

# **BUDGET DRIVERS & TOTAL COMPENSATION**

Human Resources Department

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June 3, 2025

# State Legislative Impacts: FY2026

State Bill	Purpose	General Fund Impact	Impact to Other Funds
<b>SB 1008</b>	Regulation of food service industry	\$1.9M revenue loss	
<b>SB 1202</b>	Third-party review of development documents and inspections of improvements	Undetermined - administrative cost of system reconfiguration	
<b>Total Impact</b>		<b>\$1.9M+</b>	

\*ESD plan to mitigate financial impact of SB1008 presented on upcoming slide

# State Legislative Impacts: Future Years

State Bill	Purpose	General Fund Impact	Impact to Other Funds
<b>HB 9</b>	Business Personal Property exemption increase to \$125,000	\$6.25M revenue loss beginning FY2027	\$1.75M revenue loss in General Debt Service Fund
<b>SB 1253</b>	To provide builders and developers credits on water/wastewater impact fees		Ratepayers to bear \$1M to offset loss to credits
<b>SB 1883</b>	Places limits on political jurisdictions' ability to increase impact fees	Undetermined - administrative cost of periodic audits, greater constraints in stepped increases to impact fees	Ratepayers to bear undetermined cost of periodic audits
<b>Total Impact</b>		<b>\$6.25M+</b>	<b>\$2.75M+</b>

# Update on SB1008

On May 19, 2025, Governor signed Senate Bill 1008 into law; effective date: **September 1, 2025** (last month of FY25):

- limits annual health permit fee that City may charge to food establishments and caps other, similar health-related permits.
- prohibits multiple, related permits (e.g., multiple units within facilities, additional licenses for sale of alcohol)
- requires 60-days notice of fee schedule changes which must be submitted to Dept. of State Health Services (DSHS)

## Annual Health Permit Example:

- Current City of Fort Worth annual health permit includes sliding scale: **\$385 + \$5 per employee (facility unit basis)**
- Recommended, annual health permit: **\$773 flat rate** not to exceed State of Texas fee schedule

## Next Steps:

1. **June 24, 2025:** M&C recommending adjusted health-related permit fees in FY25 Master Fee Schedule; by adjusting Health Permit Fees and other fees, **staff estimate reducing the projected revenue loss from ~\$1.9M to less than ~\$650K**
2. **July 1, 2025:** Notification to DSHS and all stakeholders to meet 60-day notice prior to September 1, 2025.
3. **September 1, 2025:** New fee schedule effective with permit fees incorporated into permitting software system.

**Environmental Services Department will adjust service levels and expenses through the FY26 budget development process based on projected revenue.**

# Total Compensation

Menu of robust options  
to address the variety  
of employees and their  
dependent needs



- Competitive Base Pay
- Pension
- Medical Program
  - Free Employee Only – CCP Plan
  - CCP (HDHP) – HSA City Contribution \$610 or \$1,000
- Dental & Vision Options
- Basic Life Insurance Employer Provided
- Sick & Vacation Leave Bank
- 9 Paid Holidays & 2 Personal Holidays
- Wellness Program
- Employee Assistance Plan

# City Health Insurance

- Self-Insured
  - City assumes all financial risk
  - City pays actual claims and expenses
  - Third Party Administrator (TPA) processes claims
- Stop Loss
  - Supplemental insurance in the event an individual claim exceeds \$1M in a year



# Group Health Fund Overview

**FY2026** – *Proposed 7% (Preliminary)* increase in City Contributions

**FY2025** – 5% increase in City Contributions

**FY2024** - 5% increase in City Contributions

**FY2023** - 5% increase in City Contributions

**FY2023** - First employee premium increase since 2018

**FY2021** - 2 Employee Premium Holidays (Dec 2020)

**10,535** employees and dependents covered\*

\*Does not include additional EMS members

# Claims Cost



## Contributing Factors:

- Five (5) claims over \$1M in plan years 2023 and 2024
- General increase in complex medical conditions
- Increase in pharmacy costs primarily driven by GLP1 prescriptions for weight management
- Overall increase in treatment costs



