

EMPLOYEES — THE CITY’S MOST IMPORTANT ASSET

The City, like most local governmental units, provides services and can therefore be classified as a labor-intensive organization. Any organization that provides services can expect a substantial portion of its budget to be allocated for personnel costs. The following chart illustrates the City’s personnel costs.

Key Personnel Statistics		
	General <u>Fund</u>	Total <u>City</u>
Total Budget	\$114.5 Million	\$208.9 Million
Employees	804	1207
Personnel Costs	\$83.6 Million	\$104.4 Million
Percentage		
Personnel	72.9	49.9
Salary	50.4	34.6
Fringe Benefits	22.5	15.3

To help contain personnel costs, the City has taken several steps in the past to economize its use of personnel while maintaining service quality. These steps include:

- eliminating inefficient or ineffective services;
- improving the method of delivery for certain services;
- contracting certain specialized and/or seasonal services to private contractors; and
- adding certain key positions.

As part of the City’s budget preparation process, departments consider the aforementioned means of reducing personnel costs while maintaining service levels and quality. When departments prepare their personnel and dollar budgets, they give consideration to current and future practices in the context of the above factors. The 2008 budget was developed using these steps as guideposts to ensure that quality services are being delivered with the lowest possible personnel costs. All departments and agencies prepared budgets by analyzing their operations in light of the above factors.

EMPLOYMENT TRENDS

Since 2005, 17.35 full-time equivalent positions have been created and/or filled, an increase of 1.5%, across program lines in legislative and management, public safety, community development, public works, and human services. If 1980 is used as the benchmark, then municipal employment has been reduced 4.7%.

CITY OF ROCKFORD, ILLINOIS 2008 BUDGET PERSONNEL AUTHORIZATION ALL FUNDS

PROGRAMS AND AGENCIES	<u>2005</u>	<u>2006</u>	<u>2007</u>	2006-2007 INCREASE (DECREASE)	<u>2008</u>	2007-2008 INCREASE (DECREASE)
LEGISLATIVE & MANAGEMENT						
MAYOR	8.00	8.00	8.00	0.00	8.00	0.00
COUNCIL				0.00		0.00
LEGAL	16.60	17.00	19.00	2.00	20.00	1.00
FINANCE	34.00	33.00	33.00	0.00	34.00	1.00
INFORMATION SERVICES	10.00	10.00	10.00	0.00	10.00	0.00
HUMAN RESOURCES	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>0.00</u>	<u>7.00</u>	<u>0.00</u>
LEGISLATIVE & MGMT TOTAL	<u>75.60</u>	<u>75.00</u>	<u>77.00</u>	<u>2.00</u>	<u>79.00</u>	<u>2.00</u>
COMMUNITY DEVELOPMENT						
CD ADMINISTRATION	1.85	1.85	2.00	0.15	2.50	0.50
CD DEVELOPMENT	19.40	18.40	16.50	(1.90)	8.75	(7.75)
CD CODE ENFORCEMENT					13.00	13.00
CD PLANNING	<u>11.75</u>	<u>11.75</u>	<u>15.50</u>	<u>3.75</u>	<u>11.25</u>	<u>(4.25)</u>
COMM DEV DEPARTMENT	33.00	32.00	34.00	2.00	35.50	1.50
BUILDING INSPECTION	<u>20.00</u>	<u>20.00</u>	<u>21.00</u>	<u>1.00</u>	<u>19.00</u>	<u>(2.00)</u>
COMM DEVELOPMENT TOTAL	<u>53.00</u>	<u>52.00</u>	<u>55.00</u>	<u>3.00</u>	<u>54.50</u>	<u>(0.50)</u>
HUMAN SERVICES						
HUMAN SERVICES	91.75	95.80	92.50	(3.30)	92.50	0.00
DRUG FREE INITIATIVE	1.50	0.00	0.00	0.00	0.00	0.00
TUBERCULOSIS SANITARIUM	0.00	0.00	0.00	0.00	0.00	0.00
LIBRARY	<u>98.00</u>	<u>102.40</u>	<u>103.20</u>	<u>0.80</u>	<u>109.20</u>	<u>6.00</u>
HUMAN SERVICES TOTAL	<u>191.25</u>	<u>198.20</u>	<u>195.70</u>	<u>(2.50)</u>	<u>201.70</u>	<u>6.00</u>
PUBLIC SAFETY						
POLICE	332.00	338.00	338.00	0.00	339.00	1.00
FIRE	280.00	282.00	282.00	0.00	282.00	0.00
911 COMMUNICATIONS	<u>61.00</u>	<u>61.00</u>	<u>53.00</u>	<u>(8.00)</u>	<u>53.00</u>	<u>0.00</u>
PUBLIC SAFETY TOTAL	<u>673.00</u>	<u>681.00</u>	<u>673.00</u>	<u>(8.00)</u>	<u>674.00</u>	<u>1.00</u>
PUBLIC WORKS						
ADMINISTRATION	6.50	6.50	6.50	0.00	6.50	0.00
ENGINEERING	4.70	4.50	4.50	0.00	4.50	0.00
STREETS & SEWERS	40.50	40.50	40.50	0.00	39.50	(1.00)
PROPERTY	0.00	0.00	0.00	0.00	0.00	0.00
TRAFFIC	18.00	18.00	18.00	0.00	18.00	0.00
CAPITAL PROJECT	12.80	15.80	15.80	0.00	15.80	0.00
PARKING SYSTEM	9.00	9.00	9.00	0.00	9.00	0.00
SANITATION	3.00	3.00	3.00	0.00	1.00	(2.00)
PROPERTY & EQUIPMENT	28.00	27.00	28.00	1.00	28.00	0.00
WATER	<u>74.50</u>	<u>75.70</u>	<u>74.70</u>	<u>(1.00)</u>	<u>75.70</u>	<u>1.00</u>
PUBLIC WORKS TOTAL	<u>197.00</u>	<u>200.00</u>	<u>200.00</u>	<u>0.00</u>	<u>198.00</u>	<u>(2.00)</u>
NON OPERATING						
CITY HALL REHAB MGMT	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	<u>1,189.85</u>	<u>1,206.20</u>	<u>1,200.70</u>	<u>(5.50)</u>	<u>1,207.20</u>	<u>6.50</u>

