



STATE OF MARYLAND
DHMH

Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

November 16, 2007

The Honorable Ulysses Currie
Chairman, Senate Budget and Taxation Committee
Miller Senate Office Building, 3-W
Annapolis, MD 21401-1991

The Honorable Norman H. Conway
Chairman, House Appropriations Committee
Lowe House Office Building, Rm. 121
Annapolis, MD 21401-1991

Re: 2007 JCR Page 106 – Local Health Department Funding Formula

Dear Chairman Currie and Chairman Conway:

Per the 2007 Joint Chairmen's Report, the Department of Health and Mental Hygiene and the Maryland Association of County Health Officers (MACHO) are required to report on the Local Health Department Funding Formula by December 1, 2007. The Department and MACHO are preparing a comprehensive report but would like to request additional time to complete the report. I am confident that a report will be available no later than January 1, 2008.

Thank you for your consideration. If you have any questions, please contact me or Anne Hubbard, Director of Governmental Affairs, at 410-767-6481.

Sincerely,

Signature on File

John M. Colmers
Secretary

cc: James Johnson
Valerie Roddy
Barbara DiPietro
Dr. Peter Sybinsky
Anne Hubbard



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

January 18, 2008

The Honorable Ulysses Currie
Chairman, Senate Budget and Taxation Committee
Miller Senate Office Building, 3-West
Annapolis, MD 21401-1991

The Honorable Norman H. Conway
Chairman, House Committee on Appropriations
Lowe House Office Building, Rm. 121
Annapolis, MD 21401-1991

Re: 2007 Joint Chairmen's Report – Local Health Department
Funding Formula p. 106

Dear Chairman Currie and Chairman Conway:

The Department of Health and Mental Hygiene (DHMH) and the Maryland Association of County Health Officers (MACHO) are pleased to submit our report on the Local Health Department Funding Formula as requested by the Budget Committees. The report addresses all four points of interest cited by the Committees, offers recommendations for improvements with respect to the calculation of the annual formula adjustment and the distribution of funds, and points out other funding issues with respect to State categorical grants.

If you have any questions, please contact Anne Hubbard, DHMH Director of Governmental Affairs, at 410-767-6481 or Ruth Maiorana, Executive Director, MACHO, at 410-614-6891.

Sincerely,

Signature on File

John M. Colmers
Secretary, DHMH

Signature on File

Larry Leitch
President, MACHO

Enclosure

cc: James Johnson
Valerie Roddy
Barbara DiPietro
Dr. Peter Sybinsky
Anne Hubbard

I. Legislative Charge

The Joint Chairmen's Report (JCR) for the 2007 Legislative Session included a request of the Community Health Administration (CHA) to examine four issues related to State funding of local health departments (LHDs), in consultation with the Maryland Association of County Health Officers (MACHO). In preparing this report, the CHA consulted with several DHMH officials and five local health officers designated to represent MACHO. The four issues are as follows:

- How increases in core funding are currently provided and possible alternatives to provide more equity in compensation adjustments between State employees in the LHDs and State employees generally;
- The degree to which the core funding supports programs administered by the LHDs and how this funding may be supporting increases in employee compensation;
- The impact of escalating personnel costs on programs administered by the LHDs; and
- Implications for State oversight associated with any change to the LHD core funding formula.

II. Discussion of Issues

Issue #1: How increases in core funding are currently provided and possible alternatives to provide more equity in compensation adjustments between State employees in the LHDs and State employees generally.

The legal authority for the Core Public Health Services program is Health-General Article §§2-301 through 2-305. This statute requires a local match as a condition of any distribution of State funds. Pursuant to Health-General Article §2-302, \$41.0 million in General Funds was budgeted in FY 1997 to initiate State support through the Core Public Health Services program. Furthermore, this statute provides that for FY 1998 and each subsequent fiscal year, the amount of General Funds for FY 1997 is to be adjusted for:

- a) Inflation, as measured by the Consumer Price Index – all urban consumers for the second preceding fiscal year, calculated by the U.S. Department of Commerce; and
- b) Population growth, as measured by the growth in the total population of the State of Maryland for the second preceding fiscal year, according to the most recent statistics available through the Department of Health and Mental Hygiene.

Table 1 lists the annual General Fund formula adjustments attributable to inflation and population growth for the period FY 1998 through FY 2007. As shown, annual adjustments range from a high of \$2,218,006 in FY 2006 to a low of \$978,618 in FY 2000.

