employer
Published Data	Varies by source	Varies by source	Varies by source	N/A	N/A
City of Phoenix	100%	100%	100%	100%	100%

Note: Not all public sector respondents provided responses to this question.

Retirement Program

Defined Benefit Program

The City's defined benefit plan was under separate review by the Pension Reform Task Force and is being reviewed in this study simply to provide a current total compensation cost to the City. An in-depth review and analysis of the plan has been completed as part of the Pension Reform Task Force's initiative.

Additional detail data gathered can be found in **Appendix C, Tables C21-C23.**

Defined Contribution Program

The majority of both *public and private sector entities* offer a Defined Contribution (DC) plan. *Public sector entities* typically *offer this as a supplement* to the defined benefit retirement plan. In the both the *public and private sector*, there typically is not a required employer contribution; rather employer contributions are typically matches to employee voluntary contributions.

➤ *Public sector:*

- *Four (4) of 16 respondents* contribute to the fund
- Employer contributions for *General Employee jobs* nationwide average approximately 4 percent.
- In general, *Sworn Public Safety employees* do not receive contributions to a DC plan in addition to the defined benefit program

➤ *Private sector:*

- One (1) of the seven (7) private sector respondents provides a required employer contribution
- Four (4) others provide a matching contribution

Towers Watson reports that median employer contributions are at 4% of base pay.

The City currently contributes 9.6% to a defined contribution plan for Middle Managers and Executives, 0-6% for General Employees, .18% for Police, and 5% for Fire. Contribution rates vary by group in that each group has negotiated different amounts in lieu of other benefits.

Additional detail can be found in **Appendix C, Tables C-24 and C-25.**

Retiree Health

Over half of respondents offer retiree health for its retirees.

- 19 respondents offer retiree health for retirees *under the age of 65* to General Employees, 14 to uniformed Police and 15 to uniformed Fire
- 15 respondents offer retiree health for retirees *over the age of 65* to General Employees, 10 to uniformed Police and 11 to uniformed Fire
- Six (6) of the respondents **do not** offer retiree health to General Employees, and two (2) specifically to Police and Fire

The City of Phoenix offers retiree health under the age of 65 as well as over the age of 65.

Retiree Health Employer Contributions

Single Coverage

Table 8 provides monthly average employer contribution rates for retirees.

**TABLE 8
MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	< 65: \$369 > 65: \$190	< 65: \$369 > 65: \$190	< 65: \$517 > 65: \$199	< 65: \$431 > 65: \$166
Private Sector Custom	< 65: \$441 > 65: \$203	< 65: \$441 > 65: \$203	N/A	N/A
Local Public	< 65: \$119 > 65: \$53	< 65: \$119 > 65: \$53	< 65: \$119 > 65: \$53	< 65: \$119 > 65: \$53
Published Data	< 65: \$467 > 65: \$293	< 65: \$467 > 65: \$293	N/A	N/A
OVERALL	< 65: \$272 > 65: \$145	< 65: \$272 > 65: \$145	< 65: \$261 > 65: \$120	< 65: \$244 > 65: \$105
City of Phoenix	< 65: \$105 > 65: \$90	< 65: \$105 > 65: \$90	< 65: \$105 > 65: \$90	< 65: \$105 > 65: \$90

Overall, *the City pays less than the market* for all employee categories.

Dual Coverage

Table 9 provides monthly average employer contribution rates for retirees.

**TABLE 9
MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	< 65: \$452 > 65: \$327	< 65: \$452 > 65: \$327	< 65: \$632 > 65: \$390	< 65: \$527 > 65: \$325
Private Sector Custom	< 65: \$899 > 65: \$406	< 65: \$899 > 65: \$406	N/A	N/A
Local Public	< 65: \$258 > 65: \$143	< 65: \$258 > 65: \$143	< 65: \$258 > 65: \$143	< 65: \$258 > 65: \$143
Published Data	< 65: \$293 > 65: \$472	< 65: \$293 > 65: \$472	N/A	N/A
OVERALL	< 65: \$424 > 65: \$294	< 65: \$424 > 65: \$294	< 65: \$392 > 65: \$246	< 65: \$366 > 65: \$211
City of Phoenix	< 65: \$105 > 65: \$90	< 65: \$105 > 65: \$90	< 65: \$105 > 65: \$90	< 65: \$105 > 65: \$90

Overall, *the City pays less than the market* for all employee categories.

