

# TOWN OF BARRINGTON

## NEW HAMPSHIRE

Office of the Town Administrator

**TO:** Barrington Select Board  
**FROM:** Conner MacIver, Town Administrator  
**SUBJECT:** Pay Plan Cost of Living Adjustment Methodology  
**DATE:** September 4, 2023

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In 2019, the Select Board invested in a comprehensive compensation study which evaluated total rewards (wages and benefits) of Barrington employees with ten comparable municipalities. In 2022, the Select Board invested in a wage study which utilized fifteen comparable communities. Each time, the results called for increased wages in order to align Barrington's total rewards with the labor market. The Select Board supported the recommendations and implemented a new pay plan in April of 2020 and April of 2023.

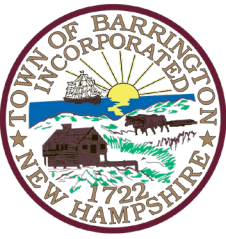
The 2019 Compensation Study Report and 2022 Wage Study Report explained that using cost of living adjustments (COLAs) to keep the pay plan current was an important maintenance step of the approved studies. The report recommended utilizing a combination of the Consumer Price Index, Social Security cost of living adjustments and the cost-of-living increases provided by other NH communities as the basis for determining the value of an annual cost of living adjustment.

The Select Board requested the development of a COLA procedure which established data points and other considerations for reviewing and approving proposed cost of living adjustments. The Select Board identified the importance of differentiating cost of living adjustments from pay plan progression wage increases. The purpose of a COLA is to ensure the pay plan (and employee wages) remains current with inflation.

### Data

The U.S. Bureau of Labor Statistics (BLS) publishes the Consumer Price Index (CPI) as a measure of financial inflation. The data provides comparative value of the CPI at different periods in time. The BLS publishes monthly data for the New England Region and Northeast Region and bi-monthly data for the Boston-Cambridge-Newton, MA-NH region (which includes Strafford County). The change in CPI over a period of time can be reflected as a percentage increase or decrease.

The Social Security Administration announces cost of living adjustments for recipients in October each year.



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### Recommendation

Each year, at the last Select Board meeting in October, the Select Board should consider applying a cost of living adjustment of the average of the CPI (New England Region, Northeast Region, and Boston-Cambridge-Newton, MA-NH Region) from last pay plan update and the Social Security cost of living adjustment(s) since the last pay plan update. This adjustment would be effective as of the first payroll in April of the following year (contingent upon passage of the operating budget).

The starting date for data comparison would be the date of last update. Currently, the pay plan was last updated in September of 2022. If the pay plan was updated in October of 2023, that would be the starting date for the 2024 review.

The CPI New England and Northeast Region ending data used would be from August, the CPI Boston-Cambridge-Newton, MA-NH region ending data used would be from July (August is the off-month of bi-monthly reporting), and the October Social Security COLA announcement will be used. These four data points would be averaged and rounded to two decimal places.

If the result is positive, the Select Board should consider authorizing that COLA increase to the pay plan beginning in April of the following year. The percentage would be used to increase all base wages on salaries and pay plans (including Union). If the result is negative, there would be no change. In the year after a negative value, the negative value would be factored into the calculated cost of living adjustment by including both years of data. Calculation equation:

$$\begin{aligned} & \frac{\text{CPI New England October} - \text{CPI New England (as of last update)}}{\text{CPI New England (as of last update)}} \times 100 \\ & + \\ & \frac{\text{CPI Northeast October} - \text{CPI Northeast (as of last update)}}{\text{CPI Northeast (as of last update)}} \times 100 \\ & + \\ & \frac{\text{CPI Boston-Cambridge-Newton September} - \text{CPI Boston-Cambridge-Newton (as of last update)}}{\text{CPI Boston-Cambridge-Newton (as of last update)}} \times 100 \\ & + \\ & \text{Social Security COLA(s) since last update} \end{aligned}$$

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The recommended methodology is consistent with the Compensation Study Report and the approach used by other New Hampshire municipalities. Additionally, the proposed process is objective, relying on publicly available information.

A sample of this data (through July 2023) is attached below.

## Cost of Living Data for 2024 Budget

Data Source/Month	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>Consumer Price Index - Northeast:</b>	307.152	308.001	308.394	308.15	310.323	311.986	311.243	311.848	312.241	313.329	313.952	
<a href="https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&amp;series_id=CUUR0100SA0,CUUS0100SA0">https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&amp;series_id=CUUR0100SA0,CUUS0100SA0</a>	0.00%	0.28%	0.40%	0.32%	1.03%	1.57%	1.33%	1.53%	1.66%	2.01%	2.21%	
<b>Consumer Price Index - New England:</b>	117.29	117.924	118.37	117.821	118.841	119.083	119.099	119.459	119.166	119.462	119.390	
<a href="https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&amp;series_id=CUUR0110SA0,CUUS0110SA0">https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&amp;series_id=CUUR0110SA0,CUUS0110SA0</a>	0.00%	0.54%	0.92%	0.45%	1.32%	1.53%	1.54%	1.85%	1.60%	1.85%	1.79%	
<b>Consumer Price Index - Boston:</b>	318.8		320.702		324.27		324.859		324.927		324.746	
<a href="https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&amp;series_id=CUURS111ASA0,CUUS111ASA0">https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&amp;series_id=CUURS111ASA0,CUUS111ASA0</a>	0.00%		0.60%		1.72%		1.90%		1.92%		1.87%	

Social Security Cost of Living Adjustment	
<b>2023</b>	8.70%
<b>2024</b>	
<a href="https://www.ssa.gov/oact/cola/latestCOLA.html">https://www.ssa.gov/oact/cola/latestCOLA.html</a>	

**12-Month Consumer Price Index and Social Security COLA Average: -100.00%** (September 2022 - July 2023)

Updated: 9/4/2023