Unlike General Fund adjustments for inflation and population growth, General Fund adjustments for COLAs and other compensation-related adjustments are not mandated by statute. Table 1 shows that between FY 1999 and FY 2007, a net of \$6.8 million in General Funds was distributed to LHDs through the Core Public Health Services program for COLAs and other compensation-related adjustments approved for State employees. This sum includes amounts to

annualize the cost of these adjustments in the fiscal year following their approval. However, the funding provided for these approved increases are considered “discretionary” in the absence of a statutory mandate, and therefore, is vulnerable to cutbacks. Consequently, Table 1 shows that General Funds for COLAs and other compensation-related adjustments were decreased between FY 2004 and FY 2007 as the State dealt with budget problems.

Also, it is important to note that previous calculations of the State share of COLA and other compensation-related adjustments have considered only Core-funded State employees working in LHDs and have excluded Core-funded local government (non-State) employees working in LHDs. From an equity standpoint, since the Core Public Health Services program is a joint State-local cost sharing program for local health services provided in all twenty-four local subdivisions, the calculation of the State share of State-approved COLA and other compensation-related adjustments should take into consideration both State and non-State Core-funded positions. The average salary of Core-funded State employees working in LHDs could be used as a proxy for the average salary of Core-funded local government employees working in LHDs when calculating the State share of State-approved COLA and other compensation-related adjustments.

Recommendations:

1. Amend the current statute to base a portion of the annual change in the State share of Core Funds on the percentage change in State salaries and fringe benefits. Examples of changes in salaries and fringe benefits would include salary increments and COLAs as well as increases in the State share of retirement and health insurance costs. The same annual percentage change in salaries and fringe benefits would be applied to other operating expenses. This overall change would more closely align funding to the costs for operating LHDs. Existing statutory language that bases a portion of the annual change in the State share on a change in population would remain unchanged. The overall annual percentage change in the State share would be applied to the total amount of the State share in the base fiscal year to determine the State’s contribution in the following fiscal year. All 24 LHDs would be included in this revised calculation of the annual formula adjustment.
2. Amend the current statute (or adopt language in the annual budget bill) to require COLAs and other compensation-related adjustments to be equitably distributed to all LHDs. State and local government positions supported by Core Funds (and State positions in general) should be treated in the same way, whenever these adjustments are approved for State employees.

Issue #2: The degree to which the core funding supports programs administered by the LHDs and how this funding may be supporting increases in employee compensation.

In order to determine the degree to which Core funding supports LHD operations, LHD financial data was obtained for the period FY 2005 through FY 2007. Consolidated financial data for 20 of 24 LHDs is shown in Table 2 [note: Baltimore City and Baltimore, Montgomery and Prince George’s Counties have been excluded as complete financial data are not reported through the State Financial Management Information System (FMIS)]. Although the State share (General Funds plus Federal Funds) of Core Funds represented on average only 12.6% of LHD funding for this three-year period, the State contribution leveraged matching and “overmatch” funding from local governments. Combined State Core and local funds provided on average 39.3% of LHD funding for this three year period. Furthermore, the flexibility afforded by Core Funds permits

this funding to be used to support the administrative infrastructure of each LHD, as well as to fill gaps in the funding of programs and services supported primarily by more restrictive categorical grant funding and other funding sources. Furthermore, in Table 3, consolidated data for the period FY 2005 through FY 2007 for the same 20 LHDs included in Table 2, show that salaries and related fringe benefits from State and local funding sources (excludes funds in “Other Grants” category from Table 2) comprise almost 80% of LHD expenditures (range of 76.4 % -79.8%). Consequently, it is clear that the majority of State (and local) funding for Core Public Health Services, including the annual formula adjustment, is allocated to cover salaries and related fringe benefits. This funding is supplemented by other “discretionary” State funding provided to help offset the cost of State-approved COLAs and other compensation-related adjustments.

Issue #3: The impact of escalating personnel costs on the programs administered by the LHDs.