Additional detail on retiree health can be found in **Appendix C, Tables C-26 through C-29.**

Health Benefits

The most popular health plans for the surveyed population are PPO/POS plans followed by HMO/EPOS plans.

The majority of respondents, whether public or private sector offer health benefits to part-time employees working over 20-30 hours.

PPO/POS Plans

Employer contributions vary not only by coverage, but by employee group as well. Review of survey responses indicate there is less variation between public and private sector data when considering single coverage plans.

Single Coverage

Monthly averages for employer contributions as well as percentage of employer contributions are compared by employee group in **Tables 10A and 10B**. The City of Phoenix is *slightly below market* in employer contribution costs.

**TABLE 10A
PPO PLAN MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	\$585	\$585	\$607	\$680
Private Sector Custom	\$427/\$428	\$429	N/A	N/A
Local Public	\$423	\$423	\$423	\$423
Published Data	\$385	\$385	N/A	N/A
OVERALL	\$463/464	\$464	\$493	\$533
City of Phoenix	\$415	\$415	\$415	\$415

**TABLE 10B
PPO PLAN EMPLOYER COST SHARING**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	78%	90%	95%	93%
Private Sector Custom	85%	85%	N/A	N/A
Local Public	80%	80%	80%	80%
Published Data	N/A	N/A	N/A	N/A
OVERALL	81%	85%	87%	91%
City of Phoenix	80%	80%	80%	80%

Family Coverage

Monthly averages for employer contributions as well as percentage of employer contributions are compared by employee group in **Tables 11A and 11B**. The City of Phoenix is *slightly above market* for employer contribution costs.

**TABLE 11A
PPO MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	\$1,184	\$1,184	\$821	\$1,057
Private Sector Custom	\$1,201/\$1,206	\$1,208	N/A	N/A
Local Public	\$913	\$913	\$913	\$913
Published Data	\$1,058	\$1,058	N/A	N/A
OVERALL	\$1,084/\$1,085	\$1,086	\$878	\$974
City of Phoenix	\$1,195	\$1,195	\$1,195	\$1,195

**TABLE 11B
PPO PLAN EMPLOYER COST SHARING**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	61%	65%	57%	64%
Private Sector Custom	78%	78%	N/A	N/A
Local Public	76%	76%	76%	76%
Published Data	N/A	N/A	N/A	N/A
OVERALL	71%	73%	68%	70%
City of Phoenix	80%	80%	80%	80%

HMO/EPO Plans

Employer contributions vary not only by coverage, but by employee group as well. Review of survey responses indicates HMO plans are less popular in the private sector. *The City of Phoenix is competitive when comparing to both single coverage and family coverage.*

Single Coverage

Monthly averages for employer contributions as well as percentage of employer contributions are compared by employee group in **Tables 12A and 12B.**

**TABLE 12A
HMO MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	\$427	\$427	\$392	\$432
Private Sector Custom	\$446*	\$446*	N/A	N/A
Local Public	\$405	\$405	\$405	\$405
Published Data	\$376	\$376	N/A	N/A
OVERALL	\$410	\$410	\$402	\$413
City of Phoenix	\$377	\$377	\$377	\$377

* Only one private sector entity reported having an HMO/EPO.

**TABLE 12B
HMO PLAN EMPLOYER COST SHARING**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	92%	95%	95%	95%
Private Sector Custom	95%	95%	N/A	N/A
Local Public	90%	90%	90%	90%
Published Data	N/A	N/A	N/A	N/A
OVERALL	91%	92%	91%	91%
City of Phoenix	80%	80%	80%	80%

* Only one private sector entity reported having an HMO/EPO.

Family Coverage

Monthly averages for employer contributions as well as percentage of employer contributions are compared by employee group in **Tables 13A and 13B**.

**TABLE 13A
HMO MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	\$1,077	\$1,077	\$931	\$1,050
Private Sector Custom	\$1,622*	\$1,622*	N/A	N/A
Local Public	\$1,038	\$1,038	\$1,038	\$1,038
Published Data	\$1,025	\$1,025	N/A	N/A
OVERALL	\$1,082	\$1,082	\$1,011	\$1,042
City of Phoenix	\$1,085	\$1,085	\$1,085	\$1,085

* Only one private sector entity reported having an HMO/EPO.

