Benchmark Approach to Funding the Sandy City Compensation Plan

June 2020

Benchmark Approach

July 1, 2020	Benchmark A	Benchmark B	Benchmark C
• Release 25% of Compensation Plan as proposed in the Tentative Budget 2020-2021 • Evaluate options for making all employees whole* • Begin progress monitoring towards Benchmark A	• Release additional 25% of Compensation Plan as proposed in Tentative Budget 2020-2021 • Evaluate options for making all employees whole* • Begin progress monitoring towards Benchmark B	• Release additional 25% of Compensation Plan as proposed in Tentative Budget 2020-2021 • Evaluate options for making all employees whole* • Begin progress monitoring towards Benchmark C	• Release final 25% of Compensation Plan as proposed in Tentative Budget 2020-2021 • Evaluate options for making all employees whole*

Benchmark Approach

July 1, 2020 → Benchmark A → Benchmark B → Benchmark C

- Progress Monitoring updates will be given by Mike Applegarth and Brian Kelley during City Council meetings no later than the 4th Tuesday of every month.
- Progress Monitoring updates will include:
  - Present projected revenue for the month
  - Present Benchmark
  - Present actual revenue and progress towards Benchmark
- Progress Monitoring updates could also include additional data points of other revenue sources
- 1st distribution of Sales tax going into FY 2021 is September

Benchmark Approach

July Actual (September)				Benchmark A
August Actual (October)	August Actual (October)			Benchmark B
September Actual (November)	September Actual (November)	September Actual (November)		Benchmark C
November 25	October Actual (December)	October Actual (December)		
	December 25	November Actual (January)		
		January 25		

If Benchmarks are hit, we anticipate fully funding the Compensation Plan by the end of January 2021.

Criteria for meeting Benchmark A

Benchmark A

- Release additional 25% of Compensation Plan as proposed in the Tentative Budget 2020-2021
- Evaluate options for making all employees whole*
- Begin progress monitoring towards Benchmark B

- For 3 consecutive months, the actual revenue equals 1/2 of the difference between the amended projected revenue and the projected revenue in the Tentative Budget 2020-2021.

Simple example:

- Projected revenue in the Tentative Budget 2020-2021 = 100
- Amended projected revenue = 80
- Difference = 20
- Divide by 4 = 5

In this simple example, Benchmark A has been met when the actual revenue equals 90% of the projected revenue in the Tentative Budget 2020-2021.

Criteria for meeting Benchmark B

Benchmark B

- Release additional 25% of Compensation Plan as proposed in the Tentative Budget 2020-2021
- Evaluate options for making all employees whole*
- Begin progress monitoring towards Benchmark C

- For 3 consecutive months, the actual revenue equals 3/4 of the difference between the amended projected revenue and the projected revenue in the Tentative Budget 2020-2021.

Simple example:

- Projected revenue in the Tentative Budget 2020-2021 = 100
- Amended projected revenue = 80
- Difference = 20
- Divide by 4 = 5

In this simple example, Benchmark B has been met when the actual revenue equals 95% of the projected revenue in the Tentative Budget 2020-2021.

Criteria for meeting Benchmark C

Benchmark C

- Release final 25% of Compensation Plan as proposed in the Tentative Budget 2020-2021

- Evaluate options for making all employees whole*

- For 3 consecutive months, the actual revenue equals 4/4 of the difference between the amended projected revenue and the projected revenue in the Tentative Budget 2020-2021.

Simple example:

- Projected revenue in the Tentative Budget 2020-2021 = 100
- Amended projected revenue = 80
- Difference = 20
- Divide by 4 = 5

In this simple example, Benchmark C has been met when the actual revenue equals 100% of the projected revenue in the Tentative Budget 2020-2021.

Evaluate options for making all employees whole*

Considerations could include but are not limited to:

- Retroactive pay
- One time spot awards
- Bonuses

As shared by Legislative fiscal analysts during UT Executive Appropriations Committee meeting on 6/17/20:

- Stimulus checks are propping up sales tax
- Those will go away at the end of July with no more in August
- July will be a big data point and UT economists advise caution
- Wait to commit funds for a compensation plan until we at least have July economic data

“The Legislature’s chief economist, Andrea Wilko, was upbeat about the revised revenues.

What’s apparently making the difference is that Utahns are spending their federal stimulus checks and unemployment benefits, boosting sales and, to some extent, income tax collections, she said, cautioning that those funds potentially dry up next month and could put ‘some downward pressure’ on the revenue estimates.

And an even bigger threat is another wave of the deadly novel coronavirus later this year. Wilko said the estimates assume there won’t be a ‘double dip”’ in the economy. ‘That’s probably the biggest risk in the forecast, that we have another downturn in the fall,’ she said.”

“The list of hundreds of budget cuts approved by the committee spares the $50 million set aside to fund student enrollment increases in public schools, Medicaid growth and new spending for affordable housing, homelessness and mental health programs.

There’s also no longer any pay raise for state employees, although the budget revisions include funding to cover increased health insurance costs. The more than $800 million in the state’s formal rainy day funds has yet to be tapped, although $100 million could be used if the new estimates for the current budget year fall short.”

Jonathan Ball, head of the Legislature's budget office, said lawmakers may have to come back into special session several times before the 2021 general session, come January, to balance out as new revenue estimates come later this year.

State employee pay raises are basically gone next year, with leaders saying if revenues come in better than now believed, maybe something can be done later. However, employee health insurance increases will be funded, so at least state workers' take-home pay shouldn't go down.

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