Staffing for 2007 was 1,200.70 positions, a decrease of 5.5 FTE over 2006. 8 positions were eliminated in the 911 center while Human Services increased 2.5 positions.

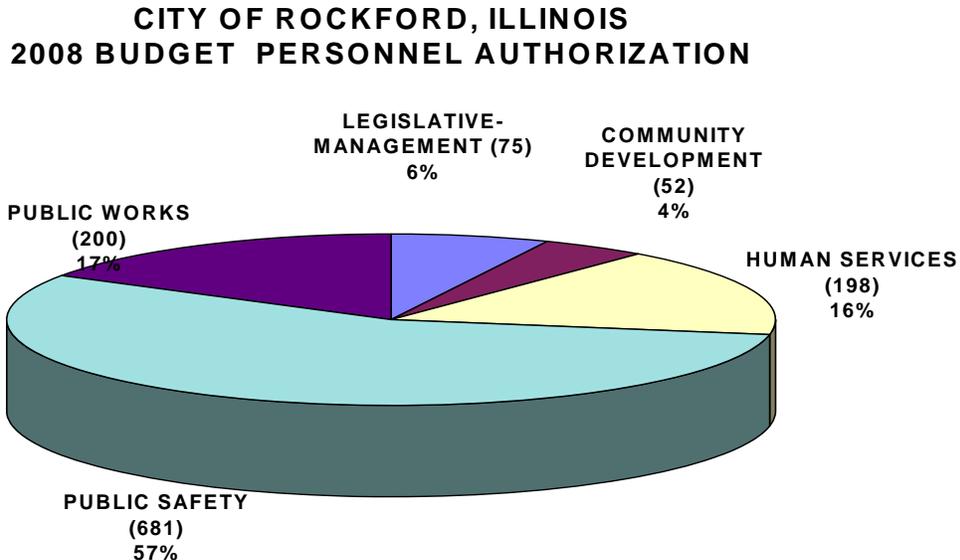
2008 EMPLOYMENT

Staffing for the 2008 budget by program is provided in the Personnel Authorization Schedule. Employment has increased to 1,207.20 positions.

The Human Services group saw the largest change. Human Services total FTE increased by 6.00, due to the addition of the Library East Side Branch.

In the Legislative and Management group, there is an overall increase of 2.00 FTE. Additions include an office assistant position in the Legal Division and accountant in the Finance Department. The accountant position was transferred to the Finance Department from Community Development Department.

In the Community Development group, there is an overall decrease of .50 FTE. Additions include a new Code Enforcement Division. The neighborhood enforcement specialists in both Planning and Development were transferred to the new Code Enforcement Division along with two positions from Public Works group.



2008 CHANGES IN COMPENSATION

The majority of the City's work force is organized into five collective bargaining units.

CITY'S EMPLOYEE UNIONS

<u>Unit</u>	<u>Employees</u>	<u>Percentage Of Total</u>
Police Sworn	294.0	31.0%
Fire Sworn	276.0	29.4
Public Works/Clerical (AFSCME)	224.0	24.0
Community Development (AFSCME)	23.0	2.5
Human Services (AFSCME)	52.8	5.7
Library (AFSCME)	<u>69.4</u>	<u>7.4</u>
	939.2	100.0%

Labor agreements are in negotiation for police and fire employee groups in 2008. The AFSCME group receives a 4.0% increase, effective January 1. All non-union groups receive a 2.5% increase, effective January 1.

