



Board Summary Report

File #: 25-428

Agenda Date: 8/5/2025

Agenda #:

To: Board of County Commissioners

Through: Patrick L. Hernandez, Director, Human Resources

Prepared By:

Dusty Sash, Total Compensation Division Manager; Colin Cannon, Benefits Manager; Julie Weaver, Senior Compensation Analyst, Human Resources

Presenter: Dusty Sash, Total Compensation Division Manager, Human Resources

Subject:

9:30 AM *2026 Total Compensation

Purpose and Request:

The purpose of this Study Session is to provide information and receive direction for the 2026 Total Compensation Benefits package. This includes specific direction for the following benefits: increasing the County's contribution to the 401a Defined Benefit plan by .25%; reviewing the renewal and setting rates for the 2026 medical plans; use of the dental reserve to manage premium impact; additional paid time off programs; and approval on the 2026 holiday schedules.

It is also to provide compensation information for: market updates and 2026 salary structure adjustments and reclassifications.

Background and Discussion: Human Resources has been operating Compensation and Benefits in accordance with the Total Compensation Philosophy statement: Arapahoe County will equitably and competitively pay our employees to our defined wage and salary market and adjust as needed to attract new talent and reward performance. While there are five components to Total Compensation (Compensation, Benefits, Work-Life Success, Performance Recognition, and Development & Career Opportunity) we have applied the market competitive rate to compensation and, less formally, to benefits to strive to "pay" at market in accordance with the above philosophy.

To that end, Human Resources participated in market surveys for compensation and benefit plans and analyzed the available results. Following is a summary of the Total Compensation survey findings:

- Medical, Dental, Paid time off plans, tobacco cessation, financial well-being, caregiver support, infants at work and medical gap coverage all lead our market.
- Vision, Flexible Spending Accounts, EAP, Life, AD&D and Disability coverage are all at market.
- Tuition Reimbursement and Caregiver paid time off lag the market.
- Overall County Compa-Ratio of 0.97.

The proposals and information presented in this Board Summary Report reflect adjustments to keep/move

benefits to be/remain competitive with the Denver/Boulder market. However, the compensation will not be presented at this time.

Benefits Discussion

Retirement Contribution

- Currently, there is a mandatory 9% employee 401(a) defined benefit contribution which the County funds at an additional 9.75% “match”
- Proposal is to increase the County’s contribution to 10%
- While contribution to the pension is part of Total Compensation Value Exchange, this is a deferred payment for only those that retire, it does not impact employee’s taxes or take-home pay, therefore, the perceived value of this benefit will be low compared to the actual value.

Approximate cost: \$576,200

Medical Plan Benchmark Data

The current DHMO plan (County base plan) is valued at 11.8% above market. Plan design (Deductible, Out of Pocket Maximum, Copay, Coinsurance) is at benchmark overall, and the employee share of premiums is lower than the benchmark creating the increased value of the County plan.

- County employee only rate is \$125 compared to the benchmark of \$160
- County average rate for employee plus dependent(s) is \$444 compared to the benchmark of \$586

Medical Plan Renewal

The Kaiser Renewal is 19.2% or \$5,579,300 based on:

- High claims for cancer, cardiac, and infertility care; days inpatient increased by 13.9%; an increase of 14.1% for outpatient; an increase of 26.3% for pharmacy
- Wellness Program Design contributed to reduced renewal by -0.24%
- Trend of 6.42% was applied; prior year was 9.79%

Trend benchmarks:

- National Average 8%
- Colorado Average 5.5%

As part of the 2025 RFP selection process a rate deferral option was negotiated in the event a high renewal would follow the RFP.

- Arapahoe County can take a rate reduction in 2026 of 8.5% or \$2,468,000
 - This is a deferral not a cap. Arapahoe County will be liable for a third of the difference (3.6%) in 2027, 2028 and 2029 in addition to the actual renewal.

History

The plan average renewal over the last 5 years is 3.27%. This is far better than the Colorado and National averages over the same time period.

Option A - Take the Rate Deferral but Keep Cost Share at 75/25

- 8.5% Increase or \$2,468,000 for 2026
 - Additional rate deferral of difference from initial renewal spread across following 3 years from 2027-2029 of about 3.6%
- Maintain County/Employee total cost share at 75%/25%
- Employee rates increase 12.71%

County Cost: \$1,572,400 (\$864,800 General Fund)Option A - Medical Plan Contribution Strategy - Tiered Percentage

- DHMO
 - Employee Only Coverage at 82% / 18%
 - Dependent Coverage at 72% / 28%
- Choice PPO
 - Buy Up - employees pay a greater percentage of a more costly plan.
 - Employee Only Coverage at 64% / 36%
 - Dependent Coverage at 54% / 46%
- Overall
 - County pays 75% (\$24M) with employees sharing the remaining 25% (\$8M)

Option B - Take the Renewal but reduce County Cost Share

- 19.2% Increase or \$5,579,300 for 2026
- Change County/Employee total cost share from 75%/25% to 73%/27%
- Employee rates increase 34%

County Cost: \$2,094,000 (\$1,151,700 General Fund)Option A - Medical Plan Contribution Strategy - Tiered Percentage

- DHMO
 - Employee Only Coverage at 80% / 20%
 - Dependent Coverage at 70% / 30%
- Choice PPO
 - Buy Up - employees pay a greater percentage of a more costly plan.
 - Employee Only Coverage at 60% / 40%
 - Dependent Coverage at 50% / 50%
- Overall
 - County pays 73% (\$23M) with employees sharing the remaining 27% (\$9.5M)

2025 Dental Plan Changes

The Delta Dental Renewal is 2.5% or \$48,768 based on claims.

