David Ash – Chip Schutte – Michael Hobert - Sharon Keeler – Dr. Michael Murphy

AGENDA
Joint Administrative Services Board
October 28, 2013 1:00 p.m.
Joint Government Center

1. **Call to Order.**

2. **Approval of Minutes. (September 23 Minutes Attached).**

3. **Pay and Classification Study.** The School Board is considering performing a Pay and Classification study. A draft RFP will be discussed at tonight's meeting. Meanwhile the Board of Supervisors is preparing to update the study they originally performed in 2008. There is an opportunity for both organizations to perform these studies utilizing the same methodology and benchmark communities. Doing so would help alleviate one of the more contentious elements of the annual budget process. The Government's 2008 study is attached. The Board should discuss the methodology and its pros and cons, and determine whether common ground can be established for the pursuit of the School's study, and the Government's update.

4. **ERP Issues.**

   a. The is currently no JAS Board meetings scheduled for November and December, however two procurements are due November 12 (ERP System and ERP Consultant). The Board should schedule an initial meeting for Nov 13-15 to review the proposals and set a course of action.
   b. Several policy actions are pending: inclusion of Social Services Accounts Payable, establishment of minimum time unit for leave accounting, Assign GPIN, Income Tax responsibility.

5. **ACA (Affordable Care Act) Implementation.** A reminder that it may be prudent to react to the implementation of the ACA with policy actions of our own. For example:

   a. Employees working less than 30 hours per week who are currently eligible for health insurance may find less expensive health insurance on the ACA exchange, creating a win-win for employer and employee. This could be tested by affected employees to determine if this is true, and what tradeoffs (ex. participating doctor network) might be involved.
   b. COBRA recipients and Retirees might find a better value on the exchange than staying in the Clarke Group. Should they be advised of this as part of their COBRA/Retirement notification of benefits?
   c. Some plans are no longer covering spouses eligible to receive such coverage elsewhere (see attached article). Our group should thus expect an increase in group membership over time if our current policy is maintained.

d. In a previous discussion we determined the "look-back" period for determining insurance eligibility to be twelve months. Therefore, if the employee averages 30 or more hours per week over 12 months they would be eligible for insurance coverage going forward (see federal reg attached). Managers responsible for assigning work and approving timesheets will need to be instructed to take responsibility for this.

6. **VRS vs. VaCorp Disability.** VRS dropped their rates below Standard and extended their deadline to 12/2. This was communicated to the JAS Board by email. The recommendation and response has been to support the actions already taken by the Supervisors and School Board.

Joint Administrative Services Board
September 23, 2013 Regular Meeting 1:00 pm

At a regular meeting of the Joint Administrative Services Board held on Monday, September 23, 2013 at 1:00 pm in Berryville Clarke County Government Center Meeting Room AB, Berryville Clarke County Government Center, 101 Chalmers Court, 2nd Floor; Berryville, Virginia.

Members Present

David Ash; Sharon Keeler; Michael Murphy *[left 1:45 pm]*; Chip Schutte

Members Absent

J. Michael Hobert

Staff Present

Tom Judge; Gordon Russell; Ed Shewbridge; Lora Walburn

Others Present

None

1. Call to Order - Determination of Quorum

At 1:03 pm, Chairman Schutte called the meeting to order.

2. Approval of Minutes

David Ash, seconded by Sharon Keeler, moved to approve the August 26, 2013 meeting minutes as presented. The motion carried as follows:

David Ash	-	Aye
J. Michael Hobert	-	Aye
Sharon Keeler	-	Aye
Michael Murphy	-	Absent
Charles "Chip" Schutte	-	Aye

Tom Judge introduced Ed Shewbridge, CCPS Director of Information Technology.

Mike Murphy joined the meeting at 1:05 pm.

3. ERP RFP Review of Key Considerations

The RFP has been reviewed by Sandy Terry, Steve Brown, and Dennis Sandala and is ready to distribute to twelve vendors October 1. Considerations:

a. The RFP calls for the County to provide a training coordinator. See the Clarke resource requirements attached.

b. JAS will seek proposals from consultants to assist in evaluation and contracting, with a decision to accept such a proposal only after the November 12 due date.

c. In an effort to reduce cost the RFP asks vendors to provide prices for pre-printed forms only when their system is incapable of printing such a form.

d. The Board should begin considering how system administration will be handled in the future.

Highlights of Board review include:

- Project Responsibilities:
  - Staffing list was modified to reflect the level of staffing Clarke County could reasonably provide.
  - Joint Administrative Services will act as the Technology Governance Board.
  - Tom Judge is the Project Manager.
  - Gordon Russell and Ed Shewbridge will be the Technical Team.
- Item a. Training Coordinator
  - Tom Judge suggested identifying someone within the organization to perform the duties of Training Coordinator. The Training Coordinator would:
    - Help identify which training model would work best: train the trainer, or train everyone who touches the systems, on-site training, web-based training, etc.
    - Need to determine who needs to be trained.
    - When and where the training would take place.
    - Mike Murphy put forth that he might have a staff member that would be an excellent trainer but he would prefer to review this with them before making a commitment.
    - Chairman Schutte put forth that he preferred having the vendor conduct the training.

- Gordon Russell spoke in support of conducting "train the trainer" training to create an onsite quick response team.

- Item b. Consultant to Review Proposals
  - In October, Tom Judge will put out an RFP for consultants so that when the RFP proposals for the ERP are received no time will be lost in search of a consultant.

- Item c. Pre-printed Forms
  - Tom Judge believes that the new system will move County operations away from pre-printed forms.
  - A list of certain forms is included in the RFP and vendors will be asked to supply pricing.

- Item d. System Administration
  - Would like to being discussion of system administration including:
    - Log-in ID's
    - Back-up Process
    - Security Monitoring
    - Thru-put Statistics.
  - It is time to start thinking about staffing and how responsibilities will be split between the Schools and the General Government.

- Miscellaneous Points
  - Costing data has been added to the RFP.
  - Looking at transitioning two years of data into the new system with longer-term, historical look ups pulled from the old system.
  - Departments can aid the transition by performing data clean up.

4. Other Technology Governance Issues: Training, Fiber Backbone Update Zimbra/BoardDocs cross testing. Joint Technology Plan update. HR policy and classification matters. Data cleanup.

<u>Fiber Backbone</u>

- The ComCast lease on fiber running up Route 7, owned by the County, is due to expire.
- Gordon Russell noted that in a meeting this morning ComCast seemed willing to extend the lease for an additional ten years at the current price.
- Gordon Russell expressed a desire to continue to work with Shentel to expand our own and create a more robust network.

- Shentel is planning to expand down to at least Boyce.
- Shentel is hoping that the County will come on board to help share the cost of the Boyce expansion.
- Next step with Shentel is for the County to clarify where it wants connections and to put that into the 470 application window coming up in December through March. This expenditure is eligible for a 40% reimbursement through the school. Mike Murphy stated that the School's would alert its e-rate consultant.
- Tom Judge noted that his office would have to clarify whether the funds were already budgeted; and from a procurement standpoint, his office would have to verify that Shentel was a sole-source.

- Gordon Russell reported that while Sheriff Roper believes that fiber to some of the towers would be good to have without the additional funds to do so it is not essential.

<u>Zimbra/BoardDocs Cross Training</u>

- Schools and Zimbra Cross Training:
  - Willing to train on Zimbra.
  - Researching Google mail.
  - Transition to Zimbra or Google would eliminate the cost of Microsoft Outlook.
  - Gordon Russell offered to set up a demo mail address for Mike Murphy and Ed Shewbridge.
- Board of Supervisors and BoardDocs Cross Training:
  - Cross training was ill timed conflicting with the additional demands of budget session.
  - 36 jurisdictions within Region III: 34 compile and post using Adobe Acrobat; Frederick County - Laserfische; City of Harrisonburg - Granicus.
  - Top reasons cited for use of Adobe:
    - Widely-recognized format that allows free download of its Reader application.
    - Prohibitive cost of agenda-preparation software, particularly for smaller jurisdictions. City of Harrisonburg provided its proposal - Discounted 2011 Price: Upfront $3,623 for suite; $840 per month. Standard 2011 Cost: Upfront $5,348.50 for suite; $1,180 monthly.

Mike Murphy left the meeting at 1:30 pm

5. VaCorp/VRS Local Disability Program Pending Decision.

The Government and Schools need to decide by November 1 whether to participate in the VRS Disability Plan or another Disability Plan with similar terms. The consideration should consider the following:

a. Participation in the VRS Plan is irrevocable.

b. Certain Commonwealth administered insurance pools such as LODA and Worker's Compensation have awarded generous claims, making their policies more expensive over time. It is not clear whether the VRS program may behave similarly.

c. The City of Harrisonburg has completed procurement with The Standard, an insurance company offering te1ms that meet the requirements of the VRS program.

d. The initial The Standard rates are better:

Proposed Disability Insurance Rates (% of payroll)		
Group Name	*The Standard*	*VRS*
Government	.79	.91
School Non-Professional	.37	.91
School Professional	.37	.39

The VaCorp proposal prepared by The Standard is attached. However, though VaCorp requested the proposal, their charter does not permit them to offer it. Rather, Clarke would work directly with The Standard. With Board approval JAS will work with Harrisonburg and the Standard to develop the actual contracts. The following action is recommended: "*Be it resolved that the Joint Administrative Services Board recommends that the Clarke County School Board and the Clarke County Board of Supervisors notify the Virginia Retirement System that each severally intends to opt out of the disability insurance program offered in conjunction with the new Hybrid Retirement Plan, and contract with The Standard to provide such coverage under the terms and conditions obtained by the City of Harrisonburg*".

Mike Murphy rejoined the meeting at 1:39 pm.

Tom Judge reminded that the Hybrid Plan, containing the requirement for a local disability program, begins January 1, 2014for all new hires after that date. He opined that this new plan provides short- and long-term disability, which is something better than the disability retirement program currently offered.

Tom Judge recommended that the Joint Administrative Services Board recommend adoption of the suggested resolution and recommendation to its respective boards.

Chip Schutte advised that the School Board's Finance Committee had already made this recommendation to the School Board.

In response to a family emergency, Mike Murphy exited the meeting at 1:45 pm.

David Ash; seconded by Sharon Keeler, moved to adopt the following resolution: "Be it resolved that the Joint Administrative Services Board recommends that the Clarke County School Board and the Clarke County Board of Supervisors notify the Virginia Retirement System that each severally intends to opt out of the disability insurance program offered in conjunction with the new Hybrid Retirement Plan, and

contract with The Standard to provide such coverage under the terms and conditions obtained by the City of Harrisonburg".

David Ash	-	Aye
J. Michael Hobert	-	Aye
Sharon Keeler	-	Aye
Michael Murphy	-	Absent
Charles "Chip" Schutte	-	Aye

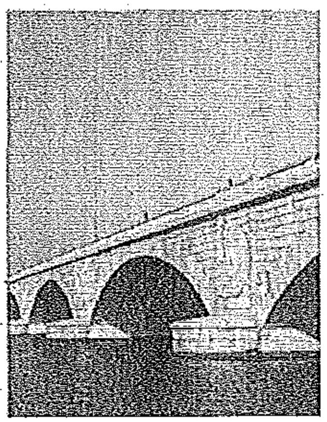
Next Meeting

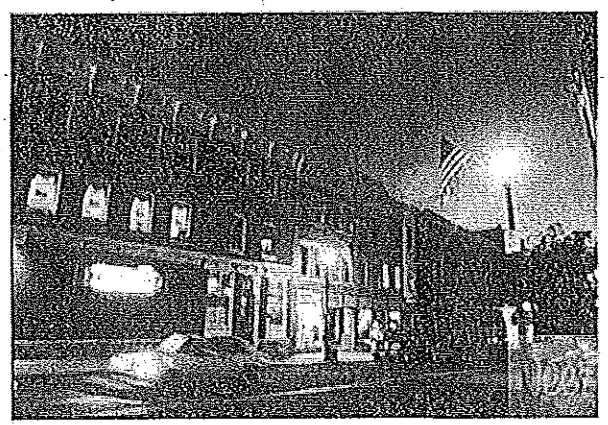
The next regular meeting is scheduled for October 28, 2013.

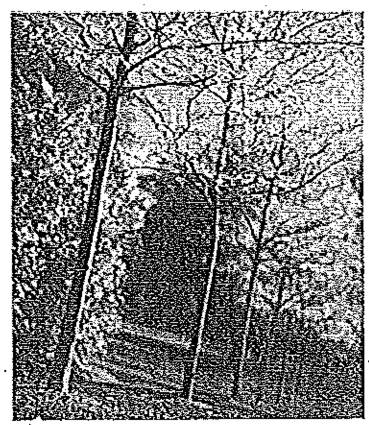
Adjournment

Chairman Schutte adjourned the meeting at 1:50 pm.

Minutes Recorded and Transcribed by Lora B. Walburn







Classification and Compensation Study

Clarke County, Virginia

January 28, 2008

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Mission Statement

Springsted provides high quality, independent financial and management advisory services to public and non-profit organizations, and works with them in the long-term process of building their communities on a fiscally sound and well-managed basis.

Springsted

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LETTER OF TRANSMITTAL

January 28, 2008

The Honorable John Staelin, Chairman
and Members of the Board of Supervisors
Clarke County
102 N. Church St.
Berryville, VA 22611

Re: **Classification and Compensation Study**

Dear Chairman Staelin and Members of the Board of Supervisors:

Springsted Incorporated is pleased to provide Clarke County with the completed Classification and Compensation Study. This Study provides an overview of the County's current compensation and classification system and our final report, including the methodology used to develop new class descriptions, a classification system, a compensation plan and options for implementing a new compensation program.

This Study represents a thorough and comprehensive review of all aspects of the County's classification and compensation system. The recommendations offered in this Study will increase the market competitiveness of the County's compensation program within the regional marketplace and provide increased internal equity among County positions. Implementation of these recommendations will help the County attract new employees and retain current employees needed to meet the County's service demands.

Springsted expresses its thanks to the Clarke County staff who completed Springsted's Position Analysis Questionnaires and participated in job audits. We particularly want to thank the members of the County Administrator's staff who supplied us with data and answered numerous questions throughout the Study. We also express our gratitude to Mr. David Ash, your County Administrator and the County's Management Team for providing direction and feedback through all the phases of the Study. Springsted appreciates the privilege of serving Clarke County and hope that we may be of assistance to you in the future.

Respectfully submitted,

John Anzivino

John Anzivino, Senior Vice President
Client Representative to Clarke County

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1. Executive Summary

Springsted Incorporated completed a Classification and Compensation Study for Clarke County, Virginia, in September 2007. The Study represents a comprehensive review of the components that affect an organization's compensation program – class descriptions, current compensation structure, the County's pay philosophy, regional market competitiveness of County salaries, the internal equity of salaries paid to comparable County positions, fringe benefits, and ongoing maintenance and administration of the compensation system.

The County has decided to take a proactive approach to dealing with its compensation system. Concerns that difficulty in recruiting and hiring new employees in the future and potential employee turnover have led to the study, although the issues of turnover and recruitment are not serious at this time.

A classification and compensation system provides the framework for determining how employees will be paid. As a general rule, most organizations conduct new classification and compensation studies every five to seven years ensuring their ability to hire and retain qualified employees and those internal relationships are equitable. The external market focus is important because it ensures that the compensation plan is adequate to attract new employees and retain existing employees. If compensation levels fall below those in the regional marketplace, the organization will experience difficulty hiring people and increased employee turnover as employees seek jobs with other organizations that will pay the market rates for their skills and abilities. Organizations should expect some employee turnover, but when it becomes excessive, turnover has a serious impact on the organization's overall effectiveness. Advertising costs are a significant measurable component of turnover, and as the County moves through the selection process the time spent by current employees covering the void left by the departing employee often diverts their attention from their day to day responsibilities creating overtime demands and often frustration on the part of the remaining employees as they attempt to meet deadlines and maintain acceptable levels of service. These are some of the hidden and non-quantifiable costs associated with turnover. There is also a substantial cost to turnover that comes with training new employees. Employees receive significant on-the-job training which diverts the attention of other employees away from their regular duties to assist in training. Organizational effectiveness is affected as employees train new employees and as those new employees endeavor to become proficient in their job. While these costs are not necessarily visible in expense reports, they will show up in performance data in the form of reduced service outcomes.

As the County continues to grow and change, it will also be important to offer competitive salaries to attract the best staff possible to serve the citizens of Clarke County. Competition for a wide range of professions in the local government market place becomes more intense each year as a healthy economy continues to attract workers to higher paying jobs in the private sector, local government curriculums are decreased at the college level and other competing organizations continually increase their salaries to remain competitive and to meet demands for service in their communities.
The periodic review which comes with a comprehensive classification and compensation update also enables an organization to account for technology

changes, changes in work processes, tools and equipment, and other factors that can affect job responsibilities. In today's fast paced world of technological change, this is especially important as almost every governmental process is affected by advancements in technology and as this occurs employee's skills, knowledge and abilities, as well as their proficiency in the use of required tools and equipment, changes. Changes in job requirements sometimes results in a new pay grade assignment. In order to properly maintain the classification and compensation system, an ongoing process is needed to review job responsibilities and job class assignment to pay grades to ensure jobs are properly classified and compensated.