**TABLE 13B
HMO PLAN EMPLOYER COST SHARING**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	73%	81%	74%	78%
Private Sector Custom	82%	82%	N/A	N/A
Local Public	81%	81%	81%	81%
Published Data	N/A	N/A	N/A	N/A
OVERALL	78%	81%	79%	80%
City of Phoenix	80%	80%	80%	80%

* Only one private sector entity reported having an HMO/EPO.

Dental Plans

Based on survey responses for this question, 100% of respondents provide a stand-alone dental plan. *The City of Phoenix's Dental PPO* is the most populated plan and *is above market when comparing to both single coverage and family coverage*. It is important to note that the City also offers a less expensive DHMO plan as well.

Single Coverage

Monthly averages for employer contributions as well as percentage of employer contributions are compared by employee group in **Tables 14A and 14B**.

**TABLE 14A
DENTAL MONTHLY EMPLOYER CONTRIBUTIONS**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	\$9	\$9	\$7	\$6
Private Sector Custom	\$30	\$30	N/A	N/A
Local Public	\$37	\$37	\$37	\$37
Published Data	\$16	\$16	N/A	N/A
OVERALL	\$27	\$27	\$28	\$26
City of Phoenix	\$52	\$52	\$52	\$52

**TABLE 14B
DENTAL EMPLOYER COST SHARING**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	45%	47%	47%	33%
Private Sector Custom	75%	75%	N/A	N/A
Local Public	93%	93%	93%	93%
Published Data	61%	61%	N/A	N/A
OVERALL	79%	79%	85%	82%
City of Phoenix	100%	100%	100%	100%

Family Coverage

Monthly averages for employer contributions as well as percentage of employer contributions are compared by employee group in **Tables 15A and 15B**.

**TABLE 15A
DENTAL MONTHLY EMPLOYER CONTRIBUTION PERCENTAGES**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	\$26	\$26	\$16	\$16
Private Sector Custom	\$92	\$92	N/A	N/A
Local Public	\$70	\$70	\$70	\$70
Published Data	\$48	\$48	N/A	N/A
OVERALL	\$64	\$64	\$53	\$51
City of Phoenix	\$107	\$107	\$107	\$107

**TABLE 15B
DENTAL EMPLOYER COST SHARING**

Employee Category	Executives/ Managers	General Employees	Police	Fire
Public Sector Custom	42%	45%	44%	30%
Private Sector Custom	66%	66%	N/A	N/A
Local Public	61%	61%	61%	61%
Published Data	61%	61%	N/A	N/A
OVERALL	61%	61%	60%	56%
City of Phoenix	75%	75%	75%	75%

The City of *Phoenix* pays more for both single coverage and family coverage when compared to the market.

Vision Plan

The majority of the survey respondents offer a vision plan; however, the cost is borne by the employee.

The City of Phoenix does not offer a stand-alone vision plan to employees

Total Compensation Calculation

Methodology

While the prior tables identify the competitiveness of individual components of total compensation (base pay, health and retirement benefits), it is important to evaluate the competitiveness of total compensation. To calculate total compensation, we did the following:

1. Identified approximately 150 job titles that represented the bulk of the City's employees. Our approach was to compare the market pay range midpoint with the midpoint of the City's current pay ranges for each of these job titles.
2. Compared the City's weighted total cost of health benefits (medical and dental) to the market weighted average total cost of health benefits, assuming the same mix of participation by plan and tier of coverage as City employees. This approach standardized our comparisons using a fixed population base to facilitate an apples-to-apples cost comparison.
3. Compared the City's contributions to both defined benefit and defined contribution retirement plans to the average contribution rates found in the market on a percent of pay basis as well as on a percent of total compensation basis.

Appendix B10-A and B10-B displays the competitiveness of *current pay and benefits* on a selected benchmark job title basis and compares total benefit costs as a percent of pay as well as a percent of total compensation.

While direct compensation on average is at market (within the competitive range) at the pay range midpoint, the comparison of benefits as a percent of pay demonstrates that the City's *health benefits package overall costs approximately 1 percentage point above the market*. Furthermore,

The City's *retirement benefit program (defined benefit and defined contribution)* is

- *25 percentage points above market for Sworn Public Safety*
- *32 percentage points above market for General Employees*

Total Compensation Costs

Overall, when looking at costs of pay and major benefits (health and retirement – DB and DC), we found for *General Employees the total compensation costs are 1 percentage point above the competitive range*.

When we specifically look at *Sworn Public Safety*, we found that the total compensation costs are *5 percentage points above the competitive range*.