- Administrative Fee is a 0% increase.
- Dental Reserve at approximately \$805,000
- Adjusting rates to within 2% of contribution strategy and to manage the reserve BUT then only applying a 6.6% of the 9.2% increase to rates
 - Contribution Strategy is 75%/25% employee coverage; 50%/50% dependent coverage.

\$0 (\$0 to General Fund) pulled \$48,800 from Dental ReserveVision RFP

The County posted an RFP for Vision carrier. The result was that VSP will remain the provider at the current rates and plan design.

Well-being Platform RFP

The County posted an RFP for a Well-being platform. The result was that Navigate will remain the platform.

Wellbeing Update

- *My Well-being* platform enrollment up 8% from 2024
- Wellness Counts Completion at 30%! Expected to increase on final reporting
- Total Health provided - 837 participants to date
- Total Brain provides brain health assessments and tools - 1121 participants to date
- Your Money Line - provides 10 programs of financial well-being support for employees' current day to day financial goals. 735 participants to date
- Continue to provide Mental Health First Aid - 360 participants to date
- Pivot Tobacco Cessation Program (Tobacco users cost approximately \$9,000 more per year on the medical plan than non-tobacco users. On our plans this is approximately \$1,116,000 annually).
 - 44 tobacco users currently enrolled; 135 since 2021
- Homethrive - caregiver support - 110 actively participating

Additional Financial Resource - Kashable

Resource through Arapahoe Rewards (direct to employees) to allow personal loans with payroll deductions at lower interest rates.

- Eligible employees may borrow between 3-10% of their salary based on salary tier and tenure and credit score (not just credit).
- Half of U.S. adults have subprime credit, which leads to retirement loans, payday loans and high interest credit cards.
- No cost to Arapahoe County - no set up
- No liability for the County - relationship is between employee and Kashable we are simply supporting a payment convenience for our employees.
- Examples of employee benefit:
 - An employee with no credit, new to the County and a low salary would receive a 20-24% APR rather than a 300% APR at a payday loan.
 - An employee with subprime credit, with established tenure with the County and a less than average salary would receive a 17-20% APR rather than 200% APR at a payday loan.
 - An employee with good credit, established tenure with the County and an average salary would receive a 10-16% APR rather than 29% from credit cards.
 - An employee with excellent credit with established tenure with County and an above average salary would receive about 6% APR

Financial Well-being Support

5% renewal increase

- Current engagement of 29%
- Enhancements: Money Vibes, Essential Plan, Mobile App Launch, Credit Insights Dashboard, and AI Integration

Cost of \$2,168 (General Fund \$1,192)

Caregiver Paid Time Off

- Additional 3 weeks Paid Time Off for caregivers
 - New Parents (birth or adoption)
 - Aging relatives (parents, grandparents, aunts, uncles)

- Family with disabilities (examples: Autism, ADHD, Cerebral Palsy, Multiple Sclerosis, Parkinson's, Epilepsy, Alzheimer's, etc..)
- Could be taken as a block of time or intermittent
- Eligible the first of the month following 30 days of service
- Managed through The Standard to verify impact to one or more activities of daily living (ADL)
- Concurrent (not additional) with a FML or Non-FML Medical leave when need aligns with those policies

There is no defined cost to this benefit. While employees will work a little less, the retention and productivity when they return is shown to balance it out. However, some departments/offices would incur hard costs of overtime and/or temps.

Volunteer Paid Time Off

- Aligns with core values and promotes Community and Social Well-being
 - Volunteering can improve employee morale, job satisfaction, and loyalty
- Benchmarking: Surrounding counties offer 8 hours per year
- Eligibility: First of the month following 6 months to coincide with Floating Holidays
- Requirement: Signed form from 503(c) representative
 - Benefits will validate the 503(c)

Soft Cost: Payroll times 8 hours

County Holiday Schedule

Offer three (3) floating days (see above) and the thirteen (13) set holidays, in alignment with the dates on the State's holiday schedule. The schedule below is the suggestion for 2026:

- New Years Day - Thursday, January 1
- Martin Luther King Day - Monday, January 19
- Presidents Day - Monday, February 16
- Memorial Day - Monday, May 25
- Juneteenth - Friday, June 19
- Independence Day - Friday, July 3
- Labor Day - Monday, September 7
- Arapahoe Day - Monday, October 5
- Veterans Day - Wednesday, November 11
- Thanksgiving Day - Thursday, November 26
- Day after Thanksgiving - Friday, November 27
- Christmas Eve - Thursday, December 24
- Christmas Day - Friday, December 25
- Floating Holidays (3)