Table 4 shows a historical comparison of the year to year and overall average annual percentage changes in State Core funding with the year to year and overall average annual percentage changes in the average cost of salaries and fringe benefits for LHD State employees. This comparison shows that, despite State efforts to supplement the annual formula increase for inflation and population growth with additional salary funds, the annual increase in State funds does not match the cost of State-approved COLAs and other discretionary compensation-related adjustments. While some years provided funding levels that exceeded the amount needed, local health departments were left with difficult budget decisions in years when the funding increase was less than the costs for salaries and fringe benefits. On average, annual increases in State Core Funds lagged significantly behind the annual increases in salaries and fringe benefits for LHD State employees (4.2% vs. 5.7%). In light of the significant change in State financial support, LHDs acted to limit increases in personnel costs as the salaries and fringe benefits for a typical LHD State employee increased on average by only 2.05% annually during the FY 2004 through FY 2007 period.

Also, it should be pointed out that about 80% of the annual increase in State Core Funds was available to cover increases in personnel costs as about 20% is needed to cover increases in other operating expenses. This fact makes the disparity greater between the annual increases in State Core funding available to cover increased personnel costs and the actual annual increases in LHD personnel costs.

Although the impetus for this JCR item is the statute that established the Core Public Health Services program, a similar, but larger, fiscal problem resides with funding of categorical grants. Categorical grants represent the majority of State financial support provided to LHDs, and consist of a combination of State and federal funds. For the period FY 2005 through FY 2007, categorical grants represented 78.0% of State funding and 44.8% of total funding of 20 LHDs (see Table 2, note: Baltimore City and Baltimore, Montgomery and Prince George’s Counties have been excluded as complete financial data are not reported through FMIS). Similar to the Core Public Health Services program, there is no statutory language within the Health-General Article that requires the State to provide additional General Funds in the annual State budget for categorical grant-funded positions employed in LHDs, when a COLA or other compensation-related adjustment is approved for State employees. However, unlike the Core Public Health Services program which has received some additional State funding when a COLA or other compensation-related adjustment has been approved for State employees, categorical grants have not routinely been allocated additional General Funds to cover State-approved

COLAs and other compensation-related adjustments. In addition, State funding of categorical grants has generally not been increased to cover the cost of non-discretionary salary increments.

The problem faced by LHDs to cover COLAs and other compensation-related adjustments for categorical grant-funded employees without additional General Fund support is exacerbated by the fact that a significant portion of categorical grants are supported with federal funds that have remained under severe financial pressure for the past several years. Individual federal categorical grant funding levels have either decreased or remained stagnant. The combination of State-approved COLA and other compensation-related increases for State employees without a corresponding increase in State funding to cover either these cost increases or to offset the loss or leveling off of federal funding has placed an additional severe financial strain on LHD operating budgets.

Given the disparity between increases in State General Fund support and actual increases in personnel costs, LHDs have, in the past, navigated through unfriendly fiscal waters through a combination of exercising proper fiscal restraint and convincing local governments to cover shortfalls in State financial support. Accordingly, LHDs have been moderately successful in managing cutbacks in programs and services when required, and in avoiding layoffs except in some instances. Finally, despite recent LHD success in coaxing additional local funding to help offset shortfalls in State financial support, there is a growing concern among local health officers that the attitude of local officials toward this issue is changing. In light of the State's current fiscal crisis, if the amount of State aid to local governments is reduced, local governments may in turn look critically at reducing the level of discretionary local funding or "overmatch" currently supporting various LHD programs and services. Under such circumstances, LHDs would have no choice but to take the actions necessary to bring their budgets into balance. Since personnel costs represent approximately 80% percent of the budget, layoffs would be inevitable.

Issue #4: Implications for State oversight associated with any change to the LHD core funding formula.

The implications for State oversight would depend upon the extent of any change(s) to the original statute. For example, if amendments to this statute were limited to incorporating the changes suggested in Issue #1 above, no changes with respect to State oversight would be indicated. Such changes would be considered as corrective measures to address flaws in current law and inconsistencies in current budgetary practice.

However, if the State decided to overhaul the financing of Core Public Health Services by significantly increasing its investment in local public health services, this development would place higher expectations on LHDs with respect to the programs and services offered to local residents, as well as with respect to initiatives undertaken with local community partners in an effort to improve the overall health status of local residents. A greater State financial commitment could lead to an enhanced level of State oversight. For example, enhanced oversight could include closer monitoring of LHD expenditures, as well as expanded performance standards with short-term, intermediate, and long-term outcome measures for assessing overall LHD accountability, progress and achievement. Also, a component of enhanced State oversight could include the establishment of financial incentives and disincentives to encourage LHDs in their efforts to reach targeted outcomes.

