



MEMORANDUM

Date: February 9, 2017

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Benefits Increase for Fiscal Year 2017/18**

Attached is a comparison of Fiscal Year (FY) 2016/17 adopted benefits to FY 2017/18 requested benefits as calculated by the budget system on February 7, 2017. We will be adjusting base budgets for the General Funded departments based on the new numbers.

As it stands today, overall benefits cost increased \$5.2 million from FY 2016/17 (from \$145.4 million to \$150.6 million).

The spreadsheet is broken into three main sections. The first section shows the calculated requested budgets by fund for FY 2017/18. The middle section shows the same information for the FY 2016/17 Adopted Budget. The third section shows the variances from year to year.

A review of Health Insurance Premiums indicates the cost has decreased nearly \$10.5 million in FY 2017/18. Most of this decrease is due to the County's Health Savings Account (HSA) contribution being calculated as part of the Health Insurance Premium object prior to FY 2017/18. HSA contributions are now accounted for in a separate budget object. The total Health Savings Account (HSA) contribution for the County is budgeted at \$8.9 million.

The retirement variances are somewhat larger than I anticipated earlier in the budget process. I believe this may be due, in part, to our being conservative in calculating the benefits impact of the FY 2016/17 salary increase at the time of budget adoption.

The largest single increase in benefits cost for the County is for the Sheriff's Public Safety Retirement System. This increase alone was \$4.8 million, almost all of the entire net benefits cost increase for the County.

CHH/anc

Attachment

c: Presiding Judge, Superior Courts
Elected Officials
Appointing Authorities

Pima County
Fiscal Year 2017/18 Requested Budget
FY1718 Requested (02-07-17 After) VS FY1617 Adopted

Object Code and Name	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Total
FY1718 Requested Budget (02-03-17 AFTER)							
FTE	4,570.95	1,857.65	0.00	0.00	521.00	161.00	7,110.60
5409 - Social Security & Medicare	17,094,593	6,321,597	0	0	2,053,553	694,511	26,164,254
5410 - Unemployment Insurance	157,823	57,692	0	0	18,784	6,439	240,738
5411 - Health Insurance Premiums	30,253,140	10,881,523	0	0	3,659,306	1,066,376	45,860,345
5412 - Workers Compensation	3,959,848	1,442,044	0	0	608,951	108,238	6,119,081
5413 - Life Insurance	149,767	58,058	0	0	17,627	5,469	230,921
5414 - Employer Paid Benefit Fees	0	0	0	0	0	0	0
5415 - Employer Paid Subsidy	83,494	21,870	0	0	6,840	4,362	116,566
5416 - Arizona State Retirement	17,395,329	7,985,858	0	0	3,085,391	1,043,802	29,510,380
5417 - Correction Officer Retirement - Judicial Employees	1,855,016	1,987,304	0	0	0	0	3,842,320
5418 - AZ Public Safety Retirement - County Attorney	220,639	80,874	0	0	0	0	301,513
5419 - Elected Official Retirement	1,545,015	0	0	0	0	0	1,545,015
5420 - Public Safety Retirement	20,844,070	401,134	0	0	0	0	21,245,204
5421 - Corrections Officer Retirement	5,630,759	53,761	0	0	0	0	5,684,520
5422 - Dental Insurance Premiums	523,733	194,910	0	0	60,470	17,248	796,361
5431 - Budgeted Benefits	6,824	21,440	0	0	0	0	28,264
5435 - Parking Subsidy	9,560	2,500	0	0	1,300	380	13,740
5438 - Elected Officials Retirement '2014'	0	0	0	0	0	0	0
5457 - HSA Contribution - Employer	5,738,319	2,289,079	0	0	694,001	210,001	8,931,400
Object Total Excluding FTE	105,467,929	31,799,644	0	0	10,206,223	3,156,827	150,630,623

