

AGENDA ITEM 1 & 7A
October 22, 2013
ADDENDUM

MEMORANDUM

October 21, 2013

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 
Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Addendum:** Bill 28-13, Elected Officials – Compensation

After the packet for Agenda Items 1 & 7A, Bill 28-13, Elected Officials – Compensation, was distributed, we received the attached fiscal and economic impact statements from Jennifer A. Hughes, Director, Office of Management and Budget, and Joseph F. Beach, Department of Finance.



ROCKVILLE, MARYLAND

MEMORANDUM

October 21, 2013

TO: Nancy Navarro, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: Bill 28-13, Elected Officials - Compensation

Please find attached the fiscal and economic impact statements for the above-referenced legislation.

JAH:ha

c: Fariba Kassiri, Assistant Chief Administrative Officer
Kathleen Boucher, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Joseph F. Beach, Director, Department of Finance
Michael Coveyou, Department of Finance
Robert Hagedoorn, Department of Finance
Joseph Adler, Office of Human Resources
Corey Orlosky, Office of Management and Budget
Henri Apollon, Office of Management and Budget

**Fiscal Impact Statement
Council Bill 28-13, Elected Officials - Compensation**

1. Legislative Summary.

This bill would increase the compensation of the County Executive, County Council, Sheriff, and State's Attorney in each of the next four years. This bill reflects the recommendations of the Committee to Study Compensation.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The bill would increase salary and benefit expenditures for elected officials. There would also be increases for FICA costs (7.65%) and County retirement benefit contributions (percentages vary by position), calculated on the amount of increased salary. It would be expected that another compensation study would take place before the 2018 election, which would likely impact the estimates for FY19 and 20. This analysis assumes no change in retirement rates for FY19 and 20. This bill would have no impact on County revenues.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

From FY15 through FY20, the proposed bill would result in an estimated additional expenditure of \$1,814,935. There is no expected revenue change.

Variance (includes FICA and retirement contribution)

	FY15	FY16	FY17	FY18	FY19	FY20
County Executive	\$3,261	\$9,214	\$15,283	\$22,486	\$26,312	\$26,312
Councilmember (x8)	\$86,071	\$186,312	\$218,255	\$256,165	\$276,302	\$276,302
Council President	\$11,834	\$25,617	\$30,009	\$35,221	\$37,990	\$37,990
Sheriff	\$2,693	\$8,259	\$14,737	\$22,425	\$26,509	\$26,509
State's Attorney	\$3,538	\$10,851	\$19,361	\$29,462	\$34,828	\$34,828
Subtotals	\$107,398	\$240,253	\$297,644	\$365,759	\$401,940	\$401,940

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

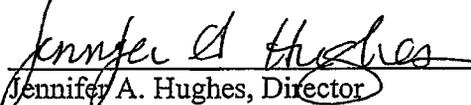
Not applicable.

6. An estimate of the staff time needed to implement the bill.

Staff time needed to implement the bill would be minimal. The only step needed would be to adjust individual records to reflect new salaries as appropriate.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

- Not applicable.
8. An estimate of costs when an additional appropriation is needed.
Not applicable.
9. A description of any variable that could affect revenue and cost estimates.
The compensation increase for the final three years of the four year term is based on estimated CPI increase. If the CPI varies high or low from the estimate, the cost estimates would reflect that change.
10. Ranges of revenue or expenditures that are uncertain or difficult to project.
The estimated CPI is likely to change slightly. A variance of .5% in estimated CPI would result in up to a \$65,000 change in the 6 year estimate, depending on which year the variance from estimate occurred.
11. If a bill is likely to have no fiscal impact, why that is the case.
Not applicable
12. Other fiscal impacts or comments.
Not applicable.
13. The following contributed to and concurred with this analysis: (Enter name and department).
Corey Orlosky, OMB
Lori O'Brien, OMB



Jennifer A. Hughes, Director
Office of Management and Budget

10/16/13

Date

Economic Impact Statement
Bill 28-13, Elected Officials - Compensation

Background:

This legislation would:

- Modify the compensation of the County Executive and County Council;
- Clarify the County Code provisions governing annual adjustments of the County Executive, County Council, Sheriff, and State's Attorney; and
- Generally amend the law relating to compensation of elected officials

Bill 28-13 (Bill) reflects the recommendations of the Committee to Study Compensation of the County Executive, County Council, Sheriff, and State's Attorney. The Bill would increase the compensation of the County Executive and County Council as follows:

- County Executive's compensation would increase from \$180,250 (effective December 3, 2012) to \$190,000 beginning December 1, 2014 and adjusted by the Consumer Price Index for All Urban Consumers for the Washington-Baltimore Consolidated Metropolitan Area (CPI-U) over the next three years.
- Compensation for County Councilmembers, excluding the Council President, would increase from \$104,022 (effective December 3, 2012) to \$125,000 beginning December 1, 2014. The rate would be adjusted annually by the CPI-U
- Compensation for the County Council President would increase from \$114,425 (effective December 3, 2012) to \$137,500 beginning December 1, 2014. The rate would be adjusted annually by the CPI-U.
- Compensation for the Sheriff would increase from \$154,000 (effective December 3, 2012) to \$160,929 beginning December 1, 2014. The rate would be adjusted annually by the CPI-U.
- Compensation for the State's Attorney would increase from \$199,000 (effective January 7, 2013) to \$208,320 beginning January 5, 2015.

The total increase in compensation from December 3, 2012 for the County Executive, County Councilmembers, County Council President, Sheriff, and the State's Attorney from January 1, 2013 would be \$216,898 beginning December 1, 2014.

Based on the Department of Finance's estimate for the County's wage and salary income for calendar years 2013 and 2015, the increase would represent a very insignificant share of total increase in County wage and salary income (0.006%).

1. The sources of information, assumptions, and methodologies used.

- Economic assumptions prepared by Finance for the FY2014 Approved Operating Budget

Economic Impact Statement
Bill 28-13, Elected Officials - Compensation

2. A description of any variable that could affect the economic impact estimates.

Not applicable

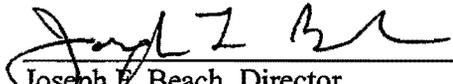
3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

Based on the estimate provided in Section 1, the Bill would have no material economic impact on the County's economy.

4. If a Bill is likely to have no economic impact, why is that the case?

The estimate on the total amount of wage and salary income is very insignificant (see Section 1) and therefore will not have a measurable impact on economic activities in the County.

5. The following contributed to and concurred with this analysis: David Platt and Rob Hagedoorn, Finance;



Joseph F. Beach, Director
Department of Finance

12/15/13
Date