

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	\$112.5 Million	\$240.7 Million
Employees	809	1211
Personnel Costs	\$82.7 Million	\$104.9Million
Percentage		
Personnel	77.4	43.5
Salary	51.9	29.6
Fringe Benefits	25.5	13.9

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 2009 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 2006, 4.05 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 2009 BUDGET PERSONNEL AUTHORIZATION ALL FUNDS

PROGRAMS AND AGENCIES	<u>2006</u>	<u>2007</u>	<u>2008</u>	2007-2008 INCREASE (DECREASE)	<u>2009</u>	2008-2009 INCREASE (DECREASE)
LEGISLATIVE & MANAGEMENT						
MAYOR	8.00	8.00	8.00	0.00	8.00	0.00
COUNCIL				0.00		0.00
LEGAL	17.00	19.00	20.00	1.00	20.00	0.00
FINANCE	33.00	33.00	34.00	1.00	34.00	0.00
INFORMATION SERVICES	10.00	10.00	10.00	0.00	8.00	(2.00)
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>75.00</u>	<u>77.00</u>	<u>79.00</u>	<u>2.00</u>	<u>77.00</u>	<u>(2.00)</u>
COMMUNITY DEVELOPMENT						
CD ADMINISTRATION	1.85	2.00	2.00	0.00	2.00	0.00
CD CODE ENFORCEMENT	0.00	0.00	13.00	13.00	13.00	0.00
CD PLANNING	11.75	15.50	11.25	(4.25)	6.30	(4.95)
CD CONSTRUCTION SERVICES	20.00	21.00	19.00	(2.00)	25.00	6.00
CD SANITATION	0.00	0.00	0.00	0.00	0.00	0.00
CD DEVELOPMENT	<u>18.40</u>	<u>16.50</u>	<u>8.75</u>	<u>(7.75)</u>	<u>7.50</u>	<u>(1.25)</u>
COMM DEVELOPMENT TOTAL	<u>52.00</u>	<u>55.00</u>	<u>54.00</u>	<u>(1.00)</u>	<u>53.80</u>	<u>(0.20)</u>
HUMAN SERVICES						
HUMAN SERVICES	95.80	92.50	92.50	0.00	90.75	(1.75)
DRUG FREE INITIATIVE	0.00	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>102.40</u>	<u>103.20</u>	<u>109.20</u>	<u>6.00</u>	<u>115.10</u>	<u>5.90</u>
HUMAN SERVICES TOTAL	<u>198.20</u>	<u>195.70</u>	<u>201.70</u>	<u>6.00</u>	<u>205.85</u>	<u>4.15</u>
PUBLIC SAFETY						
POLICE	338.00	338.00	339.00	1.00	345.00	6.00
FIRE	282.00	282.00	282.00	0.00	282.00	0.00
911 COMMUNICATIONS	<u>61.00</u>	<u>53.00</u>	<u>53.00</u>	<u>0.00</u>	<u>53.00</u>	<u>0.00</u>
PUBLIC SAFETY TOTAL	<u>681.00</u>	<u>673.00</u>	<u>674.00</u>	<u>1.00</u>	<u>680.00</u>	<u>6.00</u>
PUBLIC WORKS						
ADMINISTRATION	6.50	6.50	6.50	0.00	4.50	(2.00)
ENGINEERING	4.50	4.50	4.50	0.00	10.00	5.50
STREETS & SEWERS	40.50	40.50	39.50	(1.00)	40.00	0.50
TRAFFIC	18.00	18.00	18.00	0.00	12.40	(5.60)
CAPITAL PROJECT	15.80	15.80	15.80	0.00	16.30	0.50
PARKING SYSTEM	9.00	9.00	9.00	0.00	9.00	0.00
SANITATION	3.00	3.00	1.00	(2.00)	0.00	(1.00)
PROPERTY & EQUIPMENT	27.00	28.00	28.00	0.00	0.00	(28.00)
BUILDING MAINTENANCE	0.00	0.00	0.00	0.00	12.00	12.00
EQUIPMENT MAINTENANCE	0.00	0.00	0.00	0.00	11.00	11.00
CENTRAL STORES	0.00	0.00	0.00	0.00	3.90	3.90
WATER	<u>75.70</u>	<u>74.70</u>	<u>75.70</u>	<u>1.00</u>	<u>75.00</u>	<u>(0.70)</u>
PUBLIC WORKS TOTAL	<u>200.00</u>	<u>200.00</u>	<u>198.00</u>	<u>(2.00)</u>	<u>194.10</u>	<u>(3.90)</u>
NON OPERATING						
CITY HALL REHAB MGMT	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>1,206.20</u>	<u>1,200.70</u>	<u>1,206.70</u>	<u>6.00</u>	<u>1,210.75</u>	<u>4.05</u>

Staffing for 2008 was 1,207.20 positions, a increase of 6.5 FTE over 2007. 2 positions were eliminated from IT and 3.9 eliminated from Public Works while Human Services increased 4.15 and Police increased 6.0 positions.

