



MEMORANDUM

Date: March 21, 2016

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Pima County Deputy Sheriff's Association Communication Regarding the Cost of Their Proposed Pay Increase**

In a previous memorandum, I communicated with the Board of Supervisors that staff had met with representatives of the Pima County Deputy Sheriff Association (PCDSA) and the Fraternal Order of Police. That meeting confirmed the cost magnitude and impact of their pay request to the Board.

Both pay proposals – the one offered by the Sheriff and the one requested by PCDSA – have significant cost impacts to the County. The total estimated cost is \$17.4 million, or an increase in the primary property tax rate of 23 cents.

An item that continues to be misrepresented is the County's offer to increase the wages of all deputies who now enjoy a reduced contribution to their retirement accounts. The amount that was proposed as an increase by the County to offset costs associated with income taxes would be a 4.15 percent increase to cover the tax implications of the 3.65 percent contribution to the Public Safety Personnel Retirement System. The primary advantage for the deputies is that their pay and retirement would be based on a higher salary; hence, they would receive increased retirement benefits.

The benefit to the County for paying this portion of a deputy's retirement contribution is to demonstrate the competitiveness of our pay structure. One could be led to believe that our starting salaries are lower than market for this region. However, if salaries were adjusted for this 3.65 percent contribution, they then become competitive with deputy starting salaries in all county agencies except Maricopa County.

The Board, during its discussion of a parental leave program, expressed an understanding that the concept of employee compensation includes both wages and benefits.

The chart attached to this memorandum represents salary increases and benefit increases provided to sheriff deputies and law enforcement, as well as all other County employees, compared to the Consumer Price Index, the increase in pension contributions, and the average per capita personal income increase in Pima County, in Arizona, and in the nation. As can be seen, the cumulative salary increase for commissioned law enforcement is 25

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percent over the period, while other County employees during the same period received only a 14.2 percent increase. Further, the County's contribution to commissioned law enforcement pensions increased 43.7 percent over the same period and only 2.4 percent for all other County employees. The retirement contribution for other County employees has actually decreased slightly from last year, but the contribution for law enforcement has increased by three percent, or \$706,904. When retirement contributions are compared on a dollar-per-employee basis, the County contributes \$25,224 per deputy sheriff and only \$5,604 per other County employee. Clearly, the retirement system for law enforcement is not fiscally sustainable; hence, Proposition 124, which will be before the voters in May of this year.

Based on numerous Call to the Public discussions and apparent union pressure during an election year, there appears to be an expectation there will be significant salary adjustments in the FY 2016/17 budget. Such is an unrealistic expectation given the burden of State cost transfers that reached their peak at \$103 million last year; and based on the current legislative session, will increase – rather than decrease – this year. In fact, House Bill (HB) 2480, which was approved in the House after amendment by Representative Justin Olson, retains the punitive State Aid to Education cost shift and caps the County's primary property tax rate. If approved, HB 2480 would cap our revenues and increase transfers from the State. Finally, the State Property Tax Oversight Commission recently increased our State Aid to Education liability by \$7.4 million.

Given the high cost of State transfers and pending punitive legislation that would restrict or eliminate our ability to raise revenue in the future, significant salary adjustments for law enforcement personnel or other County employees are unlikely.

Finally, given County employees have received less compensation than law enforcement during the period reviewed in the attached chart, I will not support, nor will I recommend, salary increases that treat one class of County employee differently than others.

CHH/lab

Attachment

- c: The Honorable Chris Nanos, Pima County Sheriff
John Bernal, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Jan Leshner, Deputy County Administrator for Community and Health Services
Keith Dommer, Director, Finance and Risk Management
Robert W. Johnson, Budget Manager, Finance and Risk Management

Comparative Salary Increases
Sheriff's Department Employees and Non-Sheriff's Department Employees
Fiscal Year 2007-08 through 2016-17

prepared: 16 March 2016

Fiscal Year	Consumer Price Index		Sheriff Deputies, Sergeants, and Corrections Officers				Most Other County Employees (Those Participating in the Arizona State Retirement System - approximately 4,500)		Personal Income Per Capita Changes		
	U.S. Urban All Items	Salary Increase	Sheriff Deputies and Sergeants (approximately 500)	Corrections Officers (approximately 500)	County-paid Pension Cost Changes	County-paid Pension Cost Changes	Salary Increase	County-paid Pension Cost Changes	Pima	Arizona	National
2007-08	3.8%	15.0%	2.8%	1.2%	1.2%	5.1%	0.5%	4.9%	0.8%	3.3%	
2008-09	-0.3%		5.6%	2.0%	-0.2%		-0.2%	-5.4%	-5.1%	-4.1%	
2009-10	1.6%		-0.4%	0.2%	-0.1%		-0.1%	1.1%	1.2%	2.3%	
2010-11	3.1%		0.4%	-0.4%	0.5%		0.5%	4.1%	4.8%	5.4%	
2011-12	2.1%	1.0%	2.2%	1.4%	0.9%	1.0%	0.9%	2.6%	3.5%	4.2%	
2012-13	1.5%		4.8%	2.6%	0.4%		0.4%	2.8%	-0.2%	0.4%	
2013-14	1.6%	5.2%	4.4%	2.6%	0.4%	5.2%	0.4%	3.3%	3.3%	3.7%	
2014-15	0.1%	2.3%	3.0%	1.9%	0.1%	2.3%	0.1%	3.6%	3.4%	3.6%	
2015-16	0.8%		11.8%	5.2%	-0.1%		-0.1%	3.2%	3.5%	3.2%	
2016-17	2.3%		2.8%	-0.3%				3.5%	3.8%	4.1%	
Sum of Annual Changes:	16.6%	23.5%	37.4%	16.4%	2.4%	13.6%	2.4%	20.4%	19.0%	26.1%	
Compounded, Cumulative Change:	17.9%	25.0%	43.7%	17.6%	2.4%	14.2%	2.4%	21.8%	20.2%	28.9%	

2014-15 County-paid Retirement Contributions: \$ 12,612,000 \$ 3,441,000 \$ 25,218,000
 Average County-Paid Contribution for Each Employee: \$ 25,224 \$ 6,882 \$ 5,604

Source: Salary increases and pension cost information was obtained from Pima County's Budget Department
 Consumer Price Index information was obtained from IHS Global Insight Baseline Economic Forecast, March 2016
 Pima and Arizona Personal Income Per Capita information was obtained from UA's Economic & Business Research Center, Arizona Baseline Forecast, 2016 Quarter 1
 National Personal Income Per Capita information was obtained from IHS Global Insight Baseline Economic Forecast, March 2016
 County-paid Retirement Contributions were obtained from Pima County's audited Comprehensive Annual Financial Report

¹ Non-retirement benefits paid by the County for employees such as health saving account contributions, union dues, health insurance costs are not included in this table.