# Health Fund Tentative Proposal

- Proposed Increase in City Contribution for Premiums \$4.4M – Total \$67.2M
- Proposed Increase in Employee Contributions \$1.03 M – Total \$17.4M

Per Pay Period		Health Center Plan		Consumer Choice Plan	
		Employee	City	Employee	City
EE Only	Current	\$52.64	\$310.34	\$0	\$312.61
	Proposed	\$55.27	\$332.06	\$0	\$334.50
	Increase	\$2.63	\$21.72	\$0	\$21.89
EE + Family	Current	\$364.39	\$797.67	\$264.98	\$726.52
	Proposed	\$375.33	\$853.51	\$272.93	\$777.38
	Increase	\$10.94	\$55.84	\$7.95	\$50.86

# Wellness Program

## Current Program

- Premium Incentive – Up to \$46.16 per paycheck premium differential
- Wellness Payout - Up to \$250 Cash Payout

## Proposed Enhancement

- Wellness Payout - 2 “wellness” days OR up to \$250 Cash Payout
- Days do not carry over from year to year or payout upon leaving employment
- Potentially saves benefits & wellness budget up to \$175,000

## Ways to Earn Points

- Wellness Requirements to Achieve Incentive:
- Complete Preventative Screenings
  - Mammogram, Colonoscopy, Vision or Dental Exam, Vaccinations
- Engage with RAMP Health App
  - Citywide Challenges, Track Steps, Online Classes, Engage a Health Coach, Watch Videos, Read Health Tips, Participate in Missions
- Take City Sponsored Wellness or Exercise Classes
- Participate in Citywide or Departmental Activities
  - Health Safety & Benefits Fair, Heart Walk, Special Programs, Blood Drive

