




Interoffice Communication

TO: Mary Lou Berger, Mayor
& Members of the Board of County Commissioners

FROM: Sherry Brown, Director 
Office of Financial Management & Budget

DATE: July 6, 2016

SUBJECT: Responses to Budget Workshop Requests/Questions

At the Budget Workshop on June 14th, the Board requested information and had questions regarding proposed funding for various programs. The following is being presented in response to these inquiries:

1. How does the County's proposed pay increase compare to the private industry?

There are many different wage and CPI indexes used by the US Department of Labor, Bureau of Labor Statistics (BLS), the US Department of Commerce Bureau of Economic Analysis (BEA), and the University of Florida Bureau of Economic and Business Research (BEBR).

Our initial comparison was to the Save-Our-Homes (SOH) Index which is the Consumer Price Index for All Urban Consumers, US City Average, as reported by the BLS. We compared the most recent 8 years which is reflected in the below chart.

	ATB Increase	SOH Index
FY 2010	0.0%	.09%
FY 2011	0.0%	2.72%
FY 2012	0.0%	1.50%
FY 2013	0.0%	2.96%
FY 2014	3.0%	1.74%
FY 2015	3.0%	1.50%
FY 2016	3.0%	.76%
FY 2017 Proposed	3.0%	.73%
Sum Total- Annual Increases	12.0%	12.0%
Compounded Increase	12.55%	12.61%

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For the most recently reported eight years, we looked at the Average Wage and Salary Payments as reported by BEBR for both Florida and Palm Beach. We also compared the Florida Change in Per Capita Income (this is the index for calculating the Maximum Millage Rate under TRIM compliance). In all cases, the increase, over eight years, exceeded the 12% ATB increase provided to County employees.

You may have also read a recent Palm Beach Post article regarding unemployment and wages. “The unemployment rate in Palm Beach County limboed to a nine-year low in May.” “Wages in the region including Miami, Fort Lauderdale and West Palm Beach increased 3.5 percent for the 12 months ended in March, according to the U.S. Bureau of Labor Statistics.”

(See attachments)

2. What is the impact of SOH cap, homestead exemptions, and senior homestead exemption?

The below chart reflects the loss of taxes, that would have been generated at the current countywide millage rate, from SOH, capped values and homestead exemptions. The chart also reflects the impact they have on the millage rate.

	Taxes - Millions	Millage Rate
Save Our Homes (Homestead Cap)	\$137.1	.7076
Non-Homestead and Commercial Cap	\$ 35.2	.2043
Sub-total	\$172.3	.9119
Homestead Exemption - \$25K	\$38.6	.2227
Additional Homestead Exemption - \$25K	\$32.2	.1874
Senior Homestead Exemption - \$25K	\$ 1.3	.0076
Sub-total	\$70.1	.4177
Total	\$244.4	1.3296

Please note these are not all of the various caps and exemptions. After factoring in all the various statutory caps and exemptions, the County only levies taxes on approximately 70% of the total just values.

cc: Verdenia C. Baker, County Administrator
Management Team

Average Weekly Wage						
	Florida			Palm Beach County		
2007	\$811			\$900		
2008	\$825	1.73%		\$916	1.78%	
2009	\$856	3.76%		\$969	5.79%	
2010	\$871	1.75%		\$977	0.83%	
2011	\$847	-2.76%		\$930	-4.81%	
2012	\$881	4.01%		\$1,004	7.96%	
2013	\$884	0.34%		\$995	-0.90%	
2014	\$911	3.05%		\$1,008	1.31%	
2015	\$958	5.16%	18.13%	\$1,081	7.24%	20.11%

* 4th Quarter Data from Bureau of Labor and Statistics

<http://www.bls.gov/cew/data.htm>

DR-420MM Maximum Millage Levy Calculation History		
	EDR % Change Per Capita Income	DR-420MM Line 12 Value
2016	3.75%	1.0375
2015	1.96%	1.0196
2014	3.15%	1.0315
2013	1.69%	1.0169
2012	4.47%	1.0447
2011	0.55%	1.0055
2010	-1.89%	0.9811
2009	2.50%	1.0250
	16.18%	

<http://dor.myflorida.com/dor/property/trim/pdf/maxmillhistory.pdf>

Jobless rate best in county in nine years

4.2% rate lower than state and U.S.; region's wages up 3.5% in year.

By Charles Elmore *6-18-16*
Palm Beach Post Staff Writer

MORE COVERAGE ONLINE

To learn more about the Palm Beach County economy, jobs and real estate market, read our RealTime blog at PalmBeachPost.com/realtime

The unemployment rate in Palm Beach County limboed to a 9-year low in May, officials said Friday. It's now 4.2 percent, down from 5.1 percent a year ago.

That beats May's state (4.4 percent) and national (4.5 percent) jobless marks, but it's not the whole story. Workforce watchers are also picking up signs of something largely missing from the picture in recent years — more pop in the paycheck.

Wages in the region including Miami, Fort Lauderdale and West Palm Beach increased 3.5 percent for the 12 months ended in March, according to the U.S. Bureau of Labor Statistics. By a fair margin, that is outpacing the national average of 2 percent.

"In terms of job growth, we've been at cruising speed, but wage growth has been the missing piece," said Mekaël Teshome, Florida economist at PNC Financial Services.

To push wages up in a sustained way, the economy needs two things,

he said. One is a tighter labor market, which is happening. The other is competition for jobs a little higher up the pay scale.

Professional and business services showed the largest gains in Palm Beach County during the past year, adding about 4,300 jobs, noted CareerSource Palm Beach County, the nonprofit organization chartered by the state to lead workforce development in the area.

Other big gainers included education and health services (2,500 jobs), leisure and hospitality (2,100), financial activities (1,900) and government (1,600).

"With our improving economy, employers are hiring more and this is putting upward pressure on wages," said Steve Craig, president and chief executive officer of CareerSource Palm Beach County. "Growth in wages and salaries in South Florida is one of the strongest in the nation."

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Jobs

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Helping things along have been record-setting tourism and a robust real-estate market, plus low inflation, fuel prices and interest rates, Craig's group observes.

It's unclear how long the trend of ever-lower jobless numbers can continue. For example, it remains to be seen if headlines including the Orlando shootings and a fatal alligator attack might make some visitors more hesitant about coming to Florida generally.

Still, more than 20,500 jobs remain available in Palm Beach County, Craig said.



Job seekers fill out applications at a job fair. With the economy improving and employers hiring more, "this is putting upward pressure on wages," said an executive at CareerSource Palm Beach County. BRUCE R. BENNETT / THE PALM BEACH POST 2013

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