

MEMORANDUM
FROM
OFFICE OF THE COUNTY MANAGER

DATE: August 4, 2015

To: BoCC, All Districts

FROM: Roger Desjarlais

COUNTY MANAGER

RE: Proposed FY 2015-2016 Employee Pay Increases

I am recommending a four 4% pay increase for all full-time BoCC employees in the upcoming budget year. Raises for BoCC employees since 2008 have not kept pace with upward trends of either the Consumer Price Index or the Bureau of Labor's Employment Cost Index – ECI, a measure of wages in the private sector. In addition, Bureau of Labor statistics for county government wages in Florida released June 17, 2015 and our own surveys show that wages for Lee County employees are below comparable Gulf Coast counties.

As our economy continues to rebound, Lee County joins the rest of the nation in competing for the same scarce labor. In fact, Barron's recently reported that demand for labor is exceeding supply.¹ It is important for Lee County to offer a competitive wage to attract workers.

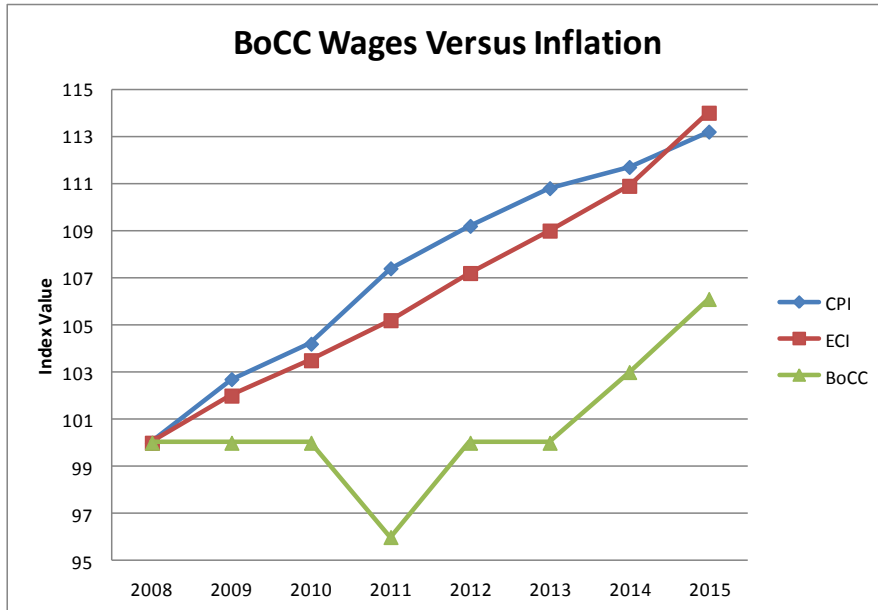
As the following analysis demonstrates, the recommended pay increase will help mitigate the wage stagnation experienced by County employees since the onset of the Great Recession and allow Lee County BoCC to compete for the best workforce talent.

Change in Wages as Compared to Inflation Indexes

Wages and salaries for private industry workers increased 2.8% for the 12 month period ending March 2015. The Consumer Price Index for All Urban Consumers (CPI-U) increased two-tenths of a percent (0.2%) over the same period on a seasonally adjusted basis.

Chart 1 depicts BoCC wage increases (or decreases) compared to both inflation and private sector wage and salary costs since 2008.² Although the time series for each data set differs slightly, the index approximates yearly changes in BoCC salaries,³ in the Consumer Price Index (All Urban Consumers)⁴ and in the Bureau of Labor's Employment Cost Index – ECI (Private Industry Workers).⁵

