



MEMORANDUM

Date: May 25, 2022

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

From: Jan Lesher *Jan Lesher*
County Administrator

Re: **Analysis of Pay Increase Scenarios**

At the May 17, 2022 Board of Supervisors Meeting it was directed that an analysis be provided of the three different salary increase scenarios that have been discussed as part of the Tentative Budget Adoption. The three scenarios are:

- District 2 – 8.5% (\$52,000/year or less), 6.0% (between \$52,001 and \$75,000/year), 4.0% (between \$75,001 and \$95,680/year), 3.0% (between \$95,681 and \$150,000/year) and 1.0% (\$150,001/year and above) for all eligible employees
- Flat 5.0% for all eligible employees
- Recommended Budget – 5.0% (\$75,000/year or less), 3.0% (between \$75,001 and \$150,000) and 1.0% (\$150,001/year and above) for all eligible employees.

The table below reflects the total cost of these proposed scenarios for the County. All three scenarios would apply to all eligible County employees hired prior to July 1, 2022 and be implemented with the first full pay period in July 2022, pay period ending July 16, 2022.

	District 2 Scenario	5% Scenario	Recommended Budget Scenario
General Fund	\$17,755,285	\$14,252,404	\$12,584,716
Special Revenue Fund	6,502,453	4,691,528	4,151,981
Enterprise Fund	1,835,853	1,392,881	1,289,887
Internal Service Fund	590,315	488,618	435,153
Total	\$26,683,906	\$20,825,430	\$18,461,738

The assumption is that all of the Departments in a Special Revenue Fund, an Enterprise Fund or in an Internal Service Fund will have to identify enough cuts to their budgets to absorb the entire Cost of Living Increase.

For the General Fund, the Recommend Budget has already identified a portion of the funding, \$7.5 Million. The General Fund Departments will also need to identify additional cuts to absorb this Cost of Living Increase regardless of the scenario chosen by the BOS. As you can see in the table on the next page, the additional cost to the General Fund ranges for \$5 Million to \$10 Million dollars.

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The Honorable Chair and Members, Pima County Board of Supervisors
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	District 2 Scenario	5% Scenario	Recommended Budget Scenario
General Fund	\$17,755,285	\$14,252,404	\$12,584,716
Less Recommended Budget	(7,529,960)	(7,529,960)	(7,529,960)
Amount Remaining	\$10,225,325	\$6,722,444	\$5,054,756
Vacancy Savings - 2 Months	(5,054,756)	(5,054,756)	(5,054,756)
Amount Remaining	\$5,170,569	\$1,667,688	\$0

There are currently approximately 1,260 vacant PCNs in the various departments. Of those 1,260 vacant PCNs, 624 PCNs are not shown as being actively recruited within Human Resources' NeoGov system. These 624 PCNs equate to roughly \$37 million in budgeted salary and benefit costs. While not all positions can be eliminated, the County should be able to find sufficient cuts to fund any of the Cost of Living Scenarios the Board of Supervisors decide to approve.

Because identifying these cuts will take time, I have instructed the Finance and Risk Management Department (Finance) to begin working with Departments to identify sufficient cuts to cover any of the three scenarios. The assumption is the non-General Fund Departments will absorb the entire salary increase. The strategy will be as follows, in this order:

1. Assume no more than a 2 month vacancy savings
2. Eliminate full vacant positions. Departments will not be allowed to reduce the FTE value of vacant position.
3. Reduce other operational costs

My goal is to have a plan in place prior to the June 21, 2022 Board of Supervisor's meeting on the Adopted budget. By starting now and by identifying the highest level of cuts, Finance will be prepared to implement any decision the Board of Supervisors approves on June 21, 2022.

JKL/mp

- c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
 Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer, Health and Community Services
 Ellen Moulton, Director, Analytics and Data Governance
 Michelle Campagne, Director, Finance and Risk Management
 Andy Welch, Deputy Director, Finance and Risk Management
 Xavier Rendon, Budget Division Manager, Finance and Risk Management