Level	Points	Cash Payout	Hours
1	2,500	\$150	5
2	3,000	\$200	10
3	3,500	\$250	16

# Pay for Performance Strategy

## Pay for Performance (P4P) FY2026

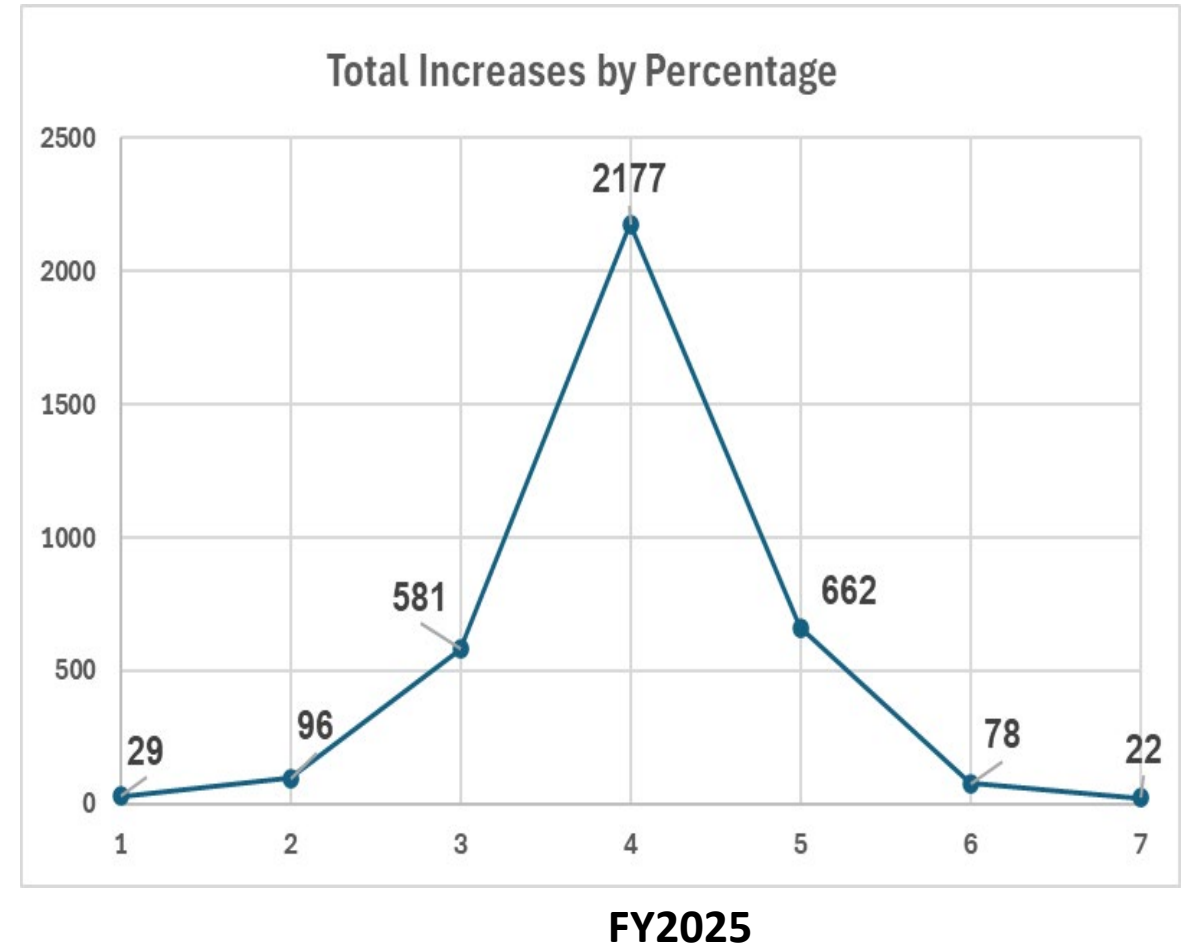
- Proposed 0-7% Base Pay Increase based on performance

## P4P Summary FY2025

- 0-7% Range; Average increase 3.98%
- **96.6% of Employees that received more than 4% are still actively employed**

## P4P Summary FY2024

- 0-7% Range; Average increase 4.02%
- **90.4% of Employees that received more than 4% are still actively employed**



**QUESTIONS?**

# Citywide Classification & Compensation Study

Presented to: Mayor & Council

Presented by: Human Resources

Date: June 3, 2025



# Agenda

- FY25 Pay Strategies
- Historical Pay Strategies
- Classification Study
  - Scope of Project
  - Classification Analysis
- Project Timeline

# FY25 Pay Strategies

- Salary Structure Movement – Implemented October 2024
  - 4% across ALL paygrades and job classifications
- Employee Entry Wage Rate \$18.00 – Implemented February 2025
- FY25 Budget Comprehensive Citywide Classification & Compensation Study \$500k – In Progress
  - Evaluate Salary Structures
  - Min-Mid-Max Pay Ranges
  - Evaluate Compression and Competitive Pay
  - Modeling Implementation Scenarios for a Phased Approach

# Historical Pay Practices

- Citywide Classification Study Implemented 2015
- Biennial Market Studies Last 10 years (Public & Private Pay Data)
- Annual Pay for Performance up to 7% Since 2021
- Hard-to-Fill Positions
- 23 Auto-Reclassification Programs (ARPs)
  - 12 New ARPs
- Department Pay Strategies
- Shift Differential Pay Increase

# Scope of Project

- Review of Positions via Job Description Questionnaire (JDQs)
  - Over 1900 completed for over 3300 employees; 28 Departments
- Comprehensive Review
  - Job Architecture
  - Job Evaluation & Job Family Levels
  - Market Analysis (Public & Private Sector)
- Consultant Recommendations
  - Enhance Pay Structure
  - Develop a Compensation Philosophy
  - Evaluate Fiscal Impact of Recommendations