Court Holiday Schedule

Offer five (5) floating days (see above) and the eleven (11) set holidays, in alignment with the dates on the Court's holiday schedule. The schedule below is the suggestion for 2026:

- New Years Day - Thursday, January 1
- Martin Luther King Day - Monday, January 19

- Presidents Day - Monday, February 16
- Memorial Day - Monday, May 25
- Juneteenth - Friday, June 19
- Independence Day - Friday, July 3
- Labor Day - Monday, September 7
- Arapahoe Day - Monday, October 5
- Veterans Day - Wednesday, November 11
- Thanksgiving Day - Thursday, November 26
- Christmas Day - Friday, December 25
- Floating Holidays (5)

Other Benefits

- EAP, FSA/HRA/COBRA, Caregiver Support, Ancillary Plans, Medical Gap Coverage, all under rate guarantee with no rate changes.

Compensation Discussion

2025 Market Review

- 86% of all US employers are focusing on performance-based pay with top performers receiving an average increase of 5.6% (SHRM May 2025)
- Organizations are taking advantage of the employer friendly labor market by reducing pay increases (18% of employers), hiring less experienced talent (15% of employers), lowering salary offers (14% of employers) (SHRM May 2025)
- Denver's cost of labor is 16% above national average while the cost of living is 12% above national average (6/2025 BLS)
- CPI 2.8 (March 2025) vs 2.8 (March 2024) (BLS)
- Denver-Aurora-Centennial Unemployment Rate is at 4.6% (6/2025 BLS)
- 91% of employees are in positions that match the market and 78% of our Jobs are matched to the market
- Compa-ratio is 0.97 demonstrating our pay is lagging the market

*BLS = Bureau of Labor Statistics

Denver Economy and Labor Market

Denver - \$200 million+ deficit

- Hiring freezes
- Furloughs - effect June 1
- Layoffs - possibly as soon as Aug. 1

State of CO - \$1.2 billion GF shortfall

- Focused on not funding future projects first
- Considering across the board 1.5% reduction in the workforce, mainly by not filling vacancies
- Employees will receive salary increases. implemented step plan in 2022 per union agreement.

7/1/2025 = 2.5% 7/1/2026 = 3.1%

Many other Colorado cities are confronting budget shortfalls driven by declining sales tax revenues:

- CO's five largest cities, Colorado Springs, Aurora, Fort Collins and Lakewood, all said they're seeing

sales tax revenues fall, spurred by economic uncertainty at the national level.

- Aurora is projecting a \$20 million to \$30 million budget shortfall in 2026. City leaders are considering multiple options, nothing finalized. **"Salaries and insurance assumptions, furloughs, everything is on the table....,"** they said during budget discussions.

10 County Total Compensation Meeting

The meeting was hosted by Arapahoe County on July 16

- 35 counties and municipalities attended
 - Adams, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer and Weld were all present

52% of the entities that were represented meeting are currently or are considering voluntary RIF, early retirement, furloughs and/or layoffs

Adams, Boulder County and City of Boulder, Denver, Douglas, El Paso, Larimer, Weld, Colorado Springs, Ft. Collins (along with LaPlata and Greeley) are currently in some version of hiring pause/freeze

2026 Peer Group

Updated to include those participating in CPEC and remove those who are not.

Market Indicators on pay

- Market movement approximately 1.41%*
- Merit movement peer average 3.5%**

*based on job movement average

**88% of peers reporting in

Collective Bargaining

The FOP presented an economic proposal on 7/9/2025
AFSCME has not presented an economic request, yet

Market/Structure Adjustments & Reclassifications

- Market and Structure Adjustments
 - Market data moved 1.41% from 2024 to 2025 - applied to all minimums, midpoints and maximums

Cost to bring to minimum \$40,300

- Job Reclassifications
 - 26 jobs will be reclassified into a higher grade.
 - 15 jobs will be reclassified into a lower grade.
 - Reminder: 3-year trend > 5% variance, 2-year trend > 12% variance, 1 year > 20%

Fiscal Impact: Fiscal impact is included within the presentation and dependent on decisions made.

Alternatives: Alternatives are presented within the body of the BSR and presentation. Within the appendix of the presentation, there is additional information. Some members of the E-team have some concerns about Kashable and Caregiver Paid Time Off and would prefer to postpone a decision for 2027

Alignment with Strategic Plan:

- ☒ Be fiscally sustainable
- ☒ Provide essential and mandated service
- ☐ Be community focused

Staff Recommendation: Human Resources appreciates that we are reviewing a substantial amount of information. To meet benefit open enrollment deadlines, it is desired that direction be given during the August 5, 2025, Study Session for the increase to the County's portion of the 401a Defined Benefit contribution, Cost strategy for Medical renewal, use of Reserve Fund for Dental increase, Implementation of Kashable, Implementation of Caregiver Paid Time Off, Implementation of Volunteer Paid Time Off, and 2026 holiday schedules.

Concurrence: The E-Team and A-Team support most of these recommendations.