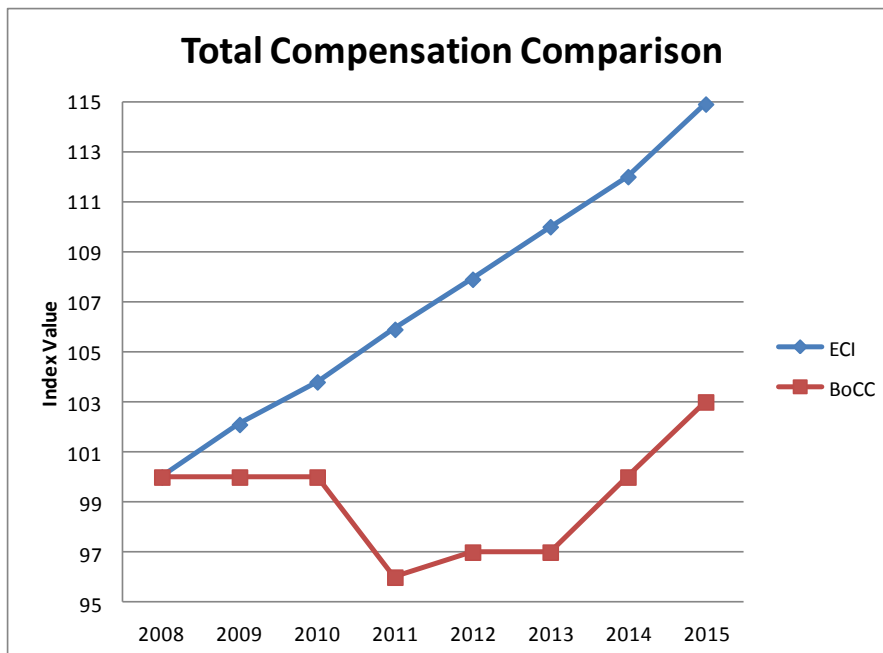
Salary and wage increases for BoCC employees have lagged inflation and employment cost increases for five of the previous seven years. In the two most recent years, BoCC increases have begun to close the gap that had widened over time. A 4% increase in FY16 would continue that trend.



Comparison of Changes in Total Compensation

Total compensation for BoCC employees was reduced as a result of a change in the Florida Retirement System that required an additional 3% contribution from employees to their retirement plans. As a result, total compensation for BoCC employees decreased as shown in Chart 2 below.⁶

The blue line depicts changes in the Employment Cost Index over the same period for total compensation of all civilian workers in the U.S.⁷ Thus, the rate of increase in total compensation for the average U.S. worker has outpaced BoCC compensation growth to a greater degree than simple wage escalation for the 2008-2015 time frame.



Average Wage Comparisons

The average wage of BoCC employees is 23% lower than the average wage for other local public administration workers in Lee County and 24% lower than the Florida average for local government employees.

