

City of Alexandria, Virginia

MEMORANDUM

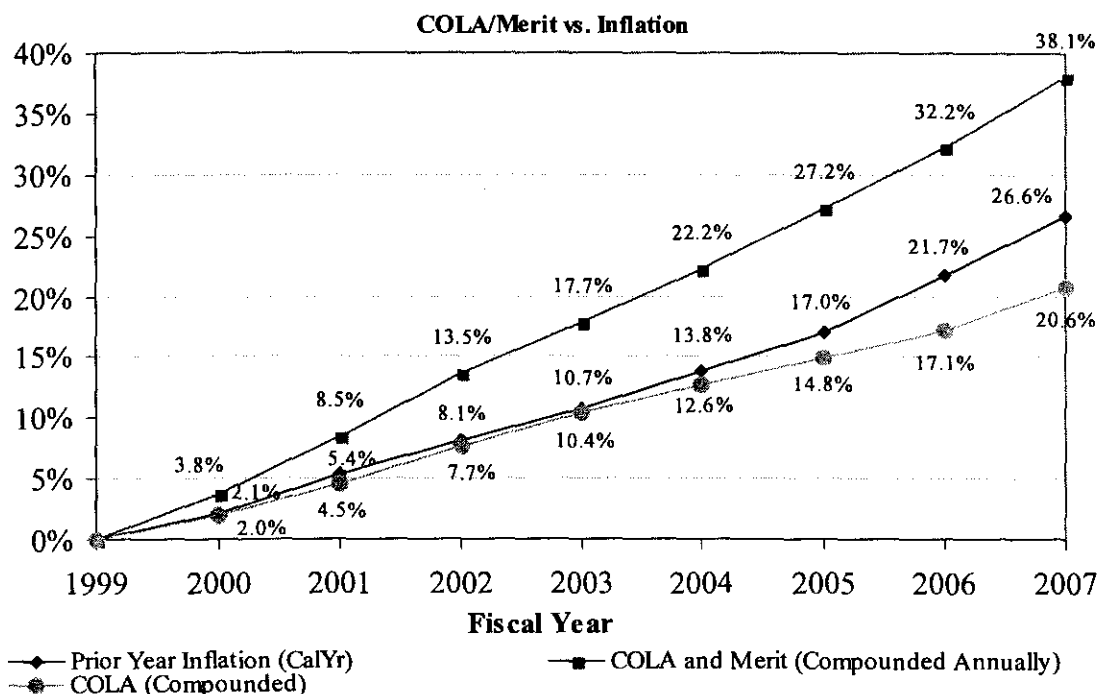
DATE: APRIL 11, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *JKH*

SUBJECT: BUDGET MEMO # 110 : COLA AND MERIT VS. INFLATION

This memo responds to Councilman Krupicka's and Councilwoman Woodson's request for a comparison of both merit and cost of living adjustment pay to inflation. The chart below shows the annual compounded COLA/Merit and Inflation¹ from FY 1999 to FY 2006. Budgeted general City employee pay in the aggregate since 1999, when inflation is taken out of the picture, has seen an increase of 11.5% over the last eight years, an average of 1.44% budgeted increase per year above the rate of inflation. It should be noted that this is a budgeted "average" and not what each employee received. Merits range from 5% to 0% (at scale's end). Also, the amount budgeted for merits reflects the impact of positive reclassifications from one year to the next, or for market rate adjustments in order to keep the City competitive with other surrounding local governments with whom we compete for new hires and retention. It is likely that if we were to graph a chart for our neighboring jurisdictions, we would see similar or higher trend lines as the City has historically been more conservative with its COLA, merits and market pay adjustment processes.



¹ U.S Bureau of Labor Statistics (CPI-U Washington-Baltimore Regional Area- All Items, November 1996=100). Calendar Years 2000-2005 were actual average inflation rates. The inflation rate for Calendar Year 2006 is assumed to be 4%.