2004-2008 SALARY AND BENEFIT ADJUSTMENTS BY EMPLOYEE GROUP

<u>Year</u>	<u>Police Sworn</u>	<u>Fire Sworn</u>	<u>AFSCME</u>	<u>AFSCME B</u>	<u>Exempt</u>
2004	Varied, avg. 3.5 patrol, 3.25 investigator, 3.0 sergeant	3.50	3.50	3.50	3.50
2005	3.60	3.00/1.00	3.00/1.00	3.00/1.00	3.00
2006	Currently bargaining	Currently bargaining	3.50	3.50	2.50
2007	Currently bargaining	Currently bargaining	3.50	3.50	3.00
2008	Currently bargaining	Currently bargaining	4.00	4.00	2.50

The labor agreement for union Library employees runs through December 31, 2009. It includes a 2.5% wage increase each year of the contract. Exempt library personnel received a 2.5% increase in 2007.

The balance of the City's employees, management and professional personnel as well as certain exempt clerical positions, participate in a merit pool. Under this plan, employees are eligible for merit increases in midyear up to 4%. The program is reviewed on an annual basis.

From the late 1970's to the 1980's the City paid the total cost of health insurance premiums. In 1988, the Community Development AFSCME group and the exempt employees each began contributing to their health insurance costs. In 2004, employee contributions more than doubled as an effort to control rising health insurance costs. In 2007, the City introduced a new health savings (HSA) option in addition to the traditional PPO plan for health insurance premiums. Annual premium costs for the HSA in 2008 are \$6,058 (11.3%) for single, \$12,116 (7.9%) for single plus one, and \$18,174 (6.8%) for family. Annual premium costs for the traditional PPO plan in 2008 are \$6,448 (10.4%) for single, \$12,896 (7.3%) for single plus one, and \$19,370 (6.3%) for family. Library full-time employee's premium percentage for PPO is 10% and HSA is 5% for 2008. Family coverage premium percentage for PPO is 50% and \$25.00 per pay period deduction and HSA is 50% and \$11.54 per pay period deduction.

EMPLOYEE FRINGE BENEFITS

Total employee compensation includes not only salaries but also all direct fringe benefits necessary to fund a position. Fringe benefits are often not considered during compensation review and the ramifications of this hidden cost are often not realized until later budget years.

For the City, direct dollar fringe benefits average from 43% to 66% of salaries. While fringe benefits vary by employee group, the selection of Police Sworn, Fire Sworn, Finance (office), and Public Works Streets Division (field) illustrates the four typical groups.

BENEFITS AS A SALARY PERCENTAGE

<u>Benefits</u>	<u>Sworn</u>		<u>Non-Sworn</u>	
	<u>Police</u>	<u>Fire</u>	<u>Office</u>	<u>Field</u>
Pension	20.2	31.6	17.8	17.0
Worker's Comp	3.8	5.2	0.2	4.4
Health	28.5	28.3	24.5	28.8
Other	<u>0.9</u>	<u>0.5</u>	<u>0.9</u>	<u>0.2</u>
Total	53.4	65.6	43.4	50.4

	<u>Average Costs Per Budgeted Position</u>			
	<u>Police</u>	<u>Fire</u>	<u>Office</u>	<u>Field</u>
Salary	\$58,443	\$58,733	\$51,617	\$46,462
Fringe Benefits	<u>31,212</u>	<u>38,521</u>	<u>22,357</u>	<u>23,443</u>
Total	\$89,654	\$97,254	\$73,973	\$69,905

As shown above, 2008 fringe benefits range from 43.4 percent for office personnel to 65.6 percent for fire personnel, while average costs per position range from \$69,905 for field personnel to \$97,254 for firefighters. Costs increase primarily because of salary adjustments, health insurance, and pension increases.

In 2007, fringe benefits ranged from 43.1 percent for office personnel to 55.3 percent for fire personnel, while costs per position ranged from \$71,436 for the field to \$94,107 for fire. In 2006, the fringe benefit range was from 38.7 percent for police personnel to 55.0 percent for fire personnel, while costs per position range from \$68,256 for field to \$87,936 for fire.

Overall, 2008 fringe benefits, except for health insurance, continue to remain fairly stable. IMRF rates increased 5.7% while police and fire pension contributions increased.. These direct fringe benefits are discussed individually in the Non-Operating Funds section of the budget.

In addition to direct fringe benefit costs, certain indirect fringe benefits, such as vacations and sick leave, may add approximately six to eight percent to the fringe benefit percentages. These costs are not, unless additional positions are budgeted to compensate for this lost time, an addition in dollars, rather they represent a loss in service units delivered. Employees, as this section illustrates, are a key component of the City's budget both in terms of delivering services to citizens and as the single largest expense.