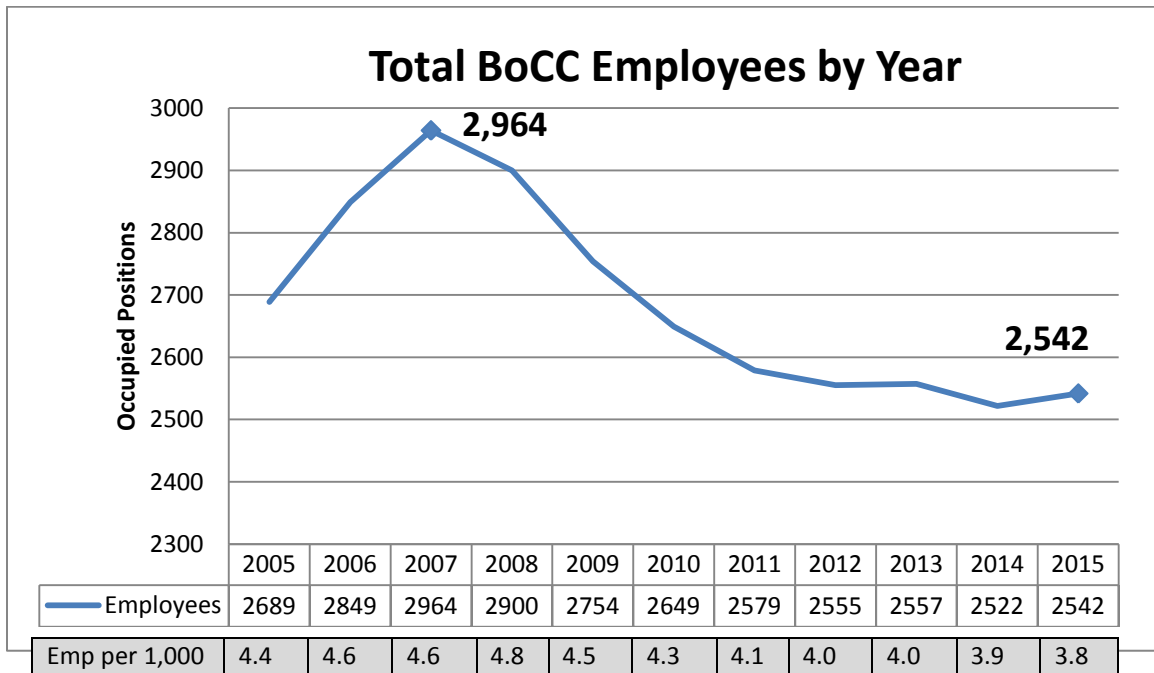
Average Annual Wage of Local Government Workers⁸	
Lee BoCC Employees (Includes County Manager reporting structure, no contract workers)	\$41,802
All Local in Lee (Includes Constitutionals, Port Authority, municipalities in Lee)	\$54,332
All Local in Florida (Includes all local government workers in the state)	\$55,224

Lee also lags comparable Gulf Coast counties in Florida.

	Average Wage of County Government Workers⁹	Average Wage Of All Sector Workers¹⁰
Hillsborough	\$54,652	\$50,908
Collier	\$53,426	\$46,332
Sarasota	\$49,494	\$44,720
Pinellas	\$48,672	\$48,256
Charlotte	\$46,426	\$32,916
Manatee	\$43,802	\$39,884
Lee	\$41,802	\$41,756

Continued Lean Staffing

Lee County has maintained lean staffing. Full-time, part-time and supplemental occupied BoCC positions are down by more than 400 positions – a 14% drop – from peak staffing in 2007.



Conclusion

The factors outlined above support a 4% pay increase for BoCC employees hired before Sept. 30, 2015. Additionally, in order to address wage compression issues that have developed over many years and to ensure an appropriate and competitive compensation structure, the Human Resource Department will conduct a classification and compensation study in FY 2015-2016.

¹ “Higher Wages are Driving Strong Growth,” by Gene Epstein in Barron’s (July 13, 2015).

² 2008 was selected as the Base Year because that was the last time BoCC Merit Raises were authorized (Base Year 2008 = 100).

³ Lee County Department of Human Resources (Appendix 1).

⁴ <http://www.bls.gov/cpi/cpid1505.pdf> (Table 24).

⁵ <http://www.bls.gov/news.release/eci.nr0.htm>.

⁶ Although a 3% employee contribution became effective on July 1, 2011, the Total Compensation Comparison chart reflects only the estimated furlough decrease for that year and the FRS decrease in subsequent years.

⁷ <http://www.bls.gov/web/eci/ecicois.pdf>

⁸ Lee County Department of Human Resources Survey; “Employment and Wages by County, Fourth Quarter 2014,” Bureau of Labor Statistics, US Department of Labor, June 17, 2015; “Quarterly Census of Employment and Wages, 2014 Fourth Quarter,” Bureau of Labor Statistics, US Department of Labor, June 2, 2015.

⁹ Lee County Department of Human Resources Survey;

¹⁰ “County Employment and Wages, Fourth Quarter 2014,” Bureau of Labor Statistics, US Department of Labor, June 17, 2015; Charlotte County figure from “County Employment and Wages, Third Quarter 2014,” Bureau of Labor Statistics, US Department of Labor, April 9, 2014