2009 EMPLOYMENT

Staffing for the 2009 budget by program is provided in the Personnel Authorization Schedule. Employment has increased to 1,210.75 positions.

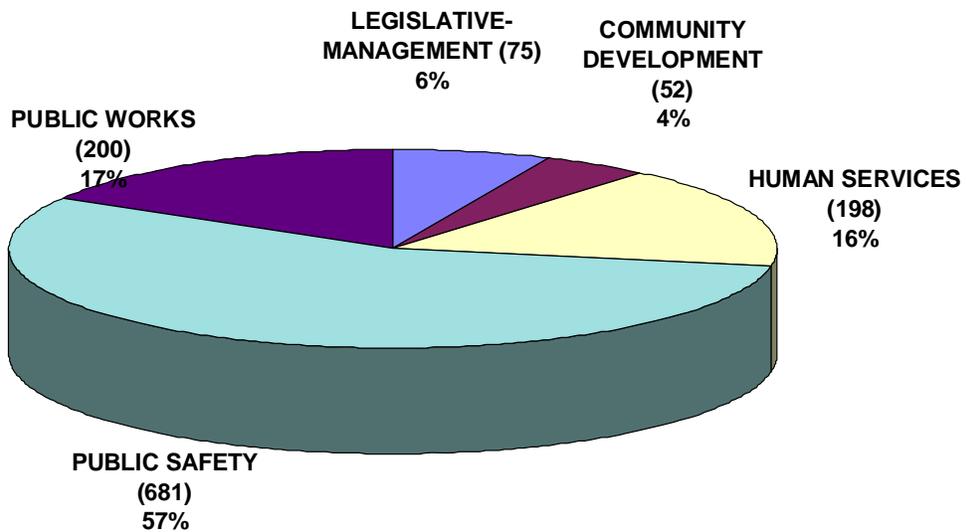
The Public Safety group saw the largest change. Police total FTE increased by 6.00, for new Citizen Reporting Assistants.

In the Legislative and Management group, there is an overall decrease of 2.00 FTE. Reductions include two positions in the IT Department.

In the Human Services group, there is an overall increase of 4.15 FTE. Additions include staffing for the Library East Side Branch. Human Services decreases 1.75 FTE.

In the Public Works group, there is an overall decrease of 3.90 FTE. Reductions include two positions in the Administration and other savings related to division restructuring.

CITY OF ROCKFORD, ILLINOIS 2008 BUDGET PERSONNEL AUTHORIZATION



2009 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	29.0
Public Works/Clerical (AFSCME)	229.0	24.0
Community Development (AFSCME)	22.0	2.3
Human Services (AFSCME)	50.4	5.3
Library (AFSCME)	<u>80.9</u>	<u>8.4</u>
	952.3	100.0%

Labor agreements are in negotiation for police and fire employee groups in 2009. The AFSCME group receives a 4.0% increase, effective January 1. All non-union groups were given a furlough reduction to their wages of 3.33%, effective May 1.

2005-2009 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>
2005	3.60	3.00/1.00	3.00/1.00	3.00/1.00	3.00
2006	3.50	3.50	3.50	3.50	2.50
2007	3.50	3.50	3.50	3.50	3.00
2008	4.00	4.00	4.00	4.00	2.50
2009	Currently bargaining	Currently bargaining	4.00	4.00	0

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 2008.

The balance of the City's employees, management and professional personnel as well as certain exempt clerical positions, participate in a merit pool. The merit program was eliminated for 2009. 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 2009 are \$6,344 for single, \$12,714 for single plus one, and \$19,084 for family. Annual premium costs for the traditional PPO plan in 2009 are \$7,280 for single, \$14,560 for single plus one, and \$21,866 for family. Library full-time employee's premium percentage for PPO is 10% and HSA is 4% for 2009. Family coverage premium percentage for PPO is 30% and \$255.00 per pay period deduction and HSA is 31% and \$233.00 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	18.3	29.5	17.5	19.0
Worker's Comp	3.5	5.0	0.2	4.6
Health	25.7	27.7	27.0	32.6
Other	.8	0.4	0.8	0.2
Total	48.3	62.6	45.5	56.4

	<u>Average Costs Per Budgeted Position</u>			
Salary	\$67,016	\$69,698	\$52,770	\$42,759
Fringe Benefits	<u>32,290</u>	<u>43,686</u>	<u>24,056</u>	<u>24,093</u>
Total	\$99,306	\$113,384	\$76,825	\$66,852

As shown above, 2009 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 45.5 percent for office personnel to 62.6 percent for fire personnel, while costs per position ranged from \$66,852 for the field to \$113,384 for fire. In 2008, the fringe benefit range was from 53.4 percent for police personnel to 65.6 percent for fire personnel, while costs per position range from \$69,905 for field to \$97,254 for fire.

Overall, 2009 fringe benefits, except for health insurance, continue to remain fairly stable. IMRF rates decreased 2.3% while health insurance 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.