The following Study documents the comprehensive review and evaluation of the County's existing classification and compensation system and the methodology used to develop a new and updated system which reflects these changes. The Study was conducted with extensive participation and input from County employees. Department Heads and Constitutional Officers were interviewed concerning the nature of their operations and discussed particular issues they were having with employee recruitment and retention. County employees supplied information about the work they perform and participated in job audits. New class descriptions were created based on employee and supervisors input. The revised class descriptions were then evaluated by Springsted using the Systematic Analysis and Factor Evaluation (SAFE®) system. The SAFE system provides a consistent and objective approach to evaluating jobs by applying standard criteria to the training and experience needed to perform the job, the level of complexity of the work performed, working conditions, the impact of end results and the consequences of errors.

A compensation survey was developed and comprehensive wage and benefit data was collected from comparable regional employers. The results of the job evaluation and the salary survey data were used to create a salary curve which served as the foundation for creating a revised classification and compensation program. The compensation program structure relied upon a review of pay philosophy concepts that included:

- Providing fair and equitable compensation to employees in a highly competitive and changing labor market
- Maintaining a competitive pay structure that takes into consideration the County's fiscal resources
- Ensuring that employee compensation is based on individual performance that meets or exceeds expectations, and reflects changing economic conditions
- Providing consistent administration of pay policies and procedures among all County departments

Major findings of the Study can be summarized as follows:

Salaries paid to Clarke County employees are, for the most part, comparable to salary rates paid in the County's labor market. For those positions with salaries that are below average market rates, Clarke County experiences difficulty hiring and retaining employees. The County also experiences turnover in positions that are paid at a higher rate by comparable organizations with which the County competes for employees. Based on the recommended salary schedule developed as part of this Study, we found that 28.21% of the County's workforce and 36.36% of the Department of Social Services' workforce was paid at a rate below the minimum salary rate of their newly assigned pay grade.

Internal pay relationship inequities exist within the County. Positions that require similar minimum qualifications and have comparable responsibilities should be compensated at comparable levels. We reviewed and updated all general County job classes and then evaluated each job class against standard criteria. Each job class was assigned to a pay grade that reflected its internal relationship to other County positions thereby ensuring equitable pay relationships.

The Study offers a recommended 2007-08 compensation plan and recognizes an implementation schedule which would be effective on January 1, 2008. The implementation schedule provides a strategy that ensures that all employees are paid at least at the minimum of their assigned pay grade.

2. Introduction

Clarke County, Virginia, retained Springsted Incorporated to conduct a Classification and Compensation Study in the early summer of 2007. Completion of this Study reflects a tremendous effort by County Staff to supply policies and human resources data, some of which were not readily available through the County's information system. Throughout this study we have introduced the staff to new concepts and terms. A glossary is provided in Appendix A to share our terminology with the reader.

The County identified several objectives for this study, which included:

- Evaluate competitiveness of the salary structure compared to external market value
- Evaluate the internal ranking of current positions, based on job responsibilities and salaries
- Develop a classification system that places all positions at the appropriate grade for each employee group scale
- Develop a compensation strategy and salary structures that are fair internally and externally
- Provide a system to be used to evaluate compensation adequacy in future job evaluations

This final report represents the culmination of the Classification and Compensation Study. It reflects significant County staff involvement, including their participation and attendance at employee orientation meetings held in May 2007 and completion and submission of Position Analysis Questionnaires. In addition, we conducted approximately 41 individual job audits with County employees to verify our understanding of various job classes, the essential functions performed, and minimum qualifications.

Members of the Springsted team also met with County department heads in May 2007 to learn about the County's operations. These interviews also provided an opportunity for department heads to explain staffing problems affecting their operations that could be addressed through the Study.

A comprehensive salary survey was also conducted as part of this Study in July 2007. Fifty-one (51) benchmark positions were included in the survey. The benchmark positions reflected a cross section of County positions and were chosen to reflect positions with high turnover and recruitment/retention issues and ensuring that all job types were represented. Survey recipients were selected based on demographics and geographic proximity. Eight (8) public entities listed below, were invited to participate in the survey:

1. Warren County
2. Shenandoah County
3. City of Winchester
4. Clarke County Schools
5. Fauquier County
6. Berkeley County, West Virginia
7. Page County
8. Town of Front Royal

Information from some localities was difficult to obtain. Repeated requests by Springsted staff and actual site visits to some localities resulted in a strong representation of information spread across all job classes with information being utilized from eight (8) localities. Frederick County, Virginia did not respond to our request for information.

Survey respondents were asked to provide information on only those Clarke County benchmark positions which they considered to be comparable to positions in their organizations. Therefore, survey respondents did not provide data for every position surveyed.

3. Methodology

Springsted Incorporated used the following methodology to develop a new and revised classification system and compensation program for Clarke County:

1. Springsted met with the County Administrator, Joint Administrative Services Director and other relevant personnel to establish working relationships, review current policies and practices relating to the County's existing pay practices, and obtain data on the programs and materials currently in use. This meeting also provided an opportunity to discuss the County's goals in adopting a classification system and compensation plan for County employees.

2. All Constitutional Officers and department heads were also provided information explaining the purpose of the study and Springsted's approach to conducting the study. Individual meetings were conducted with each department head and Constitutional Officer to collect data on department structure, operations, and staffing along with identifying any specific departmental needs and concerns related to this study.

3. Employee orientation sessions were conducted by Springsted explaining the study process and answering questions. These meetings also provided an opportunity for employees to voice concerns and have input into the study.

4. All employees received Position Analysis Questionnaires (PAQ's) and instruction sheets. They were encouraged to participate in the study by using the PAQ to describe their job duties and responsibilities and respond to questions on characteristics applicable to each position. Each employee's supervisor then reviewed the completed questionnaires for completeness and accuracy and provided any additional information they felt was relevant to the position. County employees were requested to complete the entire form to ensure that relevant information was available to develop new and updated class descriptions which would also meet the federal requirements under the Americans with Disabilities Act.

5. The Springsted consultant team reviewed each PAQ upon receipt and made preliminary classification decisions. At this initial stage of the process, any apparent discrepancies, conflicts or omissions were noted. Job audits were conducted with employees to expand, clarify or confirm available information.

6. Class descriptions were developed and preliminary class assignments were made. In some cases, the consultant recommended consolidating certain positions that performed similar duties and required similar skills.

7. Simultaneously, Springsted solicited salary information from nine public agencies after consultation with the County to determine the market for certain benchmark positions.

8. Salary data for 51 benchmark positions was collected. Survey recipients were asked to provide the minimum, maximum and actual salaries for each position.

9. Utilizing the salary data supplied by comparable organizations and the results of the Systematic Analysis and Factor Evaluation (SAFE) job evaluation system, each class was assigned to an appropriate salary grade in the County's compensation plan.

10. Guidelines for implementation and ongoing administration of the compensation program were developed. These guidelines provide for annual adjustments to the salary schedule ensuring that the County's pay scales stay current with changing economic and market conditions. The guidelines also provide for annual salary adjustments for employees based on employee performance that meets or exceeds job expectations. The implementation options and the estimated costs are provided as part of this Study.

4. Findings and Recommendations

Developing a classification system and compensation program involves the analysis of substantial quantities of data collected from employees, supervisors, comparable employers and from the County. We have evaluated the County's existing compensation program based on our analysis of the study data and the survey results. Using this information, we have developed a compensation program for Clarke County which is described below. Options for implementing the recommended changes conclude this section.

A. Evaluation of the Current Compensation Program

Discussions with County personnel and review of compensation data indicate that employees of Clarke County are somewhat under-compensated in relation to other comparable regional organizations. Other findings discussed earlier in the Study indicate a wage problem demonstrated by:

- Concerns about potential employee turnover because employees may leave the County to take higher paying jobs with other employers if compensation levels are not competitive
- County departments experiencing difficulty hiring new personnel
- County job classes with comparable responsibilities requiring comparable education and experience that are assigned to different pay ranges resulting in significant pay differences

B. Pay Philosophy

A pay philosophy guides the design of a pay plan and answers key questions regarding pay strategy. It generally takes a comprehensive, long term focus and explains the compensation program's goals and how the program supports the employer's long-range strategic goals. Without a pay philosophy, compensation decisions tend to be viewed from a short-term tactical standpoint apart from the organization's overall goals.

Market competitiveness and internal equity are among the most important areas addressed in a pay philosophy. An organization's desired market position involves defining the market and identifying where the organization wants to be positioned within that market. Market position should balance what it takes to attract new employees and to retain skilled employees (in other words, eliminating higher pay as the reason employees leave the organization) within the organization's financial resources. Internal equity expresses an organization's desire to provide comparable pay to job classes with comparable duties and responsibilities.

In consultation with the County's Management Team, the Springsted team developed a pay philosophy framework guiding the compensation program development and the direction of this Study. As part of this Study, we recommend that the County consider these concepts in the adoption of a formal pay philosophy:

- Providing fair and equitable rates of pay to employees

- Developing a system of pay grades that state the minimum and maximum rates that the County will pay individuals within a job class and identify the midpoint of the range as the "market" rate
- Defining the County's market area based on the nature of the job class requirements and the availability of potential candidates locally, state-wide or regionally
- Establishing rates of pay that allow the County to compete successfully for new employees within its market area
- Establishing a market position that is fiscally responsible with public resources
- Ensuring that pay rates for employees are based on individual performance that meets or exceeds expectations and reflects changing economic conditions
- Developing pay administration policies and procedures that ensure their consistent application between departments
- Ensuring that the compensation program is understandable to employees, managers, the Board of Supervisors and the public.

C. Defining and Evaluating Job Classes

County employees completed individual Position Analysis Questionnaires (PAQs). Supervisors reviewed the PAQs and provided information for each position. Employees and supervisors both responded to questions regarding working conditions and the physical requirements of each job in compliance with the Americans with Disabilities Act (ADA).

Based on this data, new class descriptions were developed for each general County job classification. Class descriptions are different from position descriptions; they provide a broad description of the essential functions, examples of work performed, and minimum requirements for each job class, but they do not provide an exhaustive list of tasks performed by each position. In this way, class descriptions can cover a group of positions, some of which may be in different departments, which share comparable levels of responsibility, perform comparable work, and have comparable minimum requirements. For example, an administrative assistant job class could include administrative assistant positions assigned to different departments such as public works, finance or administration. While the subject matter of each position may be different, there are many similarities in the work performed, which may include answering the phone, greeting visitors, preparing and filing documents and entering data.

In addition, numerous job titles were updated to more accurately reflect their responsibilities.

All job classes were reviewed to determine those positions that are exempt from the overtime provisions of the federal Fair Labor Standards Act (FLSA) consistent with the regulations which took effect on August 23, 2004.
With the completion of the class descriptions, we utilized the SAFE job evaluation system, to review and rate each County job class. The factors considered in determining the relative value of classifications are:

- Training and Ability
- Level of Work
- Physical Demands
- Independence of Actions
- Supervision Exercised
- Experience Required
- Human Relations Skills
- Working Conditions/Hazards
- Impact on End Results

D. Developing A Salary Schedule

The process of developing a salary schedule draws substantially from market data. This data is obtained by conducting a comprehensive survey of other comparable employers within the County's defined market. Respondents are asked to provide information about the structure of their pay plans and the minimum, maximum, and actual salary rates of their corresponding benchmark positions.

Survey Results. The salary survey included a series of questions designed to obtain information on a variety of pay practices. All respondents provided information on their pay plans. On average, survey respondents indicated that the spread of the pay ranges, or the difference between the minimum and the maximum of the range, was 57.79 percent, with a low of 48.5 percent and a high of 64 percent. The distance between pay ranges varied from 5 to 9 percent, with an average of 5.57 percent. The average distance between steps for the three (3) respondents reporting use of a step system was 2.33%. All other respondents with a system in place reported using an open range system, which provides a minimum, mid-point, and maximum level of pay for each salary grade.

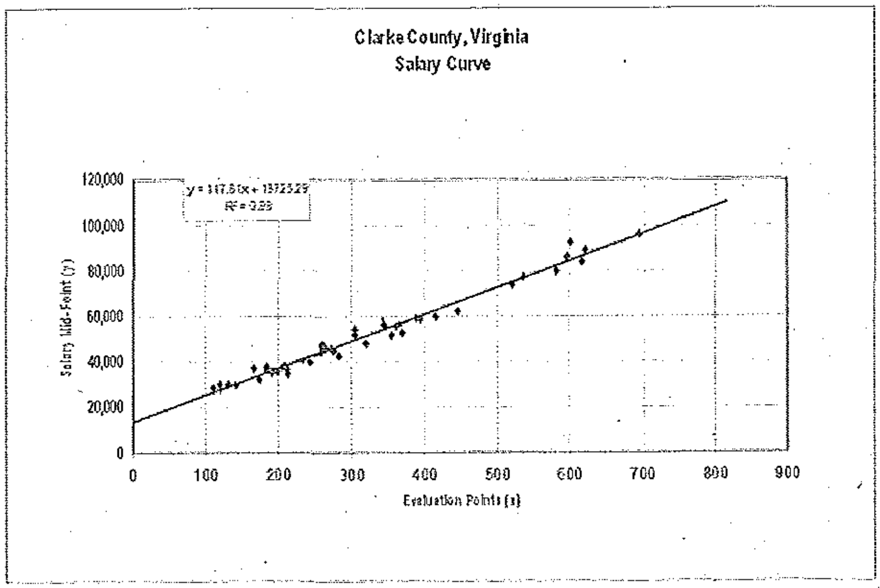
A salary survey was conducted using data from eight public agencies in the region. The survey included 51 benchmark positions covering a full range of job classes from administrative support and maintenance positions to professional employees and department heads. A general summary of survey results appears in Appendix B.

Salary Supplements in the Public Workplace. Salary supplements are, on occasion, a component of compensation in the public workplace, particularly in the area of public education compensation. Some examples of supplements provided in general government include those for attainment of additional training, education, longevity in one's position, assumption of additional duties and a wide range of other governing body approved functions. In the field of education, supplements are provided to certain employees in various job types for similar reason's and are more freely provided often extending into coaching and club sponsorships. However, not all employees of the same job class are afforded a supplement in the field of education so only one supplement may be given for extra job requirements for a particular function making direct comparisons of salaries between local government and education difficult.

Salaries for various positions surveyed as part of Clarke County's classification and compensation study were surveyed to establish relationships between minimum, midpoint and maximum salaries for particular ranges which is a traditional method of achieving 'apples to apples' comparisons for base salaries in classification and compensation studies. In conducting our survey and reviewing responses from various entities, it was clear that few local governments surveyed as part of the study provided supplements as described above. It was also noted that the Clarke County School Division provides some supplements for certain job functions, but these are provided consistent with similar practices in other school divisions.

In reviewing survey data from many entities who include Constitutional Officers as part of their pay plan, it should be noted that most counties could be considered to be providers of supplements due to the relatively low minimum level of pay offered for many Constitutional Officers positions funded via the State Compensation Board and the inability of local governments to recruit for and retain key employees at levels of pay provided by the state. Fauquier and Warren Counties are good examples of this practice working their Constitutional Officers employees into their pay plans at market levels and making up the differences between state provided funding and market level salaries for many positions. On the other hand, Shenandoah County provides a flat amount of additional pay for Compensation Board funded positions (typically $3,000 according to discussions with the County) to make up the difference and an additional amount for any additional certifications which are earned by Sherriff's deputies ($1,461). If the position is entirely funded by the County, the employee only receives the supplement earned for additional certifications. In the case of Shenandoah County and other counties that responded, supplements are included as part of the salary range information, while certification awards are not due to their lack of uniformity across the job class.

Designing the Salary Schedule. The first step in designing a compensation plan is to create a salary curve using the salary survey data for the County's benchmark positions and the corresponding job evaluation point factors for each benchmark position. This data produced the salary curve shown in Figure 1. Any given point on the salary curve identifies where the market salary rate and the job evaluation point factors intersect.



(Figure 1)

The recommended pay plan was designed by establishing pay grades with a 60 percent spread, which is the percentage change from the minimum to the maximum salary rate of a pay grade. The midpoint of each pay grade generally corresponds with the market as defined by the salary survey. The distance between pay grades is established at 5 percent. The recommended 2007-08 compensation plan for Clarke County employees can be found in Appendix C of this report.

The consultant then assigned each job class to the appropriate salary grade in the 2007-08 salary schedule. The List of Classes and Assignment to Salary Grade is shown in Appendix D.

The recommended pay plan is the result of the analysis of the data received and obtained and reflects the market ranges of salaries as reflected by competitors in the area.

5. Implementing the Recommended Salary Plan

To estimate implementation costs, we used current 2007-08 employee salaries supplied by the County for all departments. All estimated impacts calculated are on an annual basis to consider the full impact of implementation.

Consistent with County direction, we have estimated implementation costs using County personnel data as of July 2007, making the following assumptions:

- Recommended compensation program will be effective January 1, 2008.
- Implementation will address internal equity by making sure that no employee is paid below the minimum rate of their assigned salary grade.

Because of the unique administrative environment in the County, impacts of our findings and analysis for both the Joint Administrative Services and Social Services functions of County government have been broken out from the remaining functions of the governmental impacts calculated for County employees. Each position for these agencies has been evaluated separately and in relationship to the County's pay structure as a whole to ensure internal pay equity issues are addressed and pay for like positions evaluated under the SAFE system guidelines are consistent. The impacts for implementation for each of these functions are also calculated using the same methods as for General County government employees to ensure consistency among employee groups.