III. Final Comment

As shown above, State financial support of both Core Public Health Services and categorical grants has lagged behind the funding levels needed to keep pace with rising personnel costs. As a result, LHDs have been moderately successful, through a combination of exercising prudent fiscal management to contain costs and the willingness of local governments to help offset shortfalls in State funding, in avoiding major reductions in public health services to local residents and, for the most part, in avoiding layoffs of personnel.

Local health officers are concerned that local government officials may not be so willing in the future to subsidize personnel and other costs that should be borne by the State. Accordingly, this report provides some recommendations for providing more equity in the funding of COLAs and other compensation-related adjustments for LHD employees funded through the Core Public Health Services program, and points out the impact of salary increments, COLAs and other compensation-related adjustments for LHD employees funded with State categorical grants.

Finally, the report acknowledges that a major commitment of additional State financial support of LHDs could lead to additional State oversight of LHD programs and services. Additional oversight could take the form of expanded performance standards for assessing overall LHD accountability, progress and achievement.

TABLE #1

Local Health Core Funding - FY 1997-2007

Fiscal Year	Core Funding Base Amount	Formula Change	Colas and Other Compensation Adjustments	Total Core Funds	Change Core Funds by FY	% Change in Core Funds
1997	45,493,000	-	-	45,493,000	n/a	n/a
1998	45,493,000	1,521,100	-	47,014,100	1,521,100	3.3%
1999	47,014,100	1,264,476	1,368,698	49,647,274	2,633,174	5.6%
2000	49,647,274	978,618	2,304,245	52,930,137	3,282,863	6.6%
2001	52,930,137	1,199,680	4,367,049	58,496,866	5,566,729	10.5%
2002	58,496,866	2,017,814	3,951,573	64,466,253	5,969,387	10.2%
2003	64,466,253	1,962,451	-	66,428,704	1,962,451	3.0%
2004	66,428,704	1,158,704	(2,658,704)	64,928,704	(1,500,000)	-2.3%
2005	64,928,704	1,706,835	(1,264,555)	65,370,984	442,280	0.7%
2006	65,370,984	2,218,006	(1,237,003)	66,351,987	981,003	1.5%
2007	66,351,987	1,848,930	(39,966)	68,160,951	1,808,964	2.7%
Total	626,621,009	15,876,614	6,791,337	649,288,960	22,667,951	4.2% Average

Note: Core Funding Base Amount includes \$4,493,000 federal funds

TABLE #2

LOCAL HEALTH DEPARTMENT EXPENDITURES BY SOURCE OF FUNDS
(Data from DHMH General Accounting)

