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BILL ANALYSIS

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House Bill 4227 (as reported without amendment)
Sponsor: Representative Chris Ward
House Committee: Local Government and Urban Policy
Senate Committee: Local, Urban and State Affairs

Date Completed: 4-18-05

RATIONALE

Michigan law requires most counties to implement pay increases for members of the county board of commissioners at the beginning of each commissioner's two-year term of office. In some counties, the pay of county employees and the county commissioners is tied to the cost of living index. In most cases, these cost of living adjustments (COLAs) result in county employees' seeing a small increase in their compensation each year as the cost of living index rises. Pay increases for those counties without compensation commissions are only allowed when a commissioner begins a term of office, so their commissioners' COLA increases reflect two years of adjustments rather than one. The result is that, in years when commissioners begin their two-year terms of office, it may appear that their pay adjustment is double that of county employees. Some people believe that county boards of commissioners should be allowed to phase in compensation changes during a term of office.

CONTENT

The bill would amend Public Act 261 of 1966, which provides for boards of county commissioners, to allow structured changes in compensation to be phased in over a commissioner's term of office, and allow a change to be made in 2005 to take effect in 2006.

Under the Act, the compensation of members of a county board of commissioners is fixed by resolution of the county board of commissioners, or for a county that has a county officers compensation commission, fixed by a determination of the compensation commission that is not rejected. Changes in compensation become effective only at the time members of the board of commissioners commence their terms of office after a general election, or for a county that has a county officers compensation commission, at the beginning of the first odd-numbered year after the determination is made by the county officers compensation commission and is not rejected.

Under the bill, these provisions could not be construed to prohibit a structured change in compensation implemented in phases over a commissioner's term of office.

The bill also provides that a change in compensation could be made in 2005 to be effective on or after January 1, 2006. Otherwise, changes in compensation would become effective only after the time members of the board of commissioners commenced their terms of office after a general election, or for a county with a county officers compensation commission, after the beginning of the first odd-numbered year after the determination was made by the compensation commission and was not rejected.

MCL 46.415

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Apparently, Oakland County's board of commissioners was concerned that its biennial COLA made it appear that the commissioners were getting much larger pay increases than the typical county employee was receiving from an annual COLA. The board investigated the possibility of an annual COLA, but discovered that State law permitted increases only at the beginning of a commissioner's two-year term for those counties without a county officers compensation commission. (Wayne County, the only Michigan county with an officers compensation commission, may increase the compensation of commissioners beginning after the first odd-numbered year after a determination is made by the commission and is not rejected by the board.) Reportedly, the Oakland county board members believed that small annual increases would be less controversial than biennial increases, which are often twice as large as those granted other county employees. The proposed amendment would allow the Oakland County commissioners and most other county commissions to vote to increase their compensation annually or, if necessary, decrease their pay in times when the county budget was tight.

Opposing Argument

One reason that county commissioners are allowed to vote themselves pay raises effective only in the next term of office is that it helps hold commissioners accountable for their vote. If a pay increase is controversial because it is too large or the county is in financial trouble, then voters have the option of not re-electing the commissioners who voted for the increase. By permitting pay raises to be phased in over a term of office, the bill would remove one of the checks that keeps commissioners from increasing their compensation by an unreasonable amount.

Response: County commissioners still would have to vote on compensation increases that would take effect when a commissioner began his or her term of office; the bill simply would allow them to phase in the increases over the course of a term, rather than implementing the entire increase when a commissioner took office.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no fiscal impact on State government. The bill would increase or decrease expenditures in counties that chose to use the bill's provisions. Local revenue would be unaffected.

Fiscal Analyst: David Zin

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