GENERAL COUNTY GOVERNMENT

Option 1. In this option, all employee salaries were raised to the minimum of the proposed pay grade for their position. Of the County's 78 employees, 22 employees or 28.20 percent of the County's workforce are being paid below the minimum salary rate of their proposed pay grade. The annual cost of bringing each of the employees to the minimum salary rate of their pay grade is estimated to be $59,906. This amount is equivalent to 2.01% of the County's approximate $3.0 million annual payroll for employees. Implementing this option and bringing employee salaries up to the minimum salary rate of their proposed pay grade will address internal equity and increase market comparability for the County and is the minimum level of implementation required to ensure competitiveness of salaries.

Example: An employee in a classification that has been recommended for placement in salary grade 9 has a current salary of $27,200. The current salary is below the starting salary for the recommended grade and would be placed at the minimum $27,332.93 for an increase of $132.93.

Option 1 (Move to Min)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	78	2,982,087.02	3,041,992.76	59,905.74	2.01%
Employees Below Min	22	733,756.74	793,662.48	59,905.74	8.16%
Employees Within Range	56	2,248,330.28	2,248,330.28	0.00	0.00%
Employees Above Max	0	0.00	0	0.00	

Option 2. In this option, all employee salaries are brought to the minimum of the proposed pay grade or given a 2.5% increase, whichever is greater. To apply this strategy, we first brought all employees with salaries below their proposed minimum salary rate up to the minimum rate of the proposed pay grade. Those employees who fell naturally within the proposed pay grade were placed within the range and given a 2.5% increase, moving them away from the minimum level of pay unless this increase brought them above the maximum, in which case they were moved to the maximum or remained at their current salary, whichever was greater. The estimated annual cost of this option is $119,025. This is equal to 3.99% of the County's $3.0 million annual payroll for employees. Implementation of this option will increase market comparability for the County and begin to address the issue of wage compression.

Example: An employee in a classification that has been recommended for placement in salary grade 9 has a current salary of $29,400. The current salary is within the recommended grade and would be placed at $30,135 for an increase of $735.00 which is equivalent to an increase of 2.50%.

Option 2 (Min or 2.5%)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	78	2,982,087.02	3,101,112.34	119,025.32	3.99%
Employees Below Min	22	733,756.74	796,573.80	62,817.06	8.56%
Employees Within Range	56	2,248,330.28	2,304,538.54	56,208.26	2.50%
Employees Above Max	0	0.00	0	0.00	

Option 3. In this option, all employee salaries are brought to the minimum of the proposed pay grade or given a 3.5% increase, whichever is greater. To apply this strategy, we first brought all employees with salaries below their proposed minimum salary rate up to the minimum rate of the new pay grade. Next, those employees who fell naturally within the proposed pay grade were placed within the range and given a 3.5% increase, moving them away from the minimum level of pay unless this increase brought them above the maximum, in which case they were moved to the maximum or remained at their current salary, whichever was greater. The estimated annual cost of this option is $143,182. This is equal to 4.80% of the County's $3.0 million annual payroll. Implementation of this option will increase market comparability for the County and will further address wage compression.

Example: An employee in a classification that has been recommended for placement in salary grade 9 has a current salary of $29,400. The current salary is within the recommended grade and would be placed at $30,429 for an increase of $1,029.00 which is equivalent to an increase of 3.50%..

Option 3 (Min or 3.5%)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	78	2,982,087.02	3,125,268.74	143,181.72	4.80%
Employees Below Min	22	733,756.74	798,246.90	64,490.16	8.79%
Employees Within Range	56	2,248,330.28	2,327,021.84	78,691.56	3.50%
Employees Above Max	0	0.00	0	0.00	

DEPARTMENT OF SOCIAL SERVICES

Option 1. In this option, all employee salaries were raised to the minimum of the proposed pay grade for their position. Of the Department's 11 employees, 4 employees or 36.36 percent of the Department's workforce are being paid below the minimum salary rate of their proposed pay grade. The annual cost of bringing each of the employees to the minimum salary rate of their pay grade is estimated to be $17,405. This amount is equivalent to 3.69% of the Department's approximate $475,000 annual payroll for employees. Implementing this option and bringing employee salaries up to the minimum salary rate of their proposed pay grade will address internal equity and increase market comparability for the Department and is the minimum level of implementation required to ensure competitiveness of salaries.

Option 1 (Move to Min)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	11	471,075.58	488,480.33	17,404.75	3.69%
Employees Below Min	4	167,324.00	184,728.75	17,404.75	10.40%
Employees Within Range	7	303,751.58	303,751.58	0.00	0.00%
Employees Above Max	0	0.00	0	0.00	

Option 2. In this option, all employee salaries are brought to the minimum of the proposed pay grade or given a 2.5% increase, whichever is greater. To apply this strategy, we first brought all employees with salaries below their proposed minimum salary rate up to the minimum rate of the proposed pay grade. Those employees who fell naturally within the proposed pay grade were placed within the range and given a 2.5% increase, moving them away from the minimum level of pay unless this increase brought them above the maximum, in which case they were moved to the maximum or remained at their current salary, whichever was greater. The estimated annual cost of this option is $24,999. This is equal to 5.31% of the Department's $475,000 annual payroll for employees. Implementation of this option will increase market

comparability for the Department and begin to address the issue of wage compression.

Option 2 (Min or 2.5%)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	11	471,075.58	496,074.12	24,998.54	5.31%
Employees Below Min	4	167,324.00	184,728.75	17,404.75	10.40%
Employees Within Range	7	303,751.58	311,345.37	7,593.79	2.50%
Employees Above Max	0	0.00	0	0.00	

Option 3. In this option, all employee salaries are brought to the minimum of the proposed pay grade or given a 3.5% increase, whichever is greater. To apply this strategy, we first brought all employees with salaries below their proposed minimum salary rate up to the minimum rate of the new pay grade. Next, those employees who fell naturally within the proposed pay grade were placed within the range and given a 3.5% increase, moving them away from the minimum level of pay unless this increase brought them above the maximum, in which case they were moved to the maximum or remained at their current salary, whichever was greater. The estimated annual cost of this option is $28,036. This is equal to 5.95% of the Department's $475,000 annual payroll. Implementation of this option will increase market comparability for the Department and will further address wage compression.

Option 3 (Min or 3.5%)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	11	471,075.58	499,111.64	28,036.06	5.95%
Employees Below Min	4	167,324.00	184,728.75	17,404.75	10.40%
Employees Within Range	7	303,751.58	314,382.89	10,631.31	3.50%
Employees Above Max	0	0.00	0	0.00	

JOINT SERVICES STAFF

Option 1. In this option, all employee salaries were raised to the minimum of the proposed pay grade for their position. Of the Department's current employees, none are being paid below the minimum salary rate of their proposed pay grade; however, the implementation option includes the creation of a new Purchasing Manger's position that is currently not funded. The annual cost of bringing each of the employees to the minimum salary rate of their pay grade is estimated to be $8,995. This amount is equivalent to 3.00% of the Department's approximate $300,000 annual payroll for employees. Implementing this option and bringing employee salaries up to the minimum salary rate of their proposed pay grade will address internal equity and increase market comparability for the Department and is the minimum level of implementation required to ensure competitiveness of salaries.

Option 1 (Move to Min)

	# of Staff	Current Salary		Proposed Salary	Difference	% Increase
Totals	6	299,418.96		308,414.30	8,995.34	3.00%
Employees Below Min	1	33,407.00		42,402.34	8,995.34	100.00%
Employees Within Range	5	266,011.96		266,011.96	0.00	0.00%
Employees Above Max	0	0.00		0	0.00	

Option 2. In this option, all employee salaries are brought to the minimum of the proposed pay grade or given a 2.5% increase, whichever is greater. To apply this strategy, we first brought all employees with salaries below their proposed minimum salary rate up to the minimum rate of the proposed pay grade. Those employees who fell naturally within the proposed pay grade were placed within the range and given a 2.5% increase, moving them away from the minimum level of pay unless this increase brought them above the maximum, in which case they were moved to the maximum or remained at their current salary, whichever was greater. The estimated annual cost of this option is $15,646. This is equal to 5.23% of the Joint Services Department staff's $300,000 annual payroll for employees. Implementation of this option will increase market comparability for the Joint Services Department staff and begin to address the issue of wage compression.

Option 2 (Min or 2.5%)

	# of Staff	Current Salary		Proposed Salary	Difference	% Increase
Totals	6	299,418.96		315,064.60	15,645.64	5.23%
Employees Below Min	1	33,407.00		42,402.34	8,995.34	100.00%
Employees Within Range	5	266,011.96		272,662.26	6,650.30	2.50%
Employees Above Max	0	0.00		0	0.00	

Option 3. In this option, all employee salaries are brought to the minimum of the proposed pay grade or given a 3.5% increase, whichever is greater. To apply this strategy, we first brought all employees with salaries below their proposed minimum salary rate up to the minimum rate of the new pay grade. Next, those employees who fell naturally within the proposed pay grade were placed within the range and given a 3.5% increase, moving them away from the minimum level of pay unless this increase brought them above the maximum, in which case they were moved to the maximum or remained at their current salary, whichever was greater. The estimated annual cost of this option is $18,306. This is equal to 6.11% of the Joint Services Department staff's $300,000 annual payroll. Implementation of this option will increase market comparability for the Joint Services Department staff and will further address wage compression.

Option 3 (Min or 3.5%)

	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	6	299,418.96	317,724.72	18,305.76	6.11%
Employees Below Min	1	33,407.00	42,402.34	8,995.34	100.00%
Employees Within Range	5	266,011.96	275,322.38	9,310.42	3.50%
Employees Above Max	0	0.00	0	0.00	

In some cases, implementation of the study recommendations would result in significant increases in salaries for those employees paid well below the identified market rate for their positions. In cases such as these, governing bodies have chosen to phase in increases over a period of time which typically does not adversely impact the validity of the initial salary data if the local government chooses to maintain the system with annual updates via consistent cost of living indicators.

Ongoing Administration

After initial implementation is achieved, the County will need to develop administrative procedures that provide for annual salary adjustments based on market and economic conditions and adjustments that recognize individual performance.

Base adjustments. In 2008-09, and subsequent years it will be necessary for the County to adjust the salary schedules and grades based on cost of living and other factors such as recruitment. The County can establish a guideline for determining annual base adjustments. For example, the County could base its adjustment on the Consumer Price Index (CPI). The County could also contact comparable jurisdictions to find out what percentage adjustment they are making to their pay scales as a second level of verification of the pay range adjustment. This would also ensure that the County maintains marketability among comparable regional organizations.

Employee salary increases tied to cost of living would continue having the approved percentage increase being applied to the midpoint of the salary range for the employee's salary grade. Utilizing this process employee's move toward the midpoint of the salary range, which approximates the market value of the position market, at a reasonable rate. By making this base adjustment to all employee salaries, the County ensures that employees will not fall behind the market and continue to advance to the midpoint.

Performance adjustments. All employees' progression through a pay grade is typically based on individual performance. Supervisors can recognize an employee's contribution to department and County goals through performance adjustments. With the ability to recommend performance adjustments, supervisors will have an important role in linking pay and performance. *Performance adjustments should be determined based on the employee's annual performance review. Any increase earned by the employee should be applied to the employee's base salary effective on the anniversary of his or appointment date to the current position.*

When compensation is based on performance, employees look for assurance that managers will honestly evaluate performance and not inflate ratings in order to obtain a higher salary for particular employees. Generally, such systems provide for a review by the County Administrator's Office in conjunction with the designated Human Resources Officer, if one exists, to provide a mechanism that assists managers in applying performance standards consistently for all employees.

When pay is based on performance, the evaluation system often provides for reviews at six or 12 month intervals, so employees know how supervisors view their performance and have the opportunity to improve performance and their prospect for a pay increase.

Through use of such a system higher performing employee's move through the salary ranges more quickly than those who do not perform at a high level and in some cases those performing at a level below expectations are removed from the organization if they do not improve performance after being provided the opportunity.

Many local governments are moving toward development and implementation of such a system and it is recommended that Clarke County begin exploration of such a system as well.

Review of Fringe Benefits

Fringe benefits are an important component of the total compensation package provided by employers both in the public and private sector. Clarke County recognizes that fringe benefits also provide the organization with an opportunity to be competitive in the market place and that a well rounded program is important in retaining that competitiveness. The various organizations that responded to the salary survey also provided information about their fringe benefit programs for comparative purposes. Clarke County has developed a creative benefits program which is fairly unique in the provision of leave benefits. In the County's adopted Personnel Policies Manual a Paid Time Off (PTO) program which, while maintaining separate categories of leave, assigns all leave time for vacation and sick days to vacation time. The County's policy grants leave under the annual leave category to employees for a variety of purposes including annual and sick leave and clearly outlines the parameters for management of the program. This type of leave benefit program, which is popular with larger companies in the private sector and major employers in the public sector, is becoming more popular with local governments throughout the nation, but makes direct 'apples to apples' comparisons with traditional government programs difficult. The program is a relatively innovative program for communities in the area and the state and consequently leave data for all respondents to the survey is focused on traditional annual and sick leave days earned and accrued. Traditionally, local governments and other entities have utilized separate categories for various forms of leave such as holiday, annual and sick. Often holiday language in local personnel policies is couched in terms of defining which state and national holidays are observed and deferring action to the Governor for designation of other holidays which the local government observes based upon gubernatorial declaration. Annual and sick leave policies are typically built around employees earning a certain number of days for annual and sick leave on an annual basis based upon increasing amounts both earned and accrued as years of service to the organization increase. Several observations can be made based on a review of the survey data both in the leave and benefits data concerning Clarke County's current fringe benefits package.

Benefit findings include:

- Holiday leave varies from 7 to 13 days per year with an average of 12 days of paid holiday leave. Clarke County provides employees with 12 days of paid holiday leave which is consistent with the survey average. All of the reporting organizations indicated that they do not provide employees with floating holidays. Clarke County does not provide access to this type of leave which is consistent with the survey average.
- When holidays fall on regular days off, five respondents indicate that they provide employees with either the Friday before the holiday off or the Monday after the holiday. Clarke County is consistent with survey respondents in this practice.
- When employees are required to work on an official holiday observed by the County, the majority of respondents indicate that they provide the employee with time and a half pay. Clarke County provides employees with an additional day off in lieu of the holiday worked; which is consistent with practices in many local governments.
- Annual leave schedules vary with the survey respondents providing:
  - 4.88 to 15 days of leave for 0 to 1 year of service with an average of 11 days
  - 5.69 to 16.5 days of leave for 1 to 5 years of service with an average of 12 days
  - 6.5 to 18 days of leave for employees with up to 10 years of service with an average of 15 days
  - 8.13 to 22 days of leave for employees with up to 15 years of service with an average of 17 days
  - 8.94 to 24 days of leave for employees with up to 20 years of service with an average of 19 days
  - 9.75 to 24 days of leave for employees with 20 or more years of service with an average of 20 days
- Paid Time Off leave offered by Clarke County is considered to be comparable to leave offered by other government employers due the flexibility in use of the leave accrued.
- Combined annual and sick leave offered by Clarke County for general government employees is above the survey average for the various ranges outlined above. Our analysis indicates that the County provides an average of 18 days of annual leave for up to a year of service, 18 days of annual leave for 1 to 5 years of service, 18 days of annual leave for 6 to 10 years of service and 24 days of annual leave for all years of service in excess of ten years.

- Leave days that can be carried over from year to year by employees were also an important question raised in the benefits section of the survey. Respondents indicated that the number of days that can be carried over varies from 20 days to 48.5 of the annual leave time that the employee has accumulated with an average of 31 days which can be carried over on an annual basis. Employees with 0-10 years of service with Clarke County may carry over 60 leave days while employees with more than 10 years of service may carry over 90 annual leave days.
- Maximum accumulation of annual leave, based upon various levels of years of service, ranges from 20 days earned to an unlimited number of annual leave days with the average of 35 days which can be accumulated. Employees with 0-10 years of service with Clarke County may accumulate 60 annual leave days while employees with more than 10 years of service may accumulate 90 annual leave days.
- Respondents were also asked to provide information concerning whether or not they provided compensation for annual leave once the maximum amount of leave earned was exceeded. Respondents indicated that policies for paying for annual leave after maximum accumulation varied with five respondents not providing any level of compensation. The practice is consistent with how Clarke County treats excess annual leave earned.
- Sick leave days earned per year among survey respondents ranged between 8.25 and 15 days of leave earned per year with an average of 12 days earned among survey respondents. Clarke County currently does not provide employees with sick leave. If employees require time off due to self illness or the illness of a family member, they are required to take the time from annual leave.
- Six of the responding organizations indicated that they currently pay out all or a portion of an employees' sick leave at termination or retirement. Examples of how sick leave is paid is as follows:
  - Sick leave is paid out if the employee has three or more years of service
  - Sick leave is paid out up to $10,000
  - After ten years of service, employees will be paid out $30 per day
  - Employees retiring or terminating will be paid 50% of their accrued sick leave up to a maximum payout of $2,000
- All respondents indicated that employees may use their sick leave for medical appointments and dental appointments and all but one organization indicated that this time may be used for caring for a family member who is ill. Clarke County allows employees to use their annual leave for the above mentioned reasons.
- Five of the responding organizations currently do not have provisions for establishment and use a sick leave bank. Clarke County currently does not provide a sick leave bank for employee utilization, which is consistent with survey responses.
- Maximum accumulation of sick leave ranges from 58 days to an unlimited number of days for employees with an average of 59 days.

