



**SCV**  

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**WATER**

## Proposed Salary Adjustment FY 2022/23

Finance and Administration Committee  
March 21, 2022

# Background

- It is the Agency's practice to perform salary surveys every three to five years (implemented in January 2021) and administer a cost-of-living adjustment (COLA) increase every year to maintain salaries within the market.

# Employee Policy 9.0 – Pay Plan

- Section 9.9

*At the time that the Board of Directors considers a COLA, staff will provide the Board for its consideration information on the Los Angeles – Riverside – Orange County area Consumer Price Index (CPI) and any other requested information that will assist in the decision-making process*

# Annual COLA Implementations

<u>Effective Date</u>	<u>Change in CPI December 2020 to December 2021</u>	<u>Effective COLA</u>	
<b><u>SCV WATER</u></b>			
July 1, 2022	6.94%		
July 1, 2021	1.46%	1.5%	
July 1, 2020	3.17%	3.0%	Proposed and Delayed - COLA approved Jan 2020
July 1, 2019	3.30%	3.0%	
July 1, 2018	3.74%	3.0%	
<b><u>CLWA</u></b>			
July 1, 2017	1.97%	2.0%	
July 1, 2016	2.03%	2.0%	
July 1, 2015	0.73%	0.0%	

# CPI – Urban Wage Earners

MONTH	INDEX 2021	% Change from 2020
December 2020	270.167	
January	271.129	1.12%
February	272.816	1.44%
March	274.097	2.67%
April	277.126	4.21%
May	279.139	4.54%
June	280.687	4.69%
July	282.271	4.54%
August	282.691	4.48%
September	283.191	4.79%
October	285.973	5.58%
November	287.940	6.37%
December	288.910	6.94%

Median = 4.5%

# Budget Impacts (median)

COLA%	Total COLA Adjustment	Total Salary and Benefits	Impact to Budget
2.0%	\$452,237	\$29,048,181	\$(118,606) *
2.5%	565,297	29,161,686	(5,101)
3.0%	678,356	29,274,016	107,229
3.5%	791,415	29,385,423	218,636
4.0%	904,475	29,499,544	332,757
<b>4.5%</b>	1,017,534	29,611,283	<b>444,496</b>
5.0%	1,130,593	29,724,060	557,273
5.5%	1,243,653	29,837,123	670,336
6.0%	1,356,712	29,948,283	781,496
6.5%	1,469,772	30,061,066	894,279
7.0%	1,582,831	30,173,486	1,006,699

\* A 2% COLA increase was built into the FY 2022/23 conditionally approved budget. Some savings have been recognized since the adoption of the biennial budget.

# Alternative Approach

- Would require a change to the Employee Policy
- Using ECI data as opposed to CPI data
  - The **Employment Cost Index (ECI)** is a measure of the change in the cost of labor, independent of the influence of employment shifts among occupations and industry categories. The total compensation series includes changes in wages and salaries and in employer cost for employee benefits.
  - The **Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)** is a monthly measure of the average change over time in the prices paid by urban wage earners and clerical workers for a market basket of consumer goods and services.

# ECI Data for Total Compensation



Bureau of Labor Statistics > Economic News Release > Employment Cost Index

Table 13. Compensation and wages and salaries (not seasonally adjusted): Employment Cost Index for total compensation, and wages and salaries, for private industry workers, by area

Census region and metropolitan area <sup>(1)</sup>	12-month percent changes -					
	Total compensation <sup>(2)</sup>			Wages and salaries		
	Dec. 2020	Sep. 2021	Dec. 2021	Dec. 2020	Sep. 2021	Dec. 2021
<b>West</b>						
<b>Los Angeles-Long Beach, CA CSA</b>	3.7	5.5	4.8	4.5	6.5	5.5
<b>Phoenix-Mesa-Scottsdale, AZ MSA</b>	3.8	4.6	4.9	4.2	4.4	5.3
<b>San Jose-San Francisco-Oakland, CA CSA</b>	3.5	3.0	2.8	3.7	3.3	3.2
<b>Seattle-Tacoma, WA CSA</b>	3.1	5.2	6.3	4.1	2.5	3.8



# Budget Impacts – Using ECI

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