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HB 1529 (Printer's No. 1931) Analysis

Date: May 30, 2019

**Amending the Borough Code –
Elected Official Salary Adjustment for Inflation
Prime Sponsor: Representative James**

A. Synopsis of Bill

The proposed legislation is part of a two bill package to standardize the maximum salaries of elected municipal officials, and adjust the annual maximum salary limits according to changes in the Consumer Price Index.

B. Summary and Analysis of Bill

This bill would amend Title 8 (Borough Code) of the Pennsylvania Consolidated Statutes to increase the maximum allowable salaries for council members and mayors in boroughs. The bill itself would not directly increase any official's salary; each borough must establish a salary by ordinance, and any changes to that compensation take effect at the beginning of the official's next term of office.

The proposed maximum amounts are based on the cumulative increases in the Consumer Price Index for all Urban consumers (CPI-U) in the Pennsylvania, New Jersey, Delaware and Maryland area as applied to the current salary maximums, last set in 1995. The CPI-U is a standard metric of inflation reported by the United States Department of Labor, Bureau of Labor Statistics.

The bill would also authorize an alternative, optional form of compensation on a per-meeting basis consistent with the Third Class City Code. A borough council opting for the alternative could cause the forfeiture of up to 1/12th of the annual salary for a member of council who fails to attend a properly scheduled meeting without excuse.

Borough Council Member Annual Maximum Salary

- Population less than 5,000: \$3,145
- Population between 5,000 and 9,999: \$4,190
- Population between 10,000 and 14,999: \$5,450
- Population between 15,000 and 24,999: \$6,915
- Population between 25,000 and 34,999: \$7,335
- Population over 35,000: \$8,385

Borough Mayor Annual Maximum Salary

- Population less than 5,000: \$4,190
- Population between 5,000 and 9,999: \$8,385
- Population between 10,000 and 14,999: \$12,575
- Population over 15,000: \$840 per 1,000 residents or fraction of 1,000 residents

The act would take effect in 60 days.

C. Relevant Current Law

The Second Class Township Code, the First Class Township Code and the Borough Code all establish statutory maximum annual compensation limits for the elected members of the governing body, and an elected mayor, as applicable. The Second Class Township Code compensation maximums were last amended in 1995 when the Second Class Township Code was comprehensively amended. The Borough Code and First Class Township Code were subsequently amended to incorporate comparable salary limitations to those adopted in the Second Class Township Code.

D. Background of Bill

Because each of the municipal codes had adopted the maximum compensation limits incorporated in the 1995 revisions to the Second Class Township Code, this proposal is part of a two-bill package amending the Second Class Township Code and the Borough Code to standardize the compensation limitations according to changes in inflation. The alternative compensation provisions have been adapted from a similar provision contained in the Third Class City Code.

E. Effect of Bill

With the implementation of this legislation, governing body and mayoral compensation limits would increase according to the rate of inflation since the previous salary adjustment. This bill would not automatically increase the compensation of any official or impose a mandate on a borough to increase compensation. Boroughs can enact an ordinance to provide for the salary of borough officials; any change in compensation takes effect at the beginning of the official's next term of office.

F. Issues, Policy Questions and Stakeholder Feedback

- The Pennsylvania State Association of Boroughs recommended an increase in the compensation limits for elected borough officials in Resolution 9 of 2017.
- The Pennsylvania State Association of Township Supervisors recommended an increase in the compensation for elected Township Supervisors by Resolution 13 of 2019.

G. Bill History

No prior history