



FY 2017 Recommended Budget Budget Question

Board Question #: 27

BUDGET QUESTION: How does the 2% compensation adjustment tie in with the 1% adjustment for VRS?

RESPONSE: The 2% compensation adjustment and the 1% VRS adjustment are two distinct items. The 1% VRS adjustment is the fifth year of a State-mandated shift of the employee contribution to VRS from employers to employees. The mandated shift requires that the County provide a 1% salary increase to those employees hired under a certain VRS plan and then requires that the employee picks up an additional 1% of the required 5% contribution to VRS. FY 2017 is the fifth and final year of this mandated shift. Note that the 1% salary increase will result in a net loss to the employee and a cost to the County due to taxes that are applicable to the increased salary.

The 2% compensation adjustment is not dependent upon what is occurring with the VRS shift. The County Administrator is recommending that a 2% compensation adjustment be budgeted to be allocated on a pay-for-performance basis. The amount we have budgeted is the equivalent of a 2% increase for all. However, given a performance-based application – some may receive less than 2%; some may receive more than 2%.