



MEMORANDUM

Date: December 4, 2017

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

From: C.H. Huckelberry
County Administrator 

Re: **Unfunded State Mandate from the Elected Officials' Retirement Plan Premium Increase**

It has been proposed the current 23.5 percent contribution from the County to the Elected Officials' Retirement Plan (EORP) be increased to 61.5 percent. This is based on litigation that declared invalid Legislative attempts to minimize the fiscal impact of retirement contributions to the EORP. The table below provides the fiscal impact of such an action for next year's budget.

Total Elected Official Salaries	\$6,867,653
Retirement at 23.5 Percent	\$1,613,898
Retirement at 61.5 Percent	\$4,223,607
Increase in Employer Contribution	\$2,609,709

This increase is equivalent to a 0.0341 increase on the County's primary property tax rate. This unfunded state mandate will have to be included in the Fiscal Year 2018/19 Budget. This State cost transfer is in addition to numerous other transfers to counties and municipalities.

Most recently, the County has been attempting to reverse cost shifts imposed by the Legislature for Arizona State Juvenile Corrections and the Arizona Department of Revenue. These two cost shifts to the County alone cost \$2,765,804, which is equivalent to the most recently proposed cost shift of increasing the EORP contribution rate.

Unfortunately, State cost shifts never seem to decrease or be eliminated. We will continue to request Legislative relief on the most recent cost shifts for State Juvenile Corrections and the Arizona Department of Revenue. We will also request the full cost transfer of Highway

The Honorable Chair and Members, Pima County Board of Supervisors
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User Revenue Funds (HURF) to the State budget be eliminated in next year's budget. Such will significantly improve our ability to repair the roads in Pima County.

CHH/anc

c: Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management
Michael Racy, Racy Associates, Inc.