- All of the responding organizations offer medical insurance to their eligible employees. The average monthly cost for an employee only medical plan is $461.37, $726.65 for the employee and one dependent and $1,005.61 for family coverage. Clarke County provides employees with three options of medical insurance to choose from paying above the survey averages for employee coverage under the KA 300 and 500 plans and below the survey average for the TLC High Deductible Plan. For employee and single dependent coverage, the premium cost for Clarke County's health insurance plans are above the survey average for the three plans offered by the County and for family coverage, the County's plans are above the survey average for the KA 300 plan and the KA 500 plan, but below the survey average for the TLC High Deductible Plan.
- On average from those responding to the survey, the employer pays 95.75% of the cost of employee coverage, 69.29% of the cost for employee and dependent coverage, and 59.86% of the cost of family coverage. Clarke County contributions are generally below the survey average for employee coverage for the KA 300 and the KA 500 plans, but above the survey average at 100% toward the cost of coverage for employees enrolled in the TLC High Deductible Plan. For employee and one dependent coverage, the County is below for percentages at all levels of coverage and for family coverage, the County is below the survey average for family coverage for the three available plans.
- Six of the responding organizations offer medical insurance to their retirees and pay an average of 20% toward the cost of this benefit for their retirees. Clarke County currently offers medical insurance to retirees, but does not contribute to the cost of coverage which is below the survey average.
- Eight responding organizations offer dental insurance for their employees paying an average of 97.33% toward the cost of coverage for their employees. Six offer vision insurance to their employees paying an average of 96.67% toward the cost of coverage. Clarke County's dental and vision insurance is included in the cost of health insurance for employees.
- When questioned regarding offering alternatives to group health insurance, five organizations responded that they currently do not provide this benefit. Clarke County also does not provide this benefit, which is consistent with the survey average.
- All of the responding organizations provide employees with a retirement plan other than social security with all responding to providing this benefit through a state-sponsored (VRS) system. All employers surveyed paid the employees share of participation (5%). In addition, employers also indicated that they contributed up to an additional 16.50% towards this plan for their employees with an average contribution rate of 10.004%. Clarke County also provides employees with a state-sponsored retirement plan other than social security and contributes 12.94% to employees' plans. The County's contribution is slightly above the survey average.
- Eight organizations responded that they offer life insurance to employees and contributed, on average, 71.61% towards the cost of

coverage for employees. Clarke County pays the full cost of life insurance for employees under the Virginia Retirement System program.

- Five of the responding organizations indicated that they offer short-term disability insurance to their employees. Clarke County does not offer employees short-term disability which is below the survey response.
- Five of the responding organizations offer long-term disability insurance to their employees contributing an average of 50% towards the cost of coverage for employees. Clarke County currently does not offer long-term disability insurance, which is below the survey average.
- Eight responding organizations indicated that they currently provide employees with a deferred compensation plan with six organizations indicating that they do not provide a contribution on the employees' behalf. Clarke County currently offers employees access to a deferred compensation plan and like the majority of survey respondents, does not contribute on the employees' behalf.
- When asked whether or not they provide their employees with any additional benefits, seven of the responding organizations indicated that they currently offer their employees additional benefits. Examples of these benefits are as follows:
  - Employee assistance program
  - Flexible spending accounts
  - Tuition reimbursement
  - Cancer insurance
  - Bereavement leave
  - Jury leave
  - Direct deposit
  - Employee credit union
  - Mental health and substance abuse counseling

Clarke County also offers employees additional benefits such as flexible medical benefits and annual flu shots.

Other Benefits and Policies. Local governments offer a wide range of additional benefits beyond those considered to be basic in nature (health insurance, leave, retirement plans).

On Call - Many localities provide adopted formal on call policies for non exempt employees who may need to be recalled to work to address emergency situations. Employees in many localities are rewarded with compensation ranging from an hour to an hour and a half of pay for each eight hour shift of being on call. Some provide one hour's pay for on call status Monday through Friday and an hour and a half of pay for each eight hours of on call status on Saturdays, Sundays and holidays. In addition, they pay at a rate of one and a half times the regular hourly rate for employees actually called out to work during their normal off hours

Retention Plan – Some localities have adopted an employee retention program for selected state certified employees. The program appears to clearly define expectations for employees. Some, like Henrico County, recognize difficulties in recruiting and retaining employees in key areas of employment on a more expansive basis.

Compensatory Time Practices - Finally in the area of compensatory time, practices vary a great deal for accumulation and usage of compensatory time for local government employees. For department heads and those employees designated as exempt under the U.S. Department of Labor's Fair Labor Standards Act (FLSA) practices range from unlimited accumulation and usage of compensatory time by exempt employees to accumulation and usage within defined limits. Limits are often required because unused accumulated leave as defined by many local government policies is in some cases carried as a liability on the localities books if reimbursement is allowed. For non-exempt employees compensatory time is often used by localities in lieu of direct payment of overtime in accordance with established Department of Labor practices, policies and regulations which require that leave be used within a reasonable period of accrual.

Signing Bonus - No responding locality provided a signing bonus or incentive for difficult to fill positions.

Performance Bonus Programs- Some localities provide performance bonus programs for employees who exceed defined performance standards. While not widely utilized in Virginia, performance bonuses awarded to public employees generally are provided under an established set of guidelines and are one time payments which are not typically counted against an employee's base salary. Consequently, the local government awarding the bonus does not accrue liability for continued benefit matches. Such bonuses are awarded to employees who meet an established set of performance criteria which are clearly defined.

Bonuses tied to critical success factors such as financial and operational results foster an alignment of employer and employee interests. Employers want more productivity for more dollars paid and employees want rewards for above-average performance.

Bonuses paid in lieu of merit increases eliminate compounding and require workers to earn any compensation above base pay each year. By paying bonuses, companies not only lower total labor costs, but foster loyalty as well. Bonuses based on specific goals align employer/ employee objectives by rewarding both the business and its workers when business goals are met.

Many small businesses already offer bonus programs. Unfortunately, these bonuses are often in the form of discretionary year-end payments, which employees can perceive as arbitrary and unfair. Because they're distributed according to a formula known only to top management, rather than on quantifiable standards outlined in advance, workers view them as a means to exercise favoritism.

Workers need to know in advance exactly what the criteria are for earning bonuses so they can direct their efforts appropriately.

As noted, bonuses are not prevalent in local government as a compensation award program due to the complexity of their administration and the non traditional nature of their awards.

A summary of the fringe benefits survey appears in Appendix E.

Appendix A

Glossary

Annual Salary Adjustment – A salary increase based on changes in a price index, such as the Consumer Price Index (CPI), designed to help salaries keep pace with market changes. Other factors may be considered in annual salary adjustments, including the anticipated increases in the salary schedules of comparable employers. The adjustments are applied to the minimum, midpoint, and maximum rate of each pay grade and to employee salaries so their position within their assigned pay grades is maintained.

Benchmark Jobs – A group of jobs used as reference points for making pay comparisons with other organizations.

Class Description – A summary of the essential duties performed within a job class and examples of the specific tasks and employee knowledge, skill and abilities required to perform the job.

Classification – The assignment of positions to appropriate job classes and pay grades based on the results of a job evaluation.

Internal Equity – Fair and consistent pay relationships among jobs or skill levels within a single organization that establishes equal or comparable pay for jobs involving comparable work and utilization of comparable skills.

Job Class – A grouping of jobs that is considered to by substantially similar for pay purposes.

Job Evaluation – A systematic procedure designed to make classification decisions by applying standard criteria to a review of all job classes.

Line of Best Fit – In regression analysis, the line fitted to a scatter plot of coordinates measuring pay and job evaluation factors. The line is used to develop the salary structure.

Occupational Group – Jobs involving work of the same nature but requiring different skill and responsibility levels.

Pay Grade – A level within a salary schedule into which job classes with similar job evaluation factors are placed for compensation purposes. Pay grades have a minimum rate, a midpoint rate, and a maximum rate and define what an employer is willing to pay for a particular job. The midpoint of the pay grades approximates the market salary rate which would be paid for satisfactory performance.

Pay Philosophy – Decisions about employee compensation that address the relative importance of internal equity, external competitiveness, employee contributions or performance, and administration of the pay system.

Performance Evaluation – The process of determining the extent to which a worker's assigned task outcomes meet employer performance expectations and performance standards.

Position Analysis Questionnaire (PAQ) – A structured job analysis technique that classifies job information based on such factors as information input, mental processes, work output, relationships with other persons, job context, and other job characteristics. The PAQ analyzes jobs in terms of worker-oriented data.

Progression through Pay Grades – Strategies that move employees through the pay grade by merit progression based on performance, by automatic progression through designated steps, or some combination thereof.

Salary Survey – The systematic process of collecting information and making judgments about the compensation paid by other comparable employers. Salary data are useful in designing pay grades and salary structures.

Appendix B

Clarke County, Virginia
Salary Survey - Summary

Sheet	Position Surveyed	Number of Respondents	Average FTES	Weighted Avg Sal	Minimum Salary Lowest	Minimum Salary Highest	Minimum Salary Weighted	Midpoint Sala Lowest	Midpoint Sala Hig
1	Office Assistant	5	3.55	29,810	20,202	22,027	22,417	26,677	28
2	Administrative Assistant	6	4.50	34,126	22,060	28,184	26,550	28,678	36
3	Deputy Clerk to the Board of Supervisors/Executive Assistant	6	1.00	43,639	26,063	39,811	33,959	33,882	51
4	Information Technology/Geographic Information Systems Tec	5	1.00	45,171	30,974	35,142	35,354	38,478	44
5	Director of Information Technology	4	1.00	82,884	42,805	77,800	66,740	54,768	101
6	Deputy Treasurer I	5	3.20	29,878	20,295	24,570	23,245	26,126	29
7	Deputy Treasurer III	5	1.20	36,692	24,868	30,149	28,704	31,827	38
8	Real Estate Coordinator/Assessor	3	3.67	43,912	28,330	41,907	33,848	36,829	52
9	DNU - 4-H Program Assistant								
10	Deputy Commissioner of the Revenue I	5	5.60	30,075	20,295	24,570	23,355	26,126	29
11	Deputy Commissioner of the Revenue III	5	2.00	35,430	24,868	30,149	27,862	31,827	38
12	General Registrar	3	1.00	49,300	34,535	36,381	39,208	47,296	47
13	Legal Assistant/Administrative Assistant II	6	2.33	38,249	23,978	34,535	30,557	31,172	36
14	Victim/Witness Director	5	1.00	44,274	20,812	42,003	32,268	36,181	40
15	Assistant Commonwealth's Attorney/County Attorney	5	3.20	71,053	40,758	59,104	56,099	52,159	66
16	Zoning/Code Enforcement Officer	3	1.00	45,323	32,916	36,067	35,211	43,462	46
17	Natural Resources Planner	3	1.00	47,042	34,964	36,182	37,103	44,083	45
18	Zoning Administrator	5	1.00	55,998	38,594	57,750	44,453	48,660	70
19	Director of Planning	5	1.00	81,196	46,721	89,250	64,378	60,738	107
20	Permit Technician/Office Manager	5	1.00	36,127	22,060	30,149	28,223	28,678	38
21	Building Inspector	6	2.00	43,237	28,850	38,084	34,000	36,917	43
22	Building Official	7	1.14	62,279	39,545	57,750	48,935	51,409	70
23	Administrative Services Manager	4	1.50	45,183	30,149	42,003	35,153	38,013	41
24	Recreation Program Coordinator	3	2.33	42,568	28,697	34,119	33,518	36,181	42
25	Recreation Center Manager/Facilities Superintendent	2	1.50	54,334	33,451	42,003	42,049	42,805	42
26	Director of Parks and Recreation	4	1.00	75,660	47,023	79,186	59,923	59,287	70
27	Animal Control Officer II	5	2.00	36,649	22,060	31,836	28,659	28,678	40
28	Maintenance Technician I	8	2.13	33,081	18,501	29,619	25,667	23,676	38
29	Director of Maintenance	6	1.00	58,797	26,145	63,045	46,034	33,452	60
30	Firefighter/EMT - Intermediate	5	6.40	40,360	27,460	38,679	31,795	35,133	47
31	DNU - Firefighter/EMT - Intermediate Part-Time	2	15.00	37,335	18,720	32,531	23,324	40,404	40
32	Emergency Medical Services Director	3	1.00	77,523	47,257	84,468	60,376	60,480	62
33	Communications Specialist	7	7.43	33,779	22,539	33,426	26,432	28,841	39
34	Director of E-911 Communications	6	1.00	61,081	31,676	76,627	47,775	39,937	61
35	Office Manager/Records Technician	4	1.00	32,025	23,327	24,868	24,170	29,415	31
36	Court Services Officer	2	5.50	34,619	26,063	30,149	26,792	33,882	38
37	Deputy Sheriff	5	11.40	43,851	30,548	38,688	33,855	39,713	43
38	Deputy Sheriff Sergeant	5	4.40	54,019	36,092	47,050	41,760	46,315	52
39	Chief Deputy Sheriff	4	1.00	73,401	46,350	84,469	57,197	59,287	64
40	Receptionist	6	1.50	26,582	18,672	22,027	20,273	24,201	28
41	Office Assistant (Social Services)	3	1.00	31,807	21,146	27,086	24,928	26,677	31
42	Office Manager (Social Services)	2	1.00	52,713	30,149	48,614	41,002	38,013	38
43	Case Aide	2	1.50	37,633	25,711	29,835	29,262	32,435	32
44	Eligibility Worker	2	3.50	43,868	29,754	32,916	33,942	37,534	37

Clarke County, Virginia
Salary Survey - Summary

Sheet	Position Surveyed	Number of Respondents	Average FTES	Weighted Avg Sal	Minimum Salary Lowest	Highest	Weighted	Midpoint Sala Lowest	Hi
45	Social Worker	2	6.00	51,529	36,182	39,995	40,070	45,643	45
46	Director of Social Services	2	2.00	95,735	65,130	89,250	75,658	107,625	10
47	Accounts Payable Coordinator	2	2.50	37,570	28,431	35,523	29,722	41,902	41
48	Payroll and Benefits Coordinator	5	1.00	40,729	26,063	36,182	31,941	33,882	45
49	DNU - Buyer	1	1.00	40,746	31,337	31,337	31,337	0	
50	Accountant	4	1.25	53,810	35,142	48,614	41,792	44,975	52
51	Director of Joint Administrative Services	5	1.00	79,898	51,904	83,148	64,033	65,442	89

Clarke County, Virginia
Salary Survey - Results

Department	Position	Current Mid	Compensation Board Min	Compensation Board Max	Survey Mid	% diff	Grade	Mir
Administrative (Global)	Office Assistant	29,364			29,810	98.50%	6	23,
Administrative (Global)	Administrative Assistant	33,926			34,126	99.41%	9	27,
Administrative (Global)	Office Manager	33,926					11	30,
Administration	Deputy Clerk to the Board of Supervisors/Executive Assistant	36,969			43,639	84.71%	14	34,
Information Technology	Information Technology/Geographic Information Systems Technician	35,448			45,171	78.47%	14	34,
Information Technology	Director of Information Technology	55,221			82,884	66.62%	27	65,
Treasurer	Deputy Treasurer I	23,016	19,856	37,371	29,878	77.03%	4	21,
Treasurer	Deputy Treasurer II	23,016	23,723	45,666			7	24,
Treasurer	Deputy Treasurer III	29,364	28,362	58,322	36,692	80.03%	10	28,
Extension Office	4-H Program Assistant	29,364					7	24,
Commissioner of the Revenue	Deputy Commissioner of the Revenue I	26,159	19,856	37,371	30,075	86.98%	4	21,
Commissioner of the Revenue	Deputy Commissioner of the Revenue II	26,159	23,723	45,666			7	24,
Commissioner of the Revenue	Deputy Commissioner of the Revenue III	32,909	28,362	58,322	35,430	92.88%	10	28,
Commissioner of the Revenue	Real Estate Coordinator/Assessor	43,052			43,912	98.04%	15	36,
Registrar	General Registrar				49,300		17	40,
Commonwealth's Attorney	Legal Assistant/Administrative Assistant II	40,738	31,778	54,576	38,249	106.51%	13	33,
Commonwealth's Attorney	Victim/Witness Director				44,274		15	36,
Commonwealth's Attorney	Assistant Commonwealth's Attorney/County Attorney		22,692	46,573	71,053		23	54,
Planning	Zoning/Code Enforcement Officer	36,969			45,323	81.57%	14	34,
Plannning	Natural Resources Planner	44,573			47,042	94.75%	16	38,
Planning	Zoning Administrator	47,616			55,998	85.03%	18	42,
Planning	Director of Planning	68,909			81,196	84.87%	26	62,
Building	Permit Technician	29,364					6	23,
Building	Permit Technician/Office Manager	33,926			36,127	93.91%	9	27,

