



COMMISSIONERS OF CUMBERLAND COUNTY

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FOR IMMEDIATE RELEASE

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COMMISSIONERS APPROVE 2016 COLA FOR ELIGIBLE EMPLOYEES AND FUNDING MODEL FOR FUTURE COMPENSATION ADJUSTMENTS

Cumberland County, PA – Today at their public meeting, the Cumberland County Commissioners announced the Salary Board has approved a cost of living adjustment (COLA) of 1% for all eligible employees effective the first full pay period in July. Employees at the maximum pay range within the pay scale will receive the COLA in a lump sum but no adjustments will be made to base salaries. The Salary Board has not determined whether to grant a 1% COLA to employees who received a 15% or greater increase in base salaries as a result of the County's job reclassification and salary benchmarking in 2015. A decision will be made regarding these employees pending the findings of a follow-up survey, due to be presented next month.

In order to ensure adequate funding in a fiscally responsible manner, the Salary Board also adopted a formula for funding compensation adjustments starting next year. Under the new policy, a standalone COLA paid to all eligible employees regardless of performance will be eliminated. However, the equivalent amount of an across the board COLA will now be used to fund in part the merit based compensation award pool. That amount will be based on the Consumer Price Index (CPI-U) rating for all Urban Consumers for the prior 12 months. That amount will be supplemented by a set portion of General Fund Reserves in excess of 100 days.

The concepts behind the formula are based on the following:

- Salary increases should not exceed the rate of increase in County revenues. Going back to the 1990s, changes in the CPI correlate strongly to the rate of increase in County revenues from property taxes.
- The General Fund balance in excess of 100 days' revenues is the best indication of the County's ability to afford additional expenses. Indirectly, it is a partial indicator of how efficiently the County operates. Sharing that savings with County staff is a concept the Commissioners have utilized in a number of incentive programs implemented over the last 3 years to improve performance.

Prior to 2012, across the board increases were given to all employees regardless of their performance or the financial status of the County. This was one factor that exacerbated the County's imbalance between revenues and expenses, increasing the likelihood of tax increases. The new approach provides a

sustainable funding model tied to productivity increases and the County's overall financial performance that will be more budget neutral.

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