# Salary Structure Analysis

- Salary Structure
  - 4 pay schedules (Non-Exempt, Exempt, IT, and Executive)
  - Over 550 Job Titles
  - Over 4500 Non-Civil Service Employees
- Compression of Job Levels
  - Realignment of lower skilled jobs in higher skilled jobs ranges
- Address Compression of Pay
  - Employees with little or no experience paid similarly to those with more experience
  - Impact on recruitment, retention and employee morale

# Ongoing Classification Activities

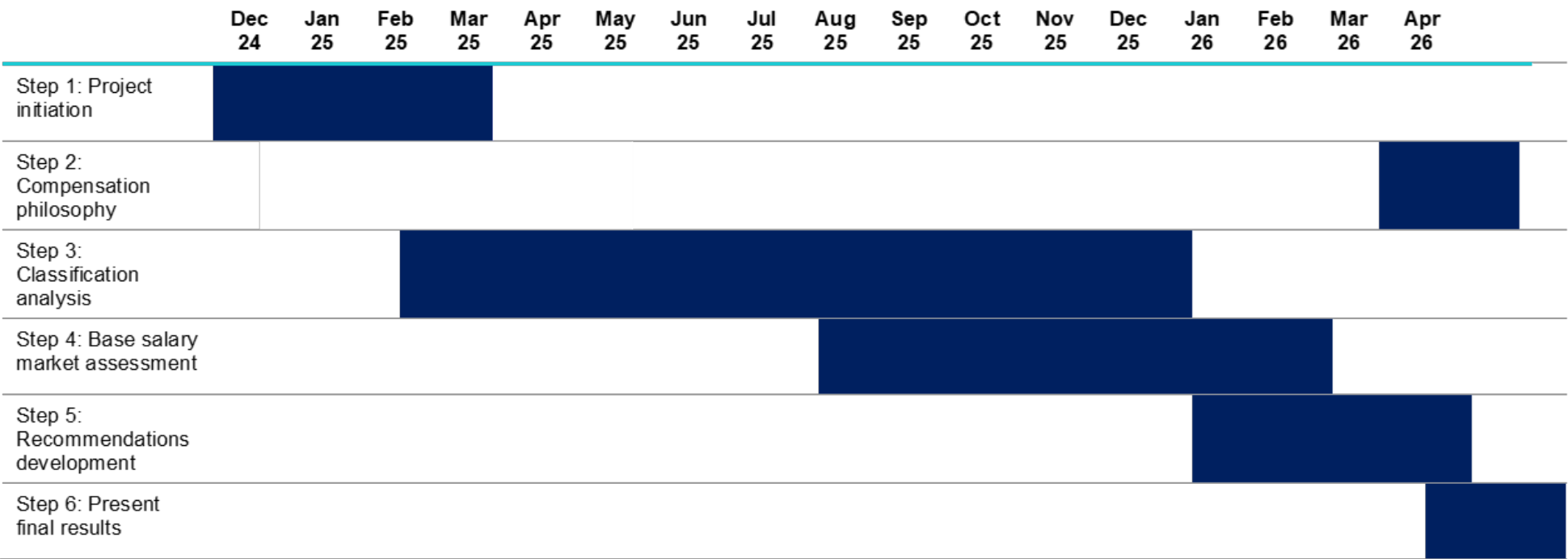
- Auto Reclassification Programs
- Newly Created Job Descriptions
  - Office of Medical Director
  - Emergency Medical Services
- Continue Review of Reclassifications Requests for Vacant Positions





# Citywide Classification & Compensation Study

Anticipated Timeline in Months



# Study – Timeline

- Project Initiation v
  - 28 On-site meetings with Stakeholders
  - 5 On-site & virtual option Employee Presentations
- April 2025 – January 2026
  - Classification Analysis – In Progress
- August 2025 – March 2026
  - Market Analysis
- January – April 2026
  - Compensation Philosophy Development
- May 2026
  - Present Final Results

Thank you