Clarke County, Virginia
Salary Survey - Results

Department	Position	Current Mid	Compensation Board Min	Compensation Board Max	Survey Mid	% diff	Grade
Building	Building Inspector	40,738			43,237	94.22%	13
Building	Building Official	50,657			62,279	81.34%	20
Parks and Recreation	Customer Service Specialist	29,364					6
Parks and Recreation	Administrative Services Manager	33,926			45,183	75.09%	13
Parks and Recreation	Childcare Specialist	32,405					12
Parks and Recreation	Recreation Program Coordinator	38,490			42,568	90.42%	13
Parks and Recreation	Recreation Center Manager/Facilities Superintendent	38,490			54,334	70.84%	18
Parks and Recreation	Director of Parks and Recreation	55,221			75,660	72.99%	25
Animal Control	Animal Control Officer I	26,322					8
Animal Control	Animal Control Officer II	32,405			36,649	88.42%	10
Maintenance	Maintenance Assistant	26,322					6
Maintenance	Maintenance Technician I	26,322			33,081	79.57%	9
Maintenance	Maintenance Technician II	35,448					10
Maintenance	Director of Maintenance	55,221			58,797	93.92%	19
Emergency Services	Firefighter/EMT - Intermediate	38,490			40,360	95.37%	13
Emergency Services	Emergency Medical Services Director	38,490			77,523	49.65%	24
Communications	Communications Specialist	26,159	23,723	45,666	33,779	77.44%	9
Communications	Assistant Director of E-911 Communications						13
Communications	Director of E-911 Communications	35,448			61,081	58.03%	20
Sheriffs Department	Office Manager/Records Technician	23,281	19,856	37,371	32,025	72.70%	7
Sheriffs Department	Court Services Officer		28,234	52,973	34,619		10
Sheriffs Department	Court Services Sergeant	47,395	33,147	69,186			15
Sheriffs Department	Deputy Sheriff	32,405			43,851	73.90%	14
Sheriffs Department	Deputy Sheriff Sergeant		33,147	69,186	54,019		18
Sheriffs Department	Deputy Sheriff/Investigator						15
Sheriffs Department	Deputy Sheriff/Investigations Sergeant		33,147	69,186			18
Sheriffs Department	Chief Deputy Sheriff	52,178	44,058	116,345	73,401	71.09%	24

Clarke County, Virginia

Department of Social Services - Salary Survey – Summary

		Current	Compensation Board			Survey				
Department	Position	Mid	Class Code	Min	Max	Min	Mid	Max	% diff	Gr
Social Services	Receptionist					20,273	26,582	32,682.59		[illegible]
Social Services	Office Assistant (Social Services)					24,928	31,807	38,666.11		[illegible]
Social Services	Office Manager (Social Services)					41,002	52,713	64,423.87		1
Social Services	Case Aide					29,262	37,633	46,002.90		1
Social Services	Eligibility Worker					33,942	43,868	53,793.70		1
Social Services	Eligibility Supervisor									2
Social Services	Social Worker					40,070	51,529	62,988.40		1
Social Services	Director of Social Services									2

Clarke County, Virginia

Department of Joint Administrative Services - Salary Survey – Summary

		Current	Compensation Board		Survey				
Department	Position	Mid	Min	Max	Min	Mid	% diff	Grade	M
Joint	Finance/Administrative Technician							11	30
Joint	Accounts Payable Coordinator				29,722	37,570.15		12	31
Joint	Payroll and Benefits Coordinator				31,941	40,728.92		13	33
Joint	Buyer							16	38
Joint	Purchasing Manager							18	42
Joint	Accountant				41,792	53,809.80		19	44
Joint	Director of Joint Administrative Services				64,033	79,897.98		28	69

Appendix C

Clarke County, Virginia
2007-2008 Pay Scale

	Min	Mid	Max
1	18,500.00	24,050.00	29,600.00
2	19,425.00	25,252.50	31,080.00
3	20,396.25	26,515.13	32,634.00
4	21,416.06	27,840.88	34,265.70
5	22,486.87	29,232.93	35,978.99
6	23,611.21	30,694.57	37,777.93
7	24,791.77	32,229.30	39,666.83
8	26,031.36	33,840.77	41,650.17
9	27,332.93	35,532.80	43,732.68
10	28,699.57	37,309.44	45,919.32
11	30,134.55	39,174.92	48,215.28
12	31,641.28	41,133.66	50,626.05
13	33,223.34	43,190.34	53,157.35
14	34,884.51	45,349.86	55,815.21
15	36,628.73	47,617.35	58,605.98
16	38,460.17	49,998.22	61,536.27
17	40,383.18	52,498.13	64,613.09
18	42,402.34	55,123.04	67,843.74
19	44,522.46	57,879.19	71,235.93
20	46,748.58	60,773.15	74,797.73
21	49,086.01	63,811.81	78,537.61
22	51,540.31	67,002.40	82,464.49
23	54,117.32	70,352.52	86,587.72
24	56,823.19	73,870.15	90,917.10
25	59,664.35	77,563.65	95,462.96
26	62,647.57	81,441.84	100,236.11
27	65,779.94	85,513.93	105,247.91
28	69,068.94	89,789.62	110,510.31
29	72,522.39	94,279.11	116,035.82
30	76,148.51	98,993.06	121,837.61
31	79,955.93	103,942.71	127,929.49
32	83,953.73	109,139.85	134,325.97
33	88,151.42	114,596.84	141,042.27
34	92,558.99	120,326.68	148,094.38
35	97,186.94	126,343.02	155,499.10

Appendix D

Clarke County, Virginia

Sorted by Department then Grade; Showing Title and Range Schematic

Department	Position	Grade	Proposed Salary Min	Mid	Max
Administration	Deputy Clerk to the Board of Supervisors/Executive Assistant	14	34,885	45,350	55,815
Administrative (Global)	Office Assistant	6	23,611	30,695	37,778
Administrative (Global)	Administrative Assistant	10	28,700	37,309	45,919
Administrative (Global)	Office Manager	12	31,641	41,134	50,626
Animal Control	Animal Control Officer I	8	26,031	33,841	41,650
Animal Control	Animal Control Officer II	10	28,700	37,309	45,919
Building	Permit Technician	7	24,792	32,229	39,667
Building	Permit Technician/Office Manager	10	28,700	37,309	45,919
Building	Building Inspector	14	34,885	45,350	55,815
Building	Building Official	21	49,086	63,812	78,538
Commissioner of the Revenue	Deputy Commissioner of the Revenue I	5	22,487	29,233	35,979
Commissioner of the Revenue	Deputy Commissioner of the Revenue II	7	24,792	32,229	39,667
Commissioner of the Revenue	Deputy Commissioner of the Revenue III	10	28,700	37,309	45,919
Commissioner of the Revenue	Real Estate Coordinator/Assessor	16	38,460	49,998	61,536
Commonwealth's Attorney	Legal Assistant/Administrative Assistant II	13	33,223	43,190	53,157
Commonwealth's Attorney	Victim/Witness Director	16	38,460	49,998	61,536
Commonwealth's Attorney	Assistant Commonwealth's Attorney/County Attorney	24	56,823	73,870	90,917
Communications	Communications Specialist	9	27,333	35,533	43,733
Communications	Assistant Director of E-911 Communications	14	34,885	45,350	55,815
Communications	Director of E-911 Communications	20	46,749	60,773	74,798
Emergency Services	Firefighter/EMT - Intermediate	14	34,885	45,350	55,815
Emergency Services	Emergency Medical Services Director	24	56,823	73,870	90,917
Extension Office	4-H Program Assistant	7	24,792	32,229	39,667
Information Technology	Information Technology/Geographic Information Systems Technician	14	34,885	45,350	55,815
Information Technology	Director of Information Technology	27	65,780	85,514	105,248
Maintenance	Maintenance Assistant	6	23,611	30,695	37,778
Maintenance	Maintenance Technician I	9	27,333	35,533	43,733
Maintenance	Maintenance Technician II	11	30,135	39,175	48,215
Maintenance	Director of Maintenance	20	46,749	60,773	74,798
Parks and Recreation	Customer Service Specialist	7	24,792	32,229	39,667
Parks and Recreation	Childcare Specialist	12	31,641	41,134	50,626
Parks and Recreation	Administrative Services Manager	14	34,885	45,350	55,815
Parks and Recreation	Recreation Program Coordinator	14	34,885	45,350	55,815
Parks and Recreation	Recreation Center Manager/Facilities Superintendent	18	42,402	55,123	67,844
Parks and Recreation	Director of Parks and Recreation	27	65,780	85,514	105,248
Planning	Zoning/Code Enforcement Officer	14	34,885	45,350	55,815
Planning	Zoning Administrator	18	42,402	55,123	67,844
Planning	Director of Planning	27	65,780	85,514	105,248
Plannning	Natural Resources Planner	17	40,383	52,498	64,613
Registrar	General Registrar	18	42,402	55,123	67,844
Sheriff's Department	Office Manager/Records Technician	8	26,031	33,841	41,650
Sheriff's Department	Court Services Officer	10	28,700	37,309	45,919
Sheriff's Department	Deputy Sheriff	15	36,629	47,617	58,606
Sheriff's Department	Court Services Sergeant	16	38,460	49,998	61,536
Sheriff's Department	Deputy Sheriff/Investigator	16	38,460	49,998	61,536
Sheriff's Department	Deputy Sheriff Sergeant	19	44,522	57,879	71,236
Sheriff's Department	Deputy Sheriff/Investigations Sergeant	19	44,522	57,879	71,236
Sheriff's Department	Chief Deputy Sheriff	25	59,664	77,564	95,463
Treasurer	Deputy Treasurer I	4	21,416	27,841	34,266
Treasurer	Deputy Treasurer II	7	24,792	32,229	39,667
Treasurer	Deputy Treasurer III	10	28,700	37,309	45,919

Clarke County, Virginia

Sorted by Grade; Showing Title and Range Schematic

Department	Position	Grade	Proposed Salary Min	Mid	Max
Treasurer	Deputy Treasurer I	4	21,416	27,841	34,266
Commissioner of the Revenue	Deputy Commissioner of the Revenue I	5	22,487	29,233	35,979
Maintenance	Maintenance Assistant	6	23,611	30,695	37,778
Administrative (Global)	Office Assistant	6	23,611	30,695	37,778
Extension Office	4-H Program Assistant	7	24,792	32,229	39,667
Parks and Recreation	Customer Service Specialist	7	24,792	32,229	39,667
Commissioner of the Revenue	Deputy Commissioner of the Revenue II	7	24,792	32,229	39,667
Treasurer	Deputy Treasurer II	7	24,792	32,229	39,667
Building	Permit Technician	7	24,792	32,229	39,667
Animal Control	Animal Control Officer I	8	26,031	33,841	41,650
Sheriffs Department	Office Manager/Records Technician	8	26,031	33,841	41,650
Communications	Communications Specialist	9	27,333	35,533	43,733
Maintenance	Maintenance Technician I	9	27,333	35,533	43,733
Administrative (Global)	Administrative Assistant	10	28,700	37,309	45,919
Animal Control	Animal Control Officer II	10	28,700	37,309	45,919
Sheriffs Department	Court Services Officer	10	28,700	37,309	45,919
Commissioner of the Revenue	Deputy Commissioner of the Revenue III	10	28,700	37,309	45,919
Treasurer	Deputy Treasurer III	10	28,700	37,309	45,919
Building	Permit Technician/Office Manager	10	28,700	37,309	45,919
Maintenance	Maintenance Technician II	11	30,135	39,175	48,215
Parks and Recreation	Childcare Specialist	12	31,641	41,134	50,626
Administrative (Global)	Office Manager	12	31,641	41,134	50,626
Commonwealth's Attorney	Legal Assistant/Administrative Assistant II	13	33,223	43,190	53,157
Parks and Recreation	Administrative Services Manager	14	34,885	45,350	55,815
Communications	Assistant Director of E-911 Communications	14	34,885	45,350	55,815
Building	Building Inspector	14	34,885	45,350	55,815
Administration	Deputy Clerk to the Board of Supervisors/Executive Assistant	14	34,885	45,350	55,815
Emergency Services	Firefighter/EMT - Intermediate	14	34,885	45,350	55,815
Information Technology	Information Technology/Geographic Information Systems Technician	14	34,885	45,350	55,815
Parks and Recreation	Recreation Program Coordinator	14	34,885	45,350	55,815
Planning	Zoning/Code Enforcement Officer	14	34,885	45,350	55,815
Sheriffs Department	Deputy Sheriff	15	36,629	47,617	58,606
Sheriffs Department	Court Services Sergeant	16	38,460	49,998	61,536
Sheriffs Department	Deputy Sheriff/Investigator	16	38,460	49,998	61,536
Commissioner of the Revenue	Real Estate Coordinator/Assessor	16	38,460	49,998	61,536
Commonwealth's Attorney	Victim/Witness Director	16	38,460	49,998	61,536
Plannning	Natural Resources Planner	17	40,383	52,498	64,613
Registrar	General Registrar	18	42,402	55,123	67,844
Parks and Recreation	Recreation Center Manager/Facilities Superintendent	18	42,402	55,123	67,844
Planning	Zoning Administrator	18	42,402	55,123	67,844
Sheriffs Department	Deputy Sheriff Sergeant	19	44,522	57,879	71,236
Sheriffs Department	Deputy Sheriff/Investigations Sergeant	19	44,522	57,879	71,236
Communications	Director of E-911 Communications	20	46,749	60,773	74,798
Maintenance	Director of Maintenance	20	46,749	60,773	74,798
Building	Building Official	21	49,086	63,812	78,538
Commonwealth's Attorney	Assistant Commonwealth's Attorney/County Attorney	24	56,823	73,870	90,917
Emergency Services	Emergency Medical Services Director	24	56,823	73,870	90,917
Sheriffs Department	Chief Deputy Sheriff	25	59,664	77,564	95,463
Information Technology	Director of Information Technology	27	65,780	85,514	105,248
Parks and Recreation	Director of Parks and Recreation	27	65,780	85,514	105,248
Planning	Director of Planning	27	65,780	85,514	105,248

Clarke County, Virginia

Social Services Department - Sorted by Grade; Showing Title and Range Schematic

Department	Position	Grade	Proposed Salary Min	Mid	Max
Social Services	Receptionist	4	21,416	27,841	34,266
Social Services	Office Assistant (Social Services)	9	27,333	35,533	43,733
Social Services	Case Aide	10	28,700	37,309	45,919
Social Services	Eligibility Worker	15	36,629	47,617	58,606
Social Services	Office Manager (Social Services)	17	40,383	52,498	64,613
Social Services	Social Worker	18	42,402	55,123	67,844
Social Services	Eligibility Supervisor	20	46,749	60,773	74,798
Social Services	Director of Social Services	28	69,069	89,790	110,510

Clarke County, Virginia

Department of Joint Administrative Services- Sorted by Grade; Showing Title and Range Schematic

			Proposed Salary		
Department	Position	Grade	Min	Mid	Max
Joint	Finance/Administrative Technician	11	30,135	39,175	48,215
Joint	Accounts Payable Coordinator	12	31,641	41,134	50,626
Joint	Payroll and Benefits Coordinator	13	33,223	43,190	53,157
Joint	Buyer	16	38,460	49,998	61,536
Joint	Purchasing Manager	18	42,402	55,123	67,844
Joint	Accountant	19	44,522	57,879	71,236
Joint	Director of Joint Administrative Services	28	69,069	89,790	110,510

Appendix E

Clarke County, Virginia
Comparison of Major Fringe Benefits

Fringe Benefit	Least Reported	Most Reported	Average Reported	Clarke County, Virginia
Holidays (Days/Year)	7	13	12	12
Floating Holidays	No (6)	0	No	No
Number of Floating Holidays				
Holiday on Regular Days Off	Other (0)	Fri or Mon (5)	Fri or Mon	Fri or Mon
Comp on Holidays Worked	Double (1)	Time & ½ (2)	Time & ½	Other
Comp Explained				Employees receive a different day off
Annual Leave (Days/Year)				
0 to 1 Years Service	4.875	15	11	18
1 to 5 Years Service	5.6875	16.5	12	18
6 to 10 Years Service	6.5	18	15	19.2
11 to 15 Years Service	8.125	22	17	24
16 to 20 Years Service	8.9375	24	19	24
20+ Years Service	9.75	24	20	24
Carried into Next Year	20	48.5	31	Employees with 0-10 years of service are allowed to carry over 60 days and employees with more than 10 years are allowed to carry over 90 days
Max Accumulation	20	Unltd. (1)	35	Employees with 0-10 years of service are allowed to carry over 60 days and employees with more than 10 years are allowed to carry over 90 days
Comp after Max Accumulation	Yes (2)	No (5)	No	No
Comp after max explaination				N/A
Sick Leave (Days/Year)	4.875	18	12	Employees are to take time from annual leave for sick time off
Carried into Next Year	90	Unltd (6)	145	Because County employees do not accrue sick leave and must utilize annual leave for illness, employees with 0-10 years of service are allowed to carry over 60 annual leave days and employees with more than 10 years are allowed to carry over 90 days
Max. Accumulation	90	Unltd. (7)	145	Because County employees do not accrue sick leave and must utilize annual leave for illness, employees with 0-10 years of service are allowed to carry over 60 annual leave days and employees with more than 10 years are allowed to carry over 90 days

