

June 8, 2022

Nationally, cities and all other organization are feeling the impact of the rise of inflation. Montgomery, is no exception. Just in the last month since Council approved the Cost of Living Increase for non-exempt staff, there has been significant rises, as we are all too well aware.

### **Cost of Living Adjustments**

Periodic cost of living adjustments (COLASs) are provided in most state and local government. The purpose of COLA is to wholly or partly offset the effect of inflation on income – correlated with retirement.

Inflation based COLA is based on a consumer price index (CPI), which is a direct measure of inflation.

The CPI has for the last two month in Texas (Houston area) advanced another 2.4 % . The US Bureau of Labor Statistics shows that all items advanced 8.5 percent ending April 2022, the largest percent increase since December 1981. Energy prices in our area alone has jumped 25.3 % largely due to the increase in the price of gasoline, while food prices advanced 8.7%.

The City Council meeting on April 26, 2022 the City Administrator was asked to bring back an evaluation process for Exempt staff that would allow the COLA to be provided as appropriate.

### **Evaluations**

Pay for Performance is a manner of tying performance to pay. An employee is provided with a criteria for their position and function. This allows the city to maintain a high standard of professionalism with competent employees. Evaluations for all employees are conducted annually. If the employee meets or exceeds expectations, a merit pay increase will be administered in accordance with the City's personnel policy and the current budget.

Exempt staff, are being asked to have a pay for performance to afford them the ability to obtain the cost of living adjustment, this is unfair and while not illegal is not a moral boosting move. Exempt staff are those positions that function at a higher level, and have a higher level of responsibility and some work in excess of the core 40 hours. These staff are equally as valuable as are all of our employees.

From a Human Resources stand point the City of Montgomery, should not discriminate exempt staff from the Cost of Living Adjustment and to that point I bring the City's adopted Personnel Policy. Page 44. (attached)

### *Cost of Living Adjustments*

*"The City Administrator may request that City Council authorize a general cost of living adjustment (COLA) to offset the effect of inflation on City Employees salaries. If granted, the adjustment will be applied to the salary ranges and step plans for all City Employees."*

A report written by Randstadusa states: A cost of living increase differs from a traditional raise or step increase that is given to all employees equally, non on the basis of individual merit, productivity or performance.

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