	FY 2005 FUNDING SOURCES								FY 2006 FUNDING SOURCES								FY 2007 FUNDING SOURCES							
	State		Local Funds		Fee	SUB-TOTAL		TOTAL	State		Local Funds		Fee	Sub-Total	Total	State		Local Funds		Fee	Sub-Total	Total		
	Core Funds	State Grants	Core Match	Additional	Collections	FY2005	Other Grants	FY2005	Core Funds	State Grants	Core Match	Additional	Collections	FY2006	Other Grants	FY2006	Core Funds	State Grants	Core Match	Additional	Collections	FY2007	Other Grants	FY2007
ALLEGANY	1,588,332	9,219,400	468,543	927,351	3,103,762	15,307,388	1,099,814	16,407,202	1,611,384	9,439,743	510,986	486,438	9,381,576	21,430,127	1,640,974	23,071,101	1,635,542	10,423,068	436,759	416,333	4,482,156	17,393,857	1,176,775	18,570,632
ARUNDEL	5,521,388	11,334,088	6,984,767	16,033,647	1,114,281	40,988,171	3,619,961	44,608,132	5,596,750	11,804,962	7,315,417	17,929,609	932,616	43,579,354	824,398	44,403,752	5,747,612	13,300,913	7,238,630	12,438,874	1,225,025	39,951,054	1,159,431	41,110,485
CALVERT	643,358	3,448,365	1,267,960	1,257,187	1,703,726	8,320,596	527,650	8,848,246	658,818	3,660,700	1,166,323	1,758,713	1,378,198	8,622,751	739,068	9,361,819	686,677	4,567,797	1,371,770	221,002	1,910,134	8,757,381	707,802	9,465,183
CAROLINE	937,412	3,153,317	252,003	357,638	1,877,818	6,578,188	374,822	6,953,010	954,799	3,165,870	255,002	396,163	1,476,737	6,248,571	230,457	6,479,028	965,268	3,800,507	259,913	1,676,648	244,214	6,946,549	212,660	7,159,209
CARROLL	2,158,992	7,711,213	1,547,440	1,130,970	707,430	13,256,045	1,000,666	14,256,711	2,148,822	7,865,828	1,609,670	1,230,118	355,945	13,210,384	285,217	13,495,601	2,236,423	8,922,634	1,631,268	969,464	680,284	14,440,073	275,099	14,715,172
CECIL	1,413,402	4,480,071	949,513	812,902	580,581	8,236,469	610,504	8,846,974	1,437,257	4,506,606	983,393	1,025,969	120,601	8,073,825	124,556	8,198,381	1,467,229	5,143,184	1,000,043	295,013	475,090	8,380,559	224,782	8,605,341
CHARLES	1,744,732	6,822,715	1,518,498	309,559	1,973,890	12,369,394	828,970	13,198,364	1,773,493	7,016,895	1,581,709	355,645	1,812,017	12,539,759	2,069,193	14,608,952	1,814,068	8,041,390	1,618,177	355,583	2,787,685	14,616,902	2,291,267	16,908,169
DORCHESTER	744,740	4,693,110	309,205	357,651	182,782	6,287,488	486,808	6,774,296	761,062	4,481,677	326,079	343,973	485,194	6,397,986	1,540,516	7,938,502	772,040	4,871,234	322,490	4,308,538	763,051	11,037,354	1,629,462	12,666,816
FREDERICK	2,560,030	5,683,909	2,065,528	6,528,526	230,744	17,068,737	1,342,714	18,411,451	2,323,112	5,592,118	2,182,283	8,176,509	11,943	18,285,964	721,534	19,007,498	2,750,624	6,932,193	2,162,042	61,428	972,834	12,879,121	870,890	13,750,011
GARRETT	759,285	4,181,036	395,255	167,570	2,102,122	7,605,268	438,838	8,044,106	775,574	4,272,889	400,696	90,828	1,321,023	6,861,009	985,647	7,846,656	785,051	4,873,682	403,216	656,630	2,515,616	9,234,195	897,876	10,132,071
HARFORD	3,034,956	6,221,792	1,861,329	1,663,710	1,340,668	14,122,455	1,019,260	15,141,715	3,094,208	6,352,543	1,931,478	1,856,260	1,477,238	14,711,727	1,336,240	16,047,967	3,160,898	7,480,093	1,970,494	395,511	1,860,781	14,867,777	1,179,095	16,046,872
HOWARD	2,128,476	4,855,890	3,224,300	2,584,107	526,584	13,319,356	1,020,136	14,339,492	2,168,276	4,637,896	3,344,717	1,395,435	353,356	11,899,679	365,431	12,265,110	2,236,678	5,611,717	3,444,393	263,152	491,554	12,047,493	373,423	12,420,916
KENT	581,007	3,594,549	254,027	352,996	551,113	5,333,692	381,378	5,715,069	595,670	3,738,978	255,642	364,522	371,204	5,326,017	162,469	5,488,486	601,472	3,856,131	265,809	8,062,647	931,311	13,717,369	140,750	13,858,119
QUEEN ANNE	726,100	2,792,268	594,948	152,310	965,305	5,230,931	340,154	5,571,085	743,192	2,688,719	580,393	587,913	65,577	4,665,794	499,004	5,164,798	755,990	3,259,078	633,451	1,335,130	880,055	6,863,705	606,211	7,469,916
SAINT MARYS	1,416,985	2,390,894	773,286	271,597	279,922	5,132,684	386,974	5,519,658	1,442,155	2,399,645	807,717	309,574	185,651	5,144,742	259,639	5,404,381	1,467,868	5,980,598	813,511	190,144	170,940	8,623,061	284,755	8,907,816
SOMERSET	742,575	3,757,332	182,197	293,017	828,886	5,804,007	396,732	6,200,739	758,544	3,784,551	190,089	317,919	601,022	5,652,125	960,583	6,612,708	768,956	4,295,015	192,352	1,154,797	991,837	7,402,957	975,905	8,378,862
TALBOT	567,859	2,897,240	697,484	657,716	641,609	5,461,908	384,386	5,846,294	584,551	2,887,568	752,202	711,939	307,509	5,243,768	255,212	5,498,980	589,748	3,169,986	791,190	2,572,155	490,734	7,613,813	0	7,613,813
WASHINGTON	2,425,195	7,794,653	1,304,247	2,519,508	1,541,178	15,584,781	1,119,881	16,704,662	2,458,042	6,893,381	1,385,731	4,718,023	749,974	16,205,152	829,100	17,034,252	2,499,337	8,352,879	1,317,469	1,175,396	1,331,681	14,676,762	1,377,530	16,054,292
WICOMICO	1,594,907	7,433,200	766,178	1,400,462	1,443,339	12,638,086	892,704	13,530,790	1,633,684	7,082,397	779,725	1,616,981	920,391	12,033,178	963,513	12,996,691	1,714,706	8,483,177	773,619	2,593,706	1,718,349	15,283,557	918,993	16,202,550
WORCESTER	504,225	6,863,518	1,279,633	1,259,621	2,476,343	12,383,340	790,015	13,173,355	557,872	6,634,571	1,417,495	275,164	1,639,111	10,524,213	360,960	10,885,173	574,182	7,607,257	1,574,927	1,298,516	2,510,126	13,565,008	400,268	13,965,276
TOTAL 1	31,793,956	109,328,559	26,696,343	39,038,043	24,172,083	231,028,983	17,062,366	248,091,349	32,077,263	108,907,538	27,776,745	43,947,694	23,946,883	236,656,123	15,153,711	251,809,835	33,230,369	128,972,533	28,221,523	40,440,665	27,433,457	258,298,547	15,702,974	274,001,521