Clarke County, Virginia
Comparison of Major Fringe Benefits

Fringe Benefit	Least Reported	Most Reported	Average Reported	Clarke County, Virginia
Paid at Termination/Retirement	No (2)	Yes (6)	Yes	Yes - annual leave
If paid at termination, how?				100% of annual leave paid at termination/retirement (annual leave and sick leave come from the same bank)
Use for Medical Appointments	No (0)	Yes (8)	Yes	Yes
Use for Dental Appointments	No (0)	Yes (8)	Yes	Yes
Use for Family Illness	No (1)	Yes (7)	Yes	Yes
Sick Leave Bank	No (2)	Yes (5)	Yes	No
Pension and Retirement				
Other Than Social Security	No (0)	Yes (8)	Yes	Yes
State Sponsored	No (0)	Yes (8)	Yes	Yes
Employer Paid	5.00%	16.50%	10.04%	12.94%
Employee Paid	0.00%	4.50%	0.90%	0.00%
Death Benefit	No (1)	Yes (6)	Yes	Yes
Medical Insurance	No (0)	Yes (8)	Yes	Yes
Employee Only	$408.00	$563.00	$461.37	KA 300 plan = $485; KA 500 plan = $468 & TLC High Deductible plan = $393
Employer Paid	87.00%	100.00%	95.75%	KA 300 = 87%, KA 500 = 92% & TLC High Deductible = 100%
Employee Paid	0.00%	13.00%	4.25%	KA 300 = 13%, KA 500 = 8% & TLC High Deductible = 0%
Employee/Dependent	$500.00	$888.00	$726.65	KA 300 plan = $855; KA 500 plan = $823 & TLC High Deductible plan = $823
Employer Paid	50.00%	83.00%	69.29%	KA 300 = 52%, KA 500 =54% & TLC High Deductible = 61%
Employee Paid	17.00%	50.00%	30.71%	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%
Employee/Family	$500.00	$1,296.00	$1,005.61	KA 300 plan = $1225; KA 500 plan = $1179 & TLC High Deductible plan = $976
Employer Paid	44.00%	75.00%	59.86%	KA 300 = 52%, KA 500 =54% & TLC High Deductible = 61%
Employee Paid	25.00%	56.00%	40.14%	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%
Retirees	No (1)	Yes (6)	Yes	Yes
Employer Paid	0.0%	100.0%	20.00%	0.00%
Alternative Health Insurance	Yes (1)	No (5)	No	No
Dental Insurance	No (0)	Yes (9)	Yes	Yes
Employer Paid	89.0%	100.0%	97.33%	Included in the cost of medical insurance.
Vision Insurance	No (3)	Yes (6)	Yes	No
Employer Paid	95.0%	100.0%	96.67%	

Clarke County, Virginia
Comparison of Major Fringe Benefits

Fringe Benefit	Least Reported	Most Reported	Average Reported	Clarke County, Virginia
Life & Disability Insurance				
Life Insurance	No (0)	Yes (8)	Yes	No
Employer Paid	0.0%	100.0%	71.61%	
AD&D	No (0)	Yes (7)	Yes	Yes
AD&D Double Indemnity	No (0)	Yes (7)	Yes	
Employer Paid	0.0%	100.0%	85.71%	100% through the Virginia Retirement System
Short Term Disability	No (3)	Yes (5)	Yes	No
Employer Paid	0.0%	0.0%	0.00%	
Long Term Disability	No (3)	Yes (5)	Yes	No
Employer Paid	0.0%	100.0%	50%	
Deferred Compensation	No (0)	Yes (8)	Yes	Yes
Available to all Employees	No (1)	Yes (6)	Yes	No - not available to part-time temporary employees.
Type of Plan				457 plan
Employer Contribution	Yes (2)	No (5)	No	No
Other Benefits Program				
Other Benefits	No (0)	Yes (7)	Yes	Yes
Other Benefits Explained				Flexible medical benefit with a $11.66 per month employer contribution and annual flu shots
Post Retirement Hlth Care Svgs	Yes (0)	No (4)	No	No

Fringe Benefit	Clarke County Government	Clarke County Schools	Clarke County Sheriff's Department - Sheriff's Staff	Clarke County Sheriff's Department - Communications Staff
Holidays (Days/Year)	12	13	12	12
Floating Holidays	No	No	No	No
Number of Floating Holidays				
Holiday on Regular Days Off	Fri or Mon		Other - Administrative Staff take holiday off Patrol and communications staff work if scheduled then leave is built into annual days off.	Annual leave and holiday leave is added together and given per month.
Comp on Holidays Worked	Other		Other - Built in leave policy.	Other - All receive the same holiday hours.
Comp Explained	Employees received a different day off			
Annual Leave (Days/Year)				
0 to 1 Years Service	18	*6 (including 3 personal days)		16 for shift and 9 for administrative
1 to 5 Years Service	18	*15 (including 3 personal days)	28	16 for shift and 9 for administrative
6 to 10 Years Service	19.2	*18 (including 3 personal days)	27.4625	18.25 for shift and 12.5 for administrative
11 to 15 Years Service	24	*22 (including 3 personal days)	33.3125	18.25 for shift and 12.5 for administrative
16 to 20 Years Service	24	*22 (including 3 personal days)	33.3125	20.5 for shift and 16 for administrative
20+ Years Service	24	*22 (including 3 personal days)	33.3125	20.5 for shift and 16 for administrative
Carried into Next Year	Employees with 0-10 years of service are allowed to carry over 60 days and employees with more than 10 years are allowed to carry over 90 days.	22	Unlimited	Unlimited
Max Accumulation	Employees with 0-10 years of service are allowed to carry over 60 days and employees with more than 10 years are allowed to carry over 90 days.	30	Unlimited	Unlimited
Comp after Max Accumulation	No	30	N/A	N/A
Comp after max explaination	N/A	No	N/A	N/A
Sick Leave (Days/Year)	Annual leave and sick leave come from same bank of time.	12	6.75	6.75
Carried into Next Year	Employees with 0-10 years of service are allowed to carry over 60 days and employees with more than 10 years are allowed to carry over 90 days.	200	Unlimited	Unlimited
Max. Accumulation	Employees with 0-10 years of service are allowed to carry over 60 days and employees with more than 10 years are allowed to carry over 90 days.	200	Unlimited	Unlimited
Paid at Termination/Retirement	N/A	Yes	No	No
If paid at termination, how?		After 10 years, they will be paid out $30 per day		

Clarke County, Virginia
Comparison of Major Fringe Benefits

Fringe Benefit	Clarke County Government	Clarke County Schools	Clarke County Sheriff's Department - Sheriff's Staff	Clarke County Sheriff's Department - Communications Staff
Use for Medical Appointments	Yes	Yes	Yes	Yes
Use for Dental Appointments	Yes	Yes	Yes	Yes
Use for Family Illness	Yes	Yes	No	No
Sick Leave Bank	No	Yes	No	No
Sick Leave Bank Explained		2 days donated; maximum benefit of 45 days	N/A	N/A
Pension and Retirement				
Other Than Social Security	Yes	Yes	Yes	Yes
State Sponsored	Yes	Yes	Yes	Yes
Employer Paid	12.94%	16.50%	12.44	12.44
Employee Paid	0.00%	0.00%	0.00%	0.00%
Death Benefit	Yes		Yes	Yes
Medical Insurance	Yes	Yes	Yes	Yes
Employee Only	KA 300 plan = $485; KA 500 plan = $468 & TLC High Deductible plan = $393	$485.00	KA 300 plan = $485; KA 500 plan = $468 & TLC High Deductible plan = $393	KA 300 plan = $485; KA 500 plan = $468 & TLC High Deductible plan = $393
Employer Paid	KA 300 = 87%, KA 500 = 92% & TLC High Deductible = 100%	89.00%	KA 300 = 87%, KA 500 = 92% & TLC High Deductible = 100%	KA 300 = 87%, KA 500 = 92% & TLC High Deductible = 100%
Employee Paid	KA 300 = 13%, KA 500 = 8% & TLC High Deductible = 0%	11.00%	KA 300 = 13%, KA 500 = 8% & TLC High Deductible = 0%	KA 300 = 13%, KA 500 = 8% & TLC High Deductible = 0%
Employee/Dependent	KA 300 plan = $855; KA 500 plan = $823 & TLC High Deductible plan = $823	$855.00	KA 300 plan = $855; KA 500 plan = $823 & TLC High Deductible plan = $823	KA 300 plan = $855; KA 500 plan = $823 & TLC High Deductible plan = $823
Employer Paid	KA 300 = 52%, KA 500 = 54% & TLC High Deductible = 61%	52.00%	KA 300 = 52%, KA 500 = 54% & TLC High Deductible = 61%	KA 300 = 52%, KA 500 = 54% & TLC High Deductible = 61%
Employee Paid	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%	48.00%	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%
Employee/Family	KA 300 plan = $1225; KA 500 plan = $1179 & TLC High Deductible plan = $976	$1,225.00	KA 300 plan = $1225; KA 500 plan = $1179 & TLC High Deductible plan = $976	KA 300 plan = $1225; KA 500 plan = $1179 & TLC High Deductible plan = $976
Employer Paid	KA 300 = 52%, KA 500 = 54% & TLC High Deductible = 61%	52.00%	KA 300 = 52%, KA 500 = 54% & TLC High Deductible = 61%	KA 300 = 52%, KA 500 = 54% & TLC High Deductible = 61%
Employee Paid	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%	48.00%	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%	KA 300 = 48%, KA 500 = 46% & TLC High Deductible = 39%
Retirees	No	Yes	No	No
Employer Paid		0.00%		
Alternative Health Insurance	No	No	No	No
Dental Insurance	Yes	Yes	Yes	Yes
Employer Paid	Included in the cost of medical insurance.	89.00%	Included in the cost of medical insurance.	Included in the cost of medical insurance.
Vision Insurance	No	No	No	No
Employer Paid				

Clarke County, Virginia
Comparison of Major Fringe Benefits

Fringe Benefit	Clarke County Government	Clarke County Schools	Clarke County Sheriff's Department - Sheriff's Staff	Clarke County Sheriff's Department - Communications Staff
Life & Disability Insurance				
Life Insurance	No	Yes	Yes	Yes
Employer Paid		100.00%	100.00%	100.00%
Life Insurance Explained		100% up to two times annual salary. Employee has option for more coverage		
AD&D	Yes	Yes	Yes	Yes
AD&D Double Indemnity		Yes	Yes	Yes
Employer Paid	100% through the Virginia Retirement System.	100.00%	100.00%	100.00%
Short Term Disability	No	No	No	No
Employer Paid				
Long Term Disability	No	No	No	No
Employer Paid				
Deferred Compensation	Yes	Yes	Yes	Yes
Available to all Employees	No - not available to part-time temporary employees.	No	No - not available to part-time temporary employees.	No - not available to part-time temporary employees.
Type of Plan	457 plan	403b	457 plan	457 plan
Employer Contribution	No	No	No	No
Employer contribution explained				
Other Benefits Program				
Other Benefits	Yes	Yes	Yes	Yes
Other Benefits Explained	Flexible medical benefit with a $11.66 per month employer contribution.	Flexible spending account with employer contributing $11.66 per month	Gym membership and take home vehicle for sworn staff	Gym membership.
Post Retirement Hlth Care Svgs	No	No	No	No

Employee Benefits

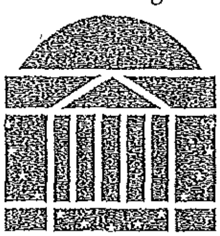
Cutting back

U.Va. follows growing national trend in eliminating coverage for working spouses

by Robert Powell

The University of Virginia and United Parcel Service appear to be on the same page regarding health-care coverage for the working spouses of employees.

On Aug. 20, USA Today reported that UPS was discontinuing coverage for 15,000 spouses who can obtain health-care insurance through their jobs.



One day later, U.Va. announced a similar decision affecting working spouses of its 13,600 employees.

The cause for change in each case is rising health-care costs, with the Affordable Care Act (ACA or "Obamacare") getting some of the blame.

In a memo to employees, UPS said costs associated with Obamacare, combined with current increases in health costs, "make it increasingly difficult to continue providing the same level of health-care benefits to our employees at an affordable cost."

By excluding the spouses of nonunion workers, the company expects to save $60 million a year.

The move by Atlanta-based UPS adds momentum to a growing trend among major employers to exclude working spouses from their health plan or charge extra for coverage.

Meanwhile, medical claims in U.Va.'s self-funded health plan rose 28 percent in the past four years, from $99 million in 2008 to $127 million in 2012. "High" claims of more than $100,000 for a single health plan participant increased from 44 in 2008 to 104 last year.

The university expects ACA to add $7.3 million to the cost of its health plan next year. That cost is expected to grow in future years because of excise taxes on "Cadillac" health plans. In 2018, a 40 percent tax would apply to the cost of an individual plan with average premiums per employee of more than $10,200, or $27,500 for a family plan.

U.Va. officials say that, if it had not made adjustments, employee premiums would have increased 12 percent to 13 percent this year.

Starting Jan. 1, spouses will not be eligible for the U.Va. health plan if they have access to "affordable health care that provides minimum value" as defined by ACA.

To keep a spouse on the U.Va. plan, an employee must submit an affidavit during the open enrollment period (Oct. 7 to Oct. 25) showing that the spouse does not have access to affordable care through another employer.

The U.Va. health plan will continue to cover employees' children. VB

Hometown friendly

Determining Full-Time Employees for Purposes of Shared Responsibility for Employers Regarding Health Coverage (§ 4980H)

Notice 2012-58

I. PURPOSE AND OVERVIEW

This notice describes safe harbor methods that employers may use (but are not required to use) to determine which employees are treated as full-time employees for purposes of the shared employer responsibility provisions of § 4980H of the Internal Revenue Code (Code). Specifically, the administrative guidance in this notice, modifying and expanding on previous guidance, includes a safe harbor method that employers may apply to specified newly-hired employees.

As described more fully below, this notice –

- Expands the safe harbor method described in a previous notice to provide employers the option to use a look-back measurement period of up to 12 months to determine whether new variable hour employees or seasonal employees are full-time employees, without being subject to a payment under § 4980H for this period with respect to those employees. An employee is a variable hour employee if, based on the facts and circumstances at the date the employee begins providing services to the employer (the start date), it cannot be determined that the employee is reasonably expected to work on average at least 30 hours per week. (The 30 hours per week average reflects the statutory definition of full-time employee in § 4980H(c)(4) and is the definition of "full-time employee" as used in this notice.) Seasonal employee is defined in section III.D.5, below.

- Provides employers the option to use specified administrative periods (in conjunction with specified measurement periods) for ongoing employees (as defined in section III.A, below) and certain newly hired employees;

- Facilitates a transition for new employees from the determination method the employer chooses to use for them to the determination method the employer chooses to use for ongoing employees; and

- Provides employers reliance, at least through the end of 2014, on the guidance contained in this notice and on the following approaches described in prior notices:

  (1) for ongoing employees, an employer will be permitted to use measurement and stability periods of up to 12 months;

  (2) for new employees who are reasonably expected to work full-time, an employer that maintains a group health plan that meets certain requirements

will not be subject to an assessable payment under § 4980H for failing to offer coverage to the employee for the initial three months of employment; and

(3) for all employees, an employer will not be subject to an assessable payment under § 4980H(b) for an employee if the coverage offered to that employee was affordable based on the employee's Form W-2 wages reported in Box 1 (often referred to as the affordability safe harbor).

This guidance is intended to encourage employers to continue providing and potentially to expand group health plan coverage for their employees by permitting employers to adopt reasonable procedures to determine which employees are full-time employees without becoming liable for a payment under § 4980H, to protect employees from unnecessary cost, confusion, and disruption of coverage, and to minimize administrative burdens on the Affordable Insurance Exchanges (Exchanges).

Simultaneously with the issuance of this notice, the Department of the Treasury, the Department of Labor (DOL), and the Department of Health and Human Services (HHS) (the Departments) are jointly providing administrative guidance under § 2708 of the Public Health Service Act (PHS Act).[1] PHS Act § 2708 applies to group health plans and group health insurance issuers and provides that any waiting period under a group health plan must not exceed 90 days. To clarify how the PHS Act § 2708 90-day waiting period limitation coordinates with § 4980H, this notice applies portions of the Departments' separate and simultaneous PHS Act § 2708 guidance. DOL and HHS concur in the application of PHS Act § 2708 in this notice.

This notice consists of a background section briefly summarizing the § 4980H and PHS Act § 2708 statutory framework and the administrative guidance issued to date (section II); a description of the safe harbors available for employers for determining full-time employee status in the case of ongoing employees and newly-hired variable hour and seasonal employees (including the transition from newly-hired to ongoing employees and a series of examples illustrating how the safe harbors apply) (section III); a description of the reliance provided to employers through at least 2014 (section IV); and a request for comments (section V).

II. BACKGROUND

A. Section 4980H

Section 4980H was added to the Code by § 1513 of the Patient Protection and Affordable Care Act (Affordable Care Act) (enacted March 23, 2010, Pub. L. No. 111-148) and amended by § 1003 of the Health Care and Education Reconciliation Act of

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[1] Notice 2012-59, DOL Technical Release 2012-02 and HHS Bulletin titled Guidance on 90-Day Waiting Period Limitation under Public Health Service Act § 2708.

2010 (enacted March 30, 2010, Pub. L. No. 111-152).[2] Section 4980H applies to "applicable large employers" (generally, employers who employed at least 50 full-time employees, including full-time equivalent employees, on business days during the preceding calendar year).

Generally, § 4980H provides that an applicable large employer is subject to an assessable payment if either (1) the employer fails to offer to its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage[3] under an eligible employer-sponsored plan and any full-time employee is certified to receive a premium tax credit or cost-sharing reduction (§ 4980H(a)), or (2) the employer offers its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage and one or more full-time employees is certified to receive a premium tax credit or cost-sharing reduction (generally because the employer's coverage either is not affordable within the meaning of § 36B(c)(2)(C)(i) or does not provide minimum value within the meaning of § 36B(c)(2)(C)(ii)) (§ 4980H(b)). Under § 36B(c)(2)(C)(i), coverage under an employer-sponsored plan is affordable to a particular employee if the employee's required contribution (within the meaning of § 5000A(e)(1)(B)) to the plan does not exceed 9.5 percent of the employee's household income for the taxable year. Section 4980H(c)(4) provides that a full-time employee with respect to any month is an employee who is employed on average at least 30 hours of service per week.[4]

B. PHS Act Section 2708

PHS Act § 2708[5] provides that, for plan years beginning on or after January 1, 2014, a group health plan or group health insurance issuer shall not apply any waiting period that exceeds 90 days. PHS Act § 2704(b)(4), ERISA § 701(b)(4), and Code § 9801(b)(4) define a waiting period to be the period that must pass with respect to an individual before the individual is eligible to be covered for benefits under the terms of

[2] Section 4980H was further amended by section 1858(b)(4) of the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (enacted April 15, 2011, Pub. L. No. 112-10), effective for months beginning after December 31, 2013.