FY1617 Adopted							
FTE	4,588.35	1,843.25	0.00	0.00	520.00	162.00	7,113.60
5409 - Social Security & Medicare	17,224,531	6,156,104	0	0	2,035,445	707,348	26,123,428
5410 - Unemployment Insurance	176,517	62,902	0	0	20,763	7,204	267,386
5411 - Health Insurance Premiums	37,039,175	13,262,161	0	0	4,591,366	1,421,709	56,314,411
5412 - Workers Compensation	3,722,577	1,338,154	0	0	585,360	103,481	5,749,572
5413 - Life Insurance	147,565	56,317	0	0	17,442	5,440	226,764
5414 - Employer Paid Benefit Fees	383	0	0	0	0	180	563
5415 - Employer Paid Subsidy	90,232	23,554	0	0	6,496	4,510	124,792
5416 - Arizona State Retirement	17,235,237	7,657,771	0	0	3,031,191	1,046,216	28,970,415
5417 - Correction Officer Retirement - Judicial Employees	1,662,337	1,765,186	0	0	0	0	3,427,523
5418 - AZ Public Safety Retirement - County Attorney	74,634	85,065	0	0	0	0	159,699
5419 - Elected Official Retirement	1,629,726	0	0	0	0	0	1,629,726
5420 - Public Safety Retirement	16,207,563	265,463	0	0	0	0	16,473,026
5421 - Corrections Officer Retirement	5,105,341	46,970	0	0	0	0	5,152,311
5422 - Dental Insurance Premiums	494,490	183,150	0	0	58,884	16,527	753,051
5431 - Budgeted Benefits	0	0	0	0	0	0	0
5435 - Parking Subsidy	13,430	3,320	0	0	1,300	260	18,310
5438 - Elected Officials Retirement '2014'	0	0	0	0	0	0	0
5457 - HSA Contribution - Employer	0	0	0	0	0	0	0
Object Total Excluding FTE	100,823,738	30,906,117	0	0	10,348,247	3,312,875	145,390,977

Change (FY1718 Requested - FY1617 Adopted)							
FTE	(17.40)	14.40	0.00	0.00	1.00	(1.00)	(3.00)
5409 - Social Security & Medicare	(129,938)	165,493	0	0	18,108	(12,837)	40,826
5410 - Unemployment Insurance	(18,694)	(5,210)	0	0	(1,979)	(765)	(26,648)
5411 - Health Insurance Premiums	(6,786,035)	(2,380,638)	0	0	(932,060)	(355,333)	(10,454,066)
5412 - Workers Compensation	237,271	103,890	0	0	23,591	4,757	369,509
5413 - Life Insurance	2,202	1,741	0	0	185	29	4,157
5414 - Employer Paid Benefit Fees	(383)	0	0	0	0	(180)	(563)
5415 - Employer Paid Subsidy	(6,738)	(1,684)	0	0	344	(148)	(8,226)
5416 - Arizona State Retirement	160,092	328,087	0	0	54,200	(2,414)	539,965
5417 - Correction Officer Retirement - Judicial Employees	192,679	222,118	0	0	0	0	414,797
5418 - AZ Public Safety Retirement - County Attorney	146,005	(4,191)	0	0	0	0	141,814
5419 - Elected Official Retirement	(84,711)	0	0	0	0	0	(84,711)
5420 - Public Safety Retirement	4,636,507	135,671	0	0	0	0	4,772,178
5421 - Corrections Officer Retirement	525,418	6,791	0	0	0	0	532,209
5422 - Dental Insurance Premiums	29,243	11,760	0	0	1,586	721	43,310
5431 - Budgeted Benefits	6,824	21,440	0	0	0	0	28,264
5435 - Parking Subsidy	(3,870)	(820)	0	0	0	120	(4,570)
5438 - Elected Officials Retirement '2014'	0	0	0	0	0	0	0
5457 - HSA Contribution - Employer	5,738,319	2,289,079	0	0	694,001	210,001	8,931,400
Object Total Excluding FTE	4,644,191	893,527	0	0	(142,024)	(156,048)	5,239,646