
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Budgetary Implications of Base Salary Cap for Unrepresented Employees

On May 5, 2010 at the first Budget Review Committee hearing for the Mayor's Proposed FY 2011 budget, Councilmember Emerald requested the IBA review budgetary implications of the City instituting a \$100,000 base salary cap for unrepresented employees. This report responds to that request.

There are 165 unclassified and unrepresented employees within the City earning a salary over \$100,000 (not including San Diego City Employees' Retirement System employees). The total base salary amount for those employees is \$21.1 million. This information was obtained from the Department of Personnel.

If the base salaries of individuals making in excess of \$100,000 were reduced to \$100,000, the cost savings is estimated to be \$4.6 million for the City, of which \$3.9 million is estimated to be applicable to General Fund expenditures. Additionally, there may be up to 10% additional savings related to fringe, including any reductions in employee pension contribution offsets paid by the City, SPSP contributions, Medicare, long-term disability, and unemployment insurance. Also, there would be a General Fund revenue decrease related to General Government Service Billings and Service Level Agreements paid by non-General Fund departments.

The pension liability would also be affected. Pensions are based on the highest year's salary for most of the current members of the system. Determination of the budgetary impact would require an analysis by the City's actuary.

Reduction of unrepresented salaries to \$100,000 would likely impact the management of the City and could affect morale. The IBA has provided this information at the request of Councilmember Emerald, and it is provided for informational purposes only.

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