[3] Minimum essential coverage is defined in § 5000A(f) of the Code. The definition of "eligible employer-sponsored plan" in § 5000A(f)(2) applies for purposes of § 4980H.

[4] For this purpose, proposed regulations are expected to provide (as stated in Notice 2011-36) that 130 hours of service in a calendar month would be treated as the monthly equivalent of 30 hours of service per week.

[5] The Affordable Care Act adds section 715(a)(1) to the Employee Retirement Income Security Act (ERISA) and section 9815(a)(1) to the Code to incorporate the provisions of part A of title XXVII of the PHS Act into ERISA and the Code, and to make them applicable to group health plans and health insurance issuers providing health insurance coverage in connection with group health plans. The PHS Act sections incorporated by these references are sections 2701 through 2728. Accordingly, PHS Act § 2708 is subject to shared interpretive jurisdiction by DOL, HHS, and Treasury.

the plan. In 2004 regulations,[6] the Departments defined a waiting period to mean the period that must pass before coverage for an employee or dependent who is otherwise eligible to enroll under the terms of a group health plan can become effective.

C. Notice 2011-36

Public comments were requested and received on a number of issues and potential approaches to interpreting and applying § 4980H and PHS Act § 2708. In particular, Notice 2011-36 (2011-21 I.R.B. 792) described and requested comments on a possible approach that would permit employers to use an optional "look-back/stability period safe harbor" to determine whether ongoing (rather than newly-hired) employees are full-time employees for purposes of § 4980H. The use of this safe harbor approach would be voluntary.

Under the look-back/stability period safe harbor method, an employer would determine each employee's full-time status by looking back at a defined period of not less than three but not more than 12 consecutive calendar months, as chosen by the employer (the measurement period), to determine whether during the measurement period the employee averaged at least 30 hours of service per week. If the employee were determined to be a full-time employee during the measurement period, then the employee would be treated as a full-time employee during a subsequent "stability period," regardless of the employee's number of hours of service during the stability period, so long as he or she remained an employee. For an employee determined to be a full-time employee during the measurement period, the stability period would be a period of at least six consecutive calendar months that follows the measurement period and is no shorter in duration than the measurement period. If the employee were determined not to be a full-time employee during the measurement period, the employer would be permitted to treat the employee as not a full-time employee during a stability period that followed the measurement period, but the stability period could not exceed the measurement period. Comments on this approach were favorable.

D. Notice 2011-73

In Notice 2011-73 (2011-40 I.R.B. 474), Treasury and the IRS described a safe harbor under which employers would not be subject to an assessable payment under § 4980H(b) with respect to an employee if the coverage offered to that employee was affordable based on the employee's Form W-2 wages (as reported in Box 1) instead of household income. Under the safe harbor, an employer would not be subject to a penalty under § 4980H(b) with respect to an employee if the required contribution for that employee was no more than 9.5 percent of the employee's Form W-2 wages. The proposed affordability safe harbor would apply only for purposes of determining whether an employer is subject to the assessable payment under § 4980H(b). For example, the

[6] 26 CFR 54.9801-3(a)(3)(iii), 29 CFR 2590.701-3(a)(3)(iii), 45 CFR 146.111(a)(3)(iii).

safe harbor would not affect an employee's eligibility for a premium tax credit under § 36B. Treasury and the IRS requested and received comments on the safe harbor, and the comments were generally favorable. Subsequently, Notice 2012-17 (2012-9 I.R.B. 430)[7] stated that, as described in Notice 2011-73, Treasury and the IRS intend to issue proposed regulations or other guidance permitting employers to use an employee's Form W-2 wages (as reported in Box 1) as a safe harbor in determining the affordability of employer coverage.

E. Notice 2012-17

Notice 2012-17 also described and requested comments on a potential approach for determining the full-time status of new employees for purposes of § 4980H if, based on the facts and circumstances at the start date, it cannot reasonably be determined whether the new employee is expected to work full-time because the employee's hours are variable or otherwise uncertain. Under the potential approach described in Notice 2012-17, employers would be given three months or, in certain cases, six months, without incurring a payment under § 4980H, to determine whether a variable hour new employee is a full-time employee.

In response to Notice 2012-17, commenters requested that employers be allowed to use a look-back measurement period of up to 12 months to determine the status of new variable hour employees, similar to the method permitted to determine the status of ongoing employees.

F. Revised Approach in This Notice

After considering the comments, Treasury and the IRS are revising the approach outlined in Notice 2012-17 for new variable hour employees. Treasury and the IRS anticipate that the revised approach, which is generally similar to the approach for ongoing employees, will be a flexible and workable option for determining the full-time status of new variable hour employees, and will provide employees and employers with greater stability and predictability. Treasury and the IRS also are providing a similar safe harbor for certain seasonal employees and are modifying the rule for ongoing employees to provide greater flexibility by allowing use of an administrative period, described below, between the measurement and stability periods. This revised guidance is described in section III, below.

Note that unless specified otherwise, all references in this notice to an offer of coverage to an employee refer to an offer of minimum essential coverage that is affordable within the meaning of § 36B(c)(2)(C)(i) (or is treated as affordable coverage under the Form W-2 safe harbor described in section II.D of this notice) and that provides minimum value within the meaning of § 36B(c)(2)(C)(ii). Also, whenever this

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[7] Simultaneously with the issuance of Notice 2012-17, DOL and HHS issued parallel guidance. See DOL Technical Release 2012-01 and HHS FAQs issued February 9, 2012.

notice states that coverage must be offered to an employee by a specified date, it means that the offer that must be made to the employee, if accepted by the employee, would result in the employee actually receiving coverage that is effective as of the specified date. Absent such an offer, the employer may be subject to an assessable payment under § 4980H. In addition, unless otherwise specified below, solely for the purpose of the guidance in this notice, the term "calendar month" means one of the full months named in the calendar (such as January, February or March), and the term "month" means the period from a day in one month to the prior day of the following month (such as from January 15 to February 14).

III. DETERMINING FULL-TIME STATUS OF EMPLOYEES

A. Ongoing Employees: Safe Harbor

For ongoing employees, employers generally will be permitted to use the safe harbor method based upon measurement and stability periods described in Notices 2011-36 and 2012-17. The measurement period the employer chooses to apply to ongoing employees is referred to in this notice as the "standard measurement period."

An "ongoing employee" is generally an employee who has been employed by the employer for at least one complete standard measurement period. As stated in Notice 2011-36, different rules may apply to employees who move into full-time status during the year. Additional rules regarding the treatment of employees who experience a change in employment status are expected to be included in upcoming regulations.

Under the safe harbor method for ongoing employees, an employer determines each ongoing employee's full-time status by looking back at the standard measurement period (a defined time period of not less than three but not more than 12 consecutive calendar months, as chosen by the employer). The employer has the flexibility to determine the months in which the standard measurement period starts and ends, provided that the determination must be made on a uniform and consistent basis for all employees in the same category. (See below in this section for permissible categories.) For example, if an employer chose a standard measurement period of 12 months, the employer could choose to make it the calendar year, a non-calendar plan year, or a different 12-month period, such as one that ends shortly before the start of the plan's annual open enrollment season. If the employer determines that an employee averaged at least 30 hours per week during the standard measurement period, then the employer treats the employee as a full-time employee during a subsequent "stability period", regardless of the employee's number of hours of service during the stability period, so long as he or she remained an employee.

For an employee whom the employer determines to be a full-time employee during the standard measurement period, the stability period would be a period of at least six consecutive calendar months that is no shorter in duration than the standard measurement period and that begins after the standard measurement period (and any applicable administrative period, as discussed in section III.B, below). If the employer determines that the employee did not work full-time during the standard measurement period, the employer would be permitted to treat the employee as not a full-time employee during the stability period that follows, but is not longer than, the standard measurement period.

Subject to the rules governing the relationship between the length of the measurement period and the stability period, employers may use measurement periods and stability periods that differ either in length or in their starting and ending dates for the following categories of employees: (1) collectively bargained employees and non-collectively bargained employees; (2) salaried employees and hourly employees; (3) employees of different entities; and (4) employees located in different States. (These categories are adapted from existing regulatory guidance and also reflect public comments received in response to Notice 2011-36.) The rules described in this paragraph apply both to the standard measurement periods described in this section III.A and the initial measurement periods described below in section III.D.

B. <u>Ongoing Employees: Option to Use Administrative Period Under Safe Harbor</u>

Because employers may need time between the standard measurement period and the associated stability period to determine which ongoing employees are eligible for coverage, and to notify and enroll employees, an employer may make time for these administrative steps by having its standard measurement period end before the associated stability period begins. However, any administrative period between the standard measurement period and the stability period may neither reduce nor lengthen the measurement period or the stability period. The administrative period following the standard measurement period may last up to 90 days. To prevent this administrative period from creating any potential gaps in coverage, it will overlap with the prior stability period, so that, during any such administrative period applicable to ongoing employees following a standard measurement period, ongoing employees who are eligible for coverage because of their status as full-time employees based on a prior measurement period would continue to be offered coverage.

<u>Example</u>

<u>Facts</u>. Employer W chooses to use a 12-month stability period that begins January 1 and a 12-month standard measurement period that begins October 15. Consistent with the terms of Employer W's group health plan, only an ongoing employee who works full-time (an average of at least 30 hours per week) during the standard measurement period is offered coverage during the stability period associated with that measurement period. Employer W chooses to use an administrative period between the end of the standard measurement period (October 14) and the beginning of the stability period (January 1) to determine which employees worked full-time during the measurement period, notify them of their eligibility for the plan for the calendar year beginning on January 1 and of the coverage available under the plan, answer questions and collect materials from employees, and enroll those employees who elect coverage

in the plan. Previously-determined full-time employees already enrolled in coverage continue to be offered coverage through the administrative period.

Employee A and Employee B have been employed by Employer W for several years, continuously from their start date. Employee A worked full-time during the standard measurement period that begins October 15 of Year 1 and ends October 14 of Year 2 and for all prior standard measurement periods. Employee B also worked full-time for all prior standard measurement periods, but is not a full-time employee during the standard measurement period that begins October 15 of Year 1 and ends October 14 of Year 2.

Conclusions. Because Employee A was employed for the entire standard measurement period that begins October 15 of Year 1 and ends October 14 of Year 2, Employee A is an ongoing employee with respect to the stability period running from January 1 through December 31 of Year 3. Because Employee A worked full-time during that standard measurement period, Employee A must be offered coverage for the entire Year 3 stability period (including the administrative period from October 15 through December 31 of Year 3). Because Employee A worked full-time during the prior standard measurement period, Employee A would have been offered coverage for the entire Year 2 stability period, and if enrolled would continue such coverage during the administrative period from October 15 through December 31 of Year 2.

Because Employee B was employed for the entire standard measurement period that begins October 15 of Year 1 and ends October 14 of Year 2, Employee B is also an ongoing employee with respect to the stability period in Year 3. Because Employee B did not work full-time during this standard measurement period, Employee B is not required to be offered coverage for the stability period in Year 3 (including the administrative period from October 15 through December 31 of Year 3). However, because Employee B worked full-time during the prior standard measurement period, Employee B would be offered coverage through the end of the Year 2 stability period, and if enrolled would continue such coverage during the administrative period from October 15 through December 31 of Year 2.

Employer W complies with the standards of this section because the measurement and stability periods are no longer than 12 months, the stability period for ongoing employees who work full-time during the standard measurement period is not shorter than the standard measurement period, the stability period for ongoing employees who do not work full-time during the standard measurement period is no longer than the standard measurement period, and the administrative period is no longer than 90 days.

C. New Employees: Reasonably Expected to Work Full-Time

If an employee is reasonably expected at his or her start date to work full-time, an employer that sponsors a group health plan that offers coverage to the employee at or before the conclusion of the employee's initial three calendar months of employment will not be subject to the employer responsibility payment under § 4980H by reason of its failure to offer coverage to the employee for up to the initial three calendar months of employment. For rules on compliance with the 90-day waiting period limitation under PHS Act § 2708, see the guidance cited at footnote 1.

D. New Employees: Safe Harbor for Variable Hour and Seasonal Employees

If an employer maintains a group health plan that would offer coverage to the employee only if the employee were determined to be a full-time employee, the employer may use both a measurement period of between three and 12 months (the same as allowed for ongoing employees) and an administrative period of up to 90 days for variable hour and seasonal employees. However, the measurement period and the administrative period combined may not extend beyond the last day of the first calendar month beginning on or after the one-year anniversary of the employee's start date (totaling, at most, 13 months and a fraction of a month). These periods are described in greater detail below.

1. Initial Measurement Period and Associated Stability Period

For variable hour and seasonal employees, employers are permitted to determine whether the new employee is a full-time employee using an "initial measurement period" of between three and 12 months (as selected by the employer). The employer measures the hours of service completed by the new employee during the initial measurement period and determines whether the employee completed an average of 30 hours of service per week or more during this period. The stability period for such employees must be the same length as the stability period for ongoing employees. As in the case of a standard measurement period, if an employee is determined to be a full-time employee during the initial measurement period, the stability period must be a period of at least six consecutive calendar months that is no shorter in duration than the initial measurement period and that begins after the initial measurement period (and any associated administrative period).

If a new variable hour or seasonal employee is determined not to be a full-time employee during the initial measurement period, the employer is permitted to treat the employee as not a full-time employee during the stability period that follows the initial measurement period. This stability period for such employees must not be more than one month longer than the initial measurement period and, as explained below, must not exceed the remainder of the standard measurement period (plus any associated administrative period) in which the initial measurement period ends.[8]

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[8] In these circumstances, allowing a stability period to exceed the initial measurement period by one month is intended to give additional flexibility to employers that wish to use a 12-month stability period for new variable hour and seasonal employees and an administrative period that exceeds one month. To that end, such an employer could use an 11-month initial measurement period (in lieu of the 12-month

An employee or related individual is not considered eligible for minimum essential coverage under the plan (and therefore may be eligible for a premium tax credit or cost-sharing reduction through an Exchange) during any period when coverage is not offered, including any measurement period or administrative period prior to when coverage takes effect.

2. Transition from New Employee Rules to Ongoing Employee Rules

Once a new employee, who has been employed for an initial measurement period, has been employed for an entire standard measurement period, the employee must be tested for full-time status, beginning with that standard measurement period, at the same time and under the same conditions as other ongoing employees. Accordingly, for example, an employer with a calendar year standard measurement period that also uses a one-year initial measurement period beginning on the employee's start date would test a new variable hour employee whose start date is February 12 for full-time status first based on the initial measurement period (February 12 through February 11 of the following year) and again based on the calendar year standard measurement period (if the employee continues in employment for that entire standard measurement period) beginning on January 1 of the year after the start date.

An employee determined to be a full-time employee during an initial measurement period or standard measurement period must be treated as a full-time employee for the entire associated stability period. This is the case even if the employee is determined to be a full-time employee during the initial measurement period but determined not to be a full-time employee during the overlapping or immediately following standard measurement period. In that case, the employer may treat the employee as not a full-time employee only after the end of the stability period associated with the initial measurement period. Thereafter, the employee's full-time status would be determined in the same manner as that of the employer's other ongoing employees.

In contrast, if the employee is determined not to be a full-time employee during the initial measurement period, but is determined to be a full-time employee during the overlapping or immediately following standard measurement period, the employee must be treated as a full-time employee for the entire stability period that corresponds to that standard measurement period (even if that stability period begins before the end of the stability period associated with the initial measurement period). Thereafter, the employee's full-time status would be determined in the same manner as that of the employer's other ongoing employees.

3. Optional Administrative Period for New Employees

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initial measurement period that would otherwise be required) and still comply with the general rule that the initial measurement period and administrative period combined may not extend beyond the last day of the first calendar month beginning on or after the one-year anniversary of the employee's start date.

In addition to the initial measurement period, the employer is permitted to apply an administrative period before the start of the stability period. This administrative period must not exceed 90 days in total. For this purpose, the administrative period includes all periods between the start date of a new variable hour or seasonal employee and the date the employee is first offered coverage under the employer's group health plan, other than the initial measurement period. Thus, for example, if the employer begins the initial measurement period on the first day of the first month following a new variable hour or seasonal employee's start date, the period between the employee's start date and the first day of the next month must be taken into account in applying the 90-day limit on the administrative period. Similarly, if there is a period between the end of the initial measurement period and the date the employee is first offered coverage under the plan, that period must be taken into account in applying the 90-day limit on the administrative period.

In addition to the specific limits on the initial measurement period (which must not exceed 12 months) and the administrative period (which must not exceed 90 days), there is a limit on the combined length of the initial measurement period and the administrative period applicable for a new variable hour or seasonal employee. Specifically, the initial measurement period and administrative period together cannot extend beyond the last day of the first calendar month beginning on or after the first anniversary of the employee's start date. For example, if an employer uses a 12-month initial measurement period for a new variable hour employee, and begins that initial measurement period on the first day of the first calendar month following the employee's start date, the period between the end of the initial measurement period and the offer of coverage to a new variable hour employee who works full time during the initial measurement period must not exceed one month.

