Local Government Pension Analysis Detail & Clarification of the Initial Analysis

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1

Local Government Pension Analysis

- LFC members had questions after December meeting
- Presentation will include:
  - Clarification on what was presented
  - Results of a small survey
  - Causes of potential misconceptions

2

Why?

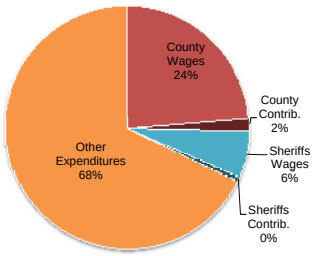
(investigate local government finances)

3

Wage and Employer Contribution Charts:

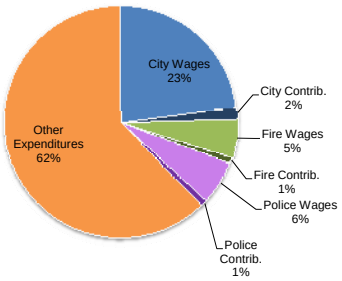
Wages and employer contributions average to 32% of county expenditures.

County Wages & Contributions vs. Expenditure



Wages and employer contributions average to 38% of city/town expenditures.

City Wages & Contributions vs. Expenditure



Question: Aren't wages a greater part of local government expenditures?

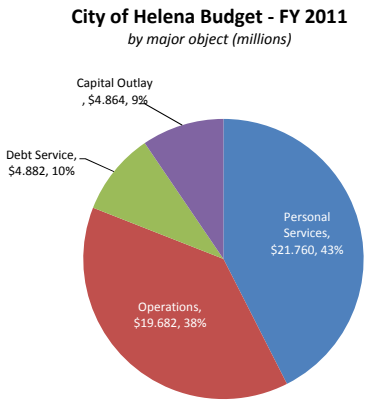
4

Small Survey

- Conducted a survey to answer your question
  - City of Helena
  - City of Big Timber
  - Butte/Sliver Bow County
  - Pondera County
- What part of your entire budget is expended on personal services?
- Are there anomalies that create the impression that personal services are different from the data provided?

5

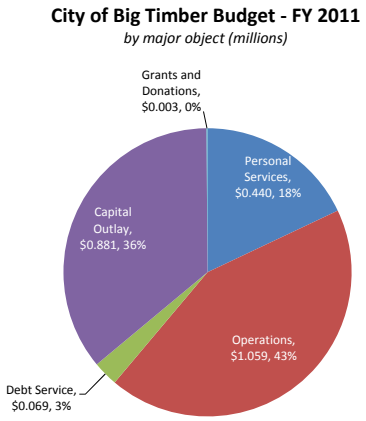
City of Helena



- FY 2010 data showed $15.6 million in wages and contributions-33.3% of total expenditures
- FY 2011 budget showed $21.7 million in personal services-42.5% of total budget
- Operations are almost as high as personal services

6

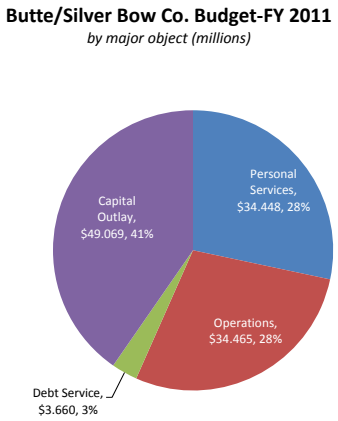
City of Big Timber



- FY 2010 data showed $266,687 in wages and contributions– 15.2% of total expenditures
- FY 2011 personal services budget $440,200 – 18% of total budget
  - Part time employees do not receive MPERS (~17% of total wages)
  - Includes volunteer pay in the form of workers comp
  - No police or fire services

7

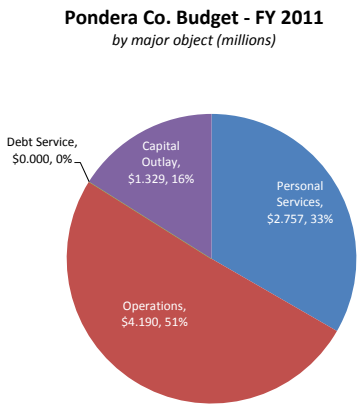
Butte/Silver Bow



- FY 2010 data showed $21.7 million in wages and contributions-31.4% of total expenditures
- FY 2011 budget showed $34.4 million in personal services-28.3% of total budget
- Capital outlay is 41% of the total budget-diluting the proportion of personal services to total budget

8

Pondera County



- FY 2010 data showed $1.9 million in wages and contributions-38.4% of total expenditures
- FY 2011 budget showed $2.8 million in personal services-33.3% of total budget
- In smaller budgets, both operational and capital outlay costs appear larger and reduce the proportion of personal services

9

Conclusions:

- Small survey results indicate the data presented in December is accurate
- Wages and employer contributions range from 18% to 46% of local government expenditures and average 34.6% of total local government expenditures (32% of county expenditures and 38% of city/town expenditures)
- Reasons contributing to fallacy
  - All fund types were included in the data
  - Wages and employer contributions differ from personal service costs
  - Operations, including contracted services, and capital outlay dilute the costs of personal services
  - Some forms of employment, temporary and part time workers, are not offered employer sponsored retirement plans and are not considered in the MPERS data

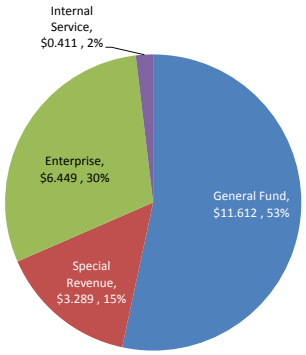
10

For Future Analysis

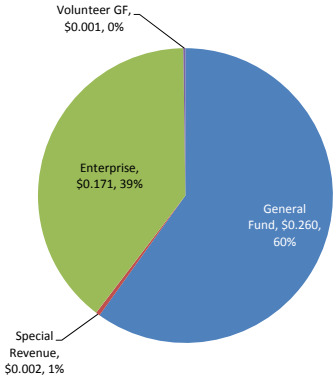
11

City/Town Budgeted Personal Services by Fund

City of Helena
FY 2011 Budgeted Personal Services
by Funding Source *(millions)*



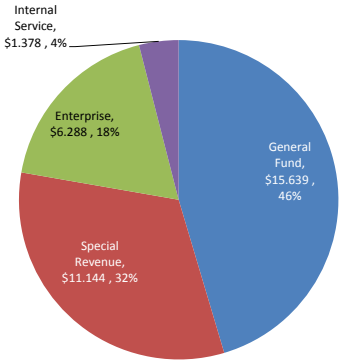
City of Big Timber
FY 2011 Budgeted Personal Services
by Funding Source *(millions)*



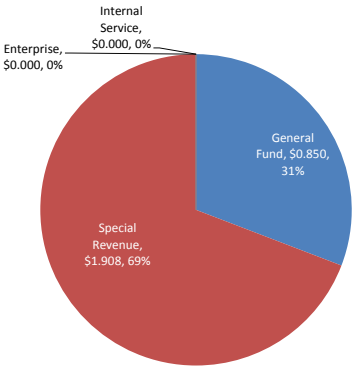
12

County Budgeted Personal Services by Fund

Butte/Silver Bow
FY 2011 Budgeted Personal Services
by Funding Source *(millions)*



Pondera County
FY 2011 Budgeted Personal Services
by Funding Source *(millions)*



13