	FY 2005 Actual	FY 2006 Actual	FY 2007 Budget	Three Year Average
State Core Funding %	12.8%	12.7%	12.1%	12.6%
State Grants Funding	44.1%	43.2%	47.1%	44.8%
Local Funds %	26.5%	28.5%	25.1%	26.7%
Fee Collections %	9.7%	9.5%	10.0%	9.8%
Other Grants %	6.9%	6.0%	5.7%	6.2%
Total % 2	100.0%	100.0%	100.0%	100.0%

Note 1: This information reflects complete expenditure data for 20 of 24 local health departments. Baltimore City, and Baltimore, Montgomery and Princes George's Counties have been excluded as complete financial data are not reported through the State Financial Management Information System (FMIS.)

Note 2: Columns may not add to 100% due to rounding.

TABLE #3

LOCAL HEALTH DEPARTMENT EXPENDITURES

(Data from DHMH General Accounting)

	FY 2005	FY 2006	FY 2007
Salaries and Fringe Benefits	182,308,797	188,967,241	197,368,251
Other Operating Expenditures	48,720,186	47,688,882	60,930,296
TOTAL 1, 2	231,028,983	236,656,123	258,298,547
	FY 2005	FY 2006	FY 2007
Salaries and Fringe Benefits	78.9%	79.8%	76.4%
Other Operating Expenditures	21.1%	20.2%	23.6%
TOTAL 1,2	100.0%	100.0%	100.0%

Note 1: Total excludes "Other Grants" category shown in Table #2

Note 2: This information reflects expenditure data for 20 of 24 local health departements. Baltimore City and Baltimore, Montgomery and Princes George's Counties have been excluded as complete financial data are not reported through the

TABLE #4

Comparison of Funding Changes in Core Funds to Average Salary and Fringe Benefit Changes in LHDs - FY 1999-2007

Fiscal Year	% Change in Core Funds	% Change in Salaries & Fringe	Variance
1997	n/a	n/a	n/a
1998	3.3%	n/a	n/a
1999	5.6%	7.4%	-1.8%
2000	6.6%	16.0%	-9.4%
2001	10.5%	6.0%	4.5%
2002	10.2%	7.3%	2.9%
2003	3.0%	7.0%	-4.0%
2004	-2.3%	-1.2%	-1.1%
2005	0.7%	4.4%	-3.7%
2006	1.5%	3.1%	-1.6%
2007	2.7%	1.7%	1.0%
Average	4.2%	5.7%	-1.5%