4. Variable Hour Employee Defined

For purposes of this notice, a new employee is a variable hour employee if, based on the facts and circumstances at the start date, it cannot be determined that the employee is reasonably expected to work on average at least 30 hours per week. A new employee who is expected to work initially at least 30 hours per week may be a variable hour employee if, based on the facts and circumstances at the start date, the period of employment at more than 30 hours per week is reasonably expected to be of limited duration and it cannot be determined that the employee is reasonably expected to work on average at least 30 hours per week over the initial measurement period. As one example, a variable hour employee would include a retail worker hired at more than 30 hours per week for the holiday season who is reasonably expected to continue working after the holiday season but is not reasonably expected to work at least 30 hours per week for the portion of the initial measurement period remaining after the holiday season, so that it cannot be determined at the start date that the employee is reasonably expected to average at least 30 hours per week during the initial measurement period.

5. Seasonal Employee Defined

The Affordable Care Act addresses the meaning of seasonal worker in the context of whether an employer meets the definition of an applicable large employer. Specifically, § 4980H(c)(2)(B) generally provides that if an employer's workforce exceeds 50 full-time employees for 120 days or fewer during a calendar year, and the employees in excess of 50 who were employed during that period of no more than 120 days were seasonal employees, the employer would not be an applicable large employer. Furthermore, § 4980H(c)(2)(B)(ii) provides that, for this purpose, seasonal worker means a worker who performs labor or services on a seasonal basis, as defined by the Secretary of Labor, including (but not limited to) workers covered by 29 CFR 500.20(s)(1) and retail workers employed exclusively during holiday seasons. The statute does not address how the term "seasonal employee" might be defined for purposes other than the determination of applicable large employer status, such as the determination of whether a new employee of an applicable large employer is reasonably expected to work full time for purposes of determining the amount of any assessable payment under § 4980H. Through at least 2014, employers are permitted to use a reasonable, good faith interpretation of the term "seasonal employee" for purposes of this notice.

E. Examples

The examples that follow illustrate how the safe harbors described above apply to variable hour employees and seasonal employees. For the rules that apply to full-time new employees, see section III.C, above. For rules that apply to part-time new employees, see section IV, example 5, of the notice (issued concurrently with this notice) interpreting PHS Act § 2708.

In all of the following examples, the coverage offer is an offer of minimum essential coverage that is affordable within the meaning of § 36B(c)(2)(C)(i) (or is treated as affordable coverage under the Form W-2 safe harbor described in section II.D of this notice) and that provides minimum value within the meaning of § 36B(c)(2)(C)(ii).

1. Examples of New Variable Hour Employees with an Administrative Period.

In Examples 1 through 8, the new employee is a new variable hour employee, and the employer has chosen to use a 12-month standard measurement period for ongoing employees starting October 15 and a 12-month stability period associated with that standard measurement period starting January 1. (Thus, during the administrative period from October 15 through December 31 of each calendar year, the employer continues to offer coverage to employees who qualified for coverage for that entire calendar year based upon working on average at least 30 hours per week during the prior standard measurement period.) Also, the employer offers health plan coverage only to full-time employees (and their dependents).

Example 1 (12-Month Initial Measurement Period Followed by 1+ Partial Month Administrative Period). (i) Facts. For new variable hour employees, Employer B uses a 12-month initial measurement period that begins on the start date and applies an administrative period from the end of the initial measurement period through the end of the first calendar month beginning on or after the end of the initial measurement period. Employer B hires Employee Y on May 10, 2014. Employee Y's initial measurement period runs from May 10, 2014, through May 9, 2015. Employee Y works an average of 30 hours per week during this initial measurement period. Employer B offers coverage to Employee Y for a stability period that runs from July 1, 2015 through June 30, 2016.

(ii) Conclusion. Employee Y works an average of 30 hours per week during his initial measurement period and Employer B uses (1) an initial measurement period that does not exceed 12 months; (2) an administrative period totaling not more than 90 days; and (3) a combined initial measurement period and administrative period that does not last beyond the final day of the first calendar month beginning on or after the one-year anniversary of Employee Y's start date. Accordingly, from Employee Y's start date through June 30, 2016, Employer B is not subject to any payment under § 4980H with respect to Employee Y, because Employer B complies with the standards for the initial measurement period and stability periods for a new variable hour employee. Employer B also complies with PHS Act § 2708. Employer B must test Employee Y again based on the period from October 15, 2014 through October 14, 2015 (Employer B's first standard measurement period that begins after Employee Y's start date).

Example 2 (11-Month Initial Measurement Period Followed by 2 + Partial Month Administrative Period). (i) Facts. Same as Example 1, except that Employer B uses an 11-month initial measurement period that begins on the start date and applies an administrative period from the end of the initial measurement period until the end of the second calendar month beginning after the end of the initial measurement period. Employer B hires Employee Y on May 10, 2014. Employee Y's initial measurement period runs from May 10, 2014, through April 9, 2015. Employee Y works an average of 30 hours per week during this initial measurement period. Employer B offers coverage to Employee Y for a stability period that runs from July 1, 2015 through June 30, 2016.

(ii) Conclusion. Same as Example 1.

Example 3 (11-Month Initial Measurement Period Preceded by Partial Month Administrative Period and Followed by 2-Month Administrative Period). (i) Facts. Same as Example 1, except that Employer B uses an 11-month initial measurement period that begins on the first day of the first calendar month beginning after the start date and applies an administrative period that runs from the end of the initial measurement period through the end of the second calendar month beginning on or after the end of the initial measurement period. Employer B hires Employee Y on May 10, 2014. Employee Y's initial measurement period runs from June 1, 2014, through April 30, 2015. Employee Y works an average of 30 hours per week during this initial measurement period. Employer B offers coverage to Employee Y for a stability period that runs from July 1, 2015 through June 30, 2016.

(ii) Conclusion. Same as Example 1.

Example 4 (12-Month Initial Measurement Period Preceded by Partial Month Administrative Period and Followed by 2-Month Administrative Period). (i) Facts. For new variable hour employees, Employer B uses a 12-month initial measurement period that begins on the first day of the first month following the start date and applies an administrative period that runs from the end of the initial measurement period through the end of the second calendar month beginning on or after the end of the initial measurement period. Employer B hires Employee Y on May 10, 2014. Employee Y's initial measurement period runs from June 1, 2014, through May 31, 2015. Employee Y works an average of 30 hours per week during this initial measurement period. Employer B offers coverage to Employee Y for a stability period that runs from August 1, 2015 through July 31, 2016.

(ii) Conclusion. Employer B does not satisfy the standards for the safe harbor method in section III.D because the combination of the initial partial month delay, the twelve-month initial measurement period, and the two month administrative period means that the coverage offered to Employee Y does not become effective until after the first day of the second calendar month following the first anniversary of Employee Y's start date. Accordingly, Employer B is potentially subject to a payment under § 4980H and fails to comply with PHS Act § 2708.

Example 5 (Continuous Full-Time Employee). (i) Facts. Same as Example 1; in addition, Employer B tests Employee Y again based on Employee Y's hours from October 15, 2014 through October 14, 2015 (Employer B's first standard measurement period that begins after Employee Y's start date), determines that Employee Y worked an average of 30 hours a week during that period, and offers Employee Y coverage for July 1, 2016 through December 31, 2016. (Employee Y already has an offer of coverage for the period of January 1, 2016 through June 30, 2016 because that period is covered by the initial stability period following the initial measurement period, during which Employee Y was determined to be a full-time employee.)

(ii) Conclusion. Employer B is not subject to any payment under § 4980H and complies with PHS Act § 2708 for 2016 with respect to Employee Y.

Example 6 (Initially Full-Time Employee, Becomes Non-Full-Time Employee). (i) Facts. Same as Example 1; in addition, Employer B tests Employee Y again based on Employee Y's hours from October 15, 2014 through October 14, 2015 (Employer B's first standard measurement period that begins after Employee Y's start date), and determines that Employee Y worked an average of 28 hours a week during that period. Employer B continues to offer coverage to Employee Y through June 30, 2016 (the end of the stability period based on the initial measurement period during which Employee Y was determined to be a full-time employee), but does not offer coverage to Employee Y for the period of July 1, 2016 through December 31, 2016.

(ii) Conclusion. Employer B is not subject to any payment under § 4980H and complies with PHS Act § 2708 for 2016 with respect to Employee Y, provided that it offers coverage to Employee Y from July 1, 2015 through June 30, 2016 (the entire stability period associated with the initial measurement period).

Example 7 (Initially Non-Full-Time Employee). (i) Facts. Same as Example 1, except that Employee Y works an average of 28 hours per week during the period from May 10, 2014 through May 9, 2015 and Employer B does not offer coverage to Employee Y in 2015. Employer B tests Employee Y again based on Employee Y's hours from October 15, 2014 through October 14, 2015 (Employer B's first standard measurement period that begins after Employee Y's start date).

(ii) Conclusion. From Employee Y's start date through the end of 2015, Employer B is not subject to any payment under § 4980H, because Employer B complies with the standards for the measurement and stability periods for a new variable hour employee with respect to Employee Y. PHS Act § 2708 does not apply to Employee Y during this period because, pursuant to the plan's eligibility conditions, Employee Y does not become eligible during this period for coverage under the plan. . Accordingly, Employer B also complies with PHS Act § 2708 with respect to Employee Y during this period.

Example 8 (Initially Non-Full-Time Employee, Becomes Full-Time Employee). (i) Facts. Same as Example 7; in addition, Employer B tests Employee Y again based on Employee Y's hours from October 15, 2014 through October 14, 2015 (Employer B's first standard measurement period that begins after Employee Y's start date), determines that Employee Y works an average of 30 hours per week during this standard measurement period, and offers coverage to Employee Y for 2016.

(ii) Conclusion. Employer B is not subject to any payment under § 4980H and complies with PHS Act § 2708 for 2016 with respect to Employee Y.

2. **Examples of New Variable Hour Employees with an Administrative Period and Six-Month Standard Measurement Period and Stability Period.**

In Examples 9 and 10, the new employee is a new variable hour employee, and the employer uses a six-month standard measurement period, starting each May 15 and November 15, with six-month stability periods associated with those standard measurement periods starting January 1 and July 1.

Example 9. (i) Facts. For new variable hour employees, Employer C uses a six-month initial measurement period that begins on the start date and applies an administrative period that runs from the end of the initial measurement period through the end of the first full calendar month beginning after the end of the initial measurement period. Employer C hires Employee Z on May 10, 2014. Employee Z's initial measurement period runs from May 10, 2014, through November 9, 2014, during which

Employee Z works an average of 30 hours per week. Employer C offers coverage to Employee Z for a stability period that runs from January 1, 2015 through June 30, 2015

(ii) Conclusion. Employer C uses (1) an initial measurement period that does not exceed 12 months; (2) an administrative period totaling not more than 90 days; and (3) a combined initial measurement period and administrative period that does not last longer than the final day of the first calendar month beginning on or after the one-year anniversary of Employee Z's start date. From Employee Z's start date through June 30, 2015, Employer C is not subject to any payment under § 4980H, because Employer C complies with the standards for the measurement and stability periods for a new variable hour employee with respect to Employee Z. Employer C also complies with PHS Act § 2708. Employer C must test Employee Z again based on Employee Z's hours during the period from November 15, 2014 through May 14, 2015 (Employer C's first standard measurement period that begins after Employee Z's start date).

Example 10 (Initially Full-Time Employee, Becomes Non-Full-Time Employee). (i) Facts. Same as Example 9; in addition, Employer C tests Employee Z again based on Employee Z's hours during the period from November 15, 2014 through May 14, 2015 (Employer C's first standard measurement period that begins after Employee Z's start date), during which period Employee Z works an average of 28 hours per week. Employer C continues to offer coverage to Employee Z through June 30, 2015 (the end of the initial stability period based on the initial measurement period during which Employer C worked an average of 30 hours per week), but does not offer coverage to Employee Z from July 1, 2015 through December 31, 2015.

(ii) Conclusion. Employer C is not subject to any payment under § 4980H and complies with PHS Act § 2708 with respect to Employee Z for 2015.

3. **Example of Seasonal Employee**

Example 11 (12-Month Initial Measurement Period; 1+ Partial Month Administrative Period). (i) Facts. Employer D offers health plan coverage only to full-time employees (and their dependents). Employer D uses a 12-month initial measurement period for new variable hour employees and seasonal employees that begins on the start date and applies an administrative period from the end of the initial measurement period through the end of the first calendar month beginning after the end of the initial measurement period. Employer D hires Employee S, a ski instructor, on November 15, 2014 with an anticipated season during which Employee S will work running through March 15, 2015. Employer D determines that Employee S is a seasonal employee based upon a reasonable good faith interpretation of that term. Employee S's initial measurement period runs from November 15, 2014, through November 14, 2015. Employee S works 60 hours per week from November 15, 2014 through March 15, 2015, but is not reasonably expected to average 30 hours per week for the 12-month initial measurement period. Accordingly, Employer D does not treat Employee S as a full-time employee, and does not offer Employee S coverage.

(ii) Conclusion. Employer D uses (1) an initial measurement period that does not exceed 12 months; (2) an administrative period totaling not more than 90 days; and (3) a combined initial measurement period and administrative period that does not extend beyond the final day of the first calendar month that begins on or after the one-year anniversary of an employee's start date. Accordingly, from Employee S's start date through November 14, 2015, Employer D is not subject to any payment under § 4980H, because Employer D complies with the standards for the initial measurement period and stability periods for a new seasonal employee with respect to Employee S. PHS Act § 2708 does not apply to Employee S during this period because, pursuant to the plan's eligibility conditions, Employee S does not become eligible during this period for coverage under the plan. Accordingly, Employer D also complies with PHS Act § 2708 with respect to Employee S during this period.

IV. RELIANCE

For compliance with § 4980H at least through the end of 2014, employers may rely on (1) the safe harbor method for ongoing employees described in section III.A and B, above; (2) the rule for new employees reasonably expected to work full-time described in section III.C, above, (3) the safe harbor method for new variable hour and seasonal employees described in section III.D, above, and (4) the safe harbor based on Form W-2 wages described in Notice 2011-73 and Notice 2012-17. Employers will not be required to comply with any subsequent guidance on these issues that is more restrictive until at least January 1, 2015.

This reliance covers a measurement period that begins in 2013 or 2014 and the associated stability period (which may extend into 2014, 2015 or 2016). For example, the use of a 12-month measurement period in accordance with this notice beginning on July 1, 2013 and ending on June 30, 2014 might be used to classify employees for a stability period that runs from July 1, 2014 through June 30, 2015. In addition, as stated earlier, use of any of the safe harbor methods described in this notice is not required, but rather is optional for all employers.

V. PUBLIC COMMENTS

Treasury and the IRS intend that upcoming regulations on the employer shared responsibility provisions under § 4980H will address the issues described in this notice, including the specific issues identified below, in addition to other aspects of § 4980H.

As part of the efforts to develop workable and flexible rules on the application of § 4980H, with extensive input from stakeholders, Treasury and the IRS have issued several notices describing potential approaches to interpreting § 4980H and requesting public comments. In response, numerous helpful comments have been received and reviewed. Those comments continue to be considered and taken into account in the process of formulating regulations and other administrative guidance that stakeholders will be able to rely on. Among the specific issues currently under consideration with respect to the identification of full-time employees under § 4980H are the following:

(1) Whether and, if so, what types of safe harbor methods should be available to employers for use in determining the full-time status of short-term assignment employees, temporary staffing employees, employees hired into high-turnover positions, and other categories of employees that may present special issues?

(2) Whether to develop additional guidance (such as relevant factors or safe harbors) to assist employers and employees in determining, as of an employee's start date, whether the employee is reasonably expected to work an average of at least 30 hours per week, including whether the employee is a variable hour employee. If so, what types of factors or safe harbors should apply for this purpose?

(3) What rules should be provided to address coordination of differing measurement and stability periods during the transition following a merger or acquisition?

(4) How the term "seasonal worker" should be defined under § 4980H, including: (a) the practicability of using different definitions for different purposes (such as status as an applicable large employer or, with respect to an applicable large employer, status of a new employee as full-time); and (b) whether other, existing legal definitions should be considered in defining a seasonal worker under § 4980H (such as the safe harbor for seasonal employees in the final sentence of Treas. Reg. § 1.105-11(c)(2)(iii)(C)).

In view of the anticipated timing of regulations and other guidance that stakeholders will be able to rely on, it is requested that those who wish to submit any further comments on these or other issues relating to this notice do so by September 30, 2012. Comments should include a reference to Notice 2012-58. Send submissions to CC:PA:LPD:PR (Notice 2012-58), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered **Monday through Friday** between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (Notice 2012-58), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20044, or sent electronically, via the following e-mail address: *Notice.comments@irscounsel.treas.gov*. Please include "Notice 2012-58" in the subject line of any electronic communication. All material submitted will be available for public inspection and copying.

VI. NO INFERENCE

No inference should be drawn from any provision of this notice concerning any other provision of § 4980H or any other provision of the Affordable Care Act.

VII. DRAFTING INFORMATION

The principal author of this notice is Mireille Khoury of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice contact Ms. Khoury at (202) 622-6080 (not a toll-free call).