

South Bay Cities Council of Governments

September 24, 2020

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

SUBJECT: Salary Schedule Adjustments Required by State Law

Adherence to Strategic Plan

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity, and sustained board commitment.

BACKGROUND

Passed in 2016, Senate Bill 3 enacted a change to the California minimum wage to be implemented with increases over several years from January 1, 2017 through December 31, 2023. The minimum wage, for employers with 25 or fewer employees, will increase from \$12 per hour to \$13 per hour for 2021 with another increase to \$14 per hour for 2022 and \$15 per hour for 2023. The salary minimum for exempt workers is tied to the California minimum wage. The state requires exempt employees to earn a minimum salary equivalent to twice the state minimum wage based on a 40-hour workweek. As of January 1, 2021, the minimum annual salary to qualify for an exempt employee will be \$54,080 double the state minimum wage of \$13.00/hour (\$26.00/hour x 40 hours/week x 52 weeks = \$54,080). These upcoming changes affect the salary range schedules for both South Bay Cities Council of Governments (SBCCOG) hourly and salary employees.

ANALYSIS

The SBCCOG salary range schedule is structured with three tier levels for each position to allow for increases without a large number of different positions since the organization is small. Over the next three years, several of the positions will need salary tier level increases to meet the state's minimum wage requirements. These adjustments have a cascading effect requiring increases across all salary tier schedules. Two of the positions require immediate action to bring them into state compliance – Accountant and Environmental Services Analyst (ESA) I. These positions require the starting tier level to be increased to \$54,080. The current minimum for Accountant is \$48,000 and the current minimum for Environmental Services Analyst I is \$47,500. To address other positions effected and related outcomes to cascading impacts, SBCCOG Staff will conduct an analysis to evaluate the tier structure and salary levels over the next several months. This review will also include a salary and benefit comparison of similar organizations. The results will be presented to the Steering Committee for possible Board action at a future meeting.

FINANCIAL IMPACT

The immediate required increases do not change our current budget; however, there will be a financial impact reflected in future budgets. Please note that salaries are primarily funded through grants and outside contracts; therefore, impacts will be offset by these revenue sources. In addition, since grant funding changes from year to year, there may be a future minimal impact on dues and other revenue sources.

RECOMMENDATION

That the SBCCOG Board approve setting the starting Annual Salary Tier Level for Accountant and Environmental Services Analyst I at \$54,080 to comply State law.