

Analysis of Senate Bill 05-012

for the Health District of Northern Larimer County Board of Directors

February 14, 2005

Bill Title: Concerning an increase in the maximum amount of compensation that may be paid to members of the board of directors of a special district

Sponsors: House: Harvey; Senate: Evans

Committees: Local Government

History: Introduced in Senate 1/12/05; Passed Senate Committee on Local Government Amended 1/27/05 to Senate Committee of the Whole; Passed Senate Third Reading 2/14

Prepared by: Katherine Young

Overview

§312-1-902 C.R.S. currently sets the maximum allowable compensation for directors of a special district at \$50 per meeting, with an annual cap of \$950 for directors whose term commenced prior to April 24, 1996. For directors whose terms began on or after April 24, 1996, the maximum allowable compensation per meeting is \$75, with a maximum allowance of \$1200 per year. Currently, members of the Health District Board of Directors are paid the maximum allowable amount of \$1200 per year under Colorado law, which totals \$6000 per year (\$1200 x 5 members) in budgetary expenditures for the Health District; specifically, this amounts to approximately 15% of the total amount of \$40,290 appropriated for Board expenditures during 2005.

SB05-012 increases special district directors' compensation by \$25 per meeting and increases the maximum allowance for compensation to \$1600 per year, effective July 1, 2005. It also allows for inflation adjustments on January 1st of every other year, beginning in 2007. The inflation adjustment is based on total annual percentage change in the US Department of Labor CPI for Denver-Boulder-Greeley, all items, and all urban consumers, and would be rounded up or down to the closest ten-dollar increment.¹ With the increased compensation, members of the Health District Board of Directors could be paid \$100 per meeting with a maximum allowance of \$1600 per year per member. In 2005, the Board will meet 17 times. If the number of meetings were to remain constant for 2006, this would amount to an annual expenditure of \$8000 for that year, which is an increase of \$2000 from the current expenditure of \$6000.

Why is this issue important to the Health District?

Colorado Revised Statutes have not been amended with regard to the statutory limit of special district directors' compensation since 1996, when compensation was increased from \$50 to \$75 per meeting, and the annual allowance was increased from \$950 to \$1200. Given the intense and complicated nature of special district governance, the increase in compensation proposed in SB05-012 accurately reflects the energy that many directors devote to their positions.

Summation of Arguments: SB05-012	
Support	Oppose
<ul style="list-style-type: none">• Compensation has not increased since 1996; with the \$100 limit proposed in SB05-12, compensation rates for SD directors would reflect the current rate of inflation• Increases in compensation are at the discretion of the Board, so board members can choose to set lower rates• Increase in compensation may work as an incentive for individuals to run in SD Board elections	<ul style="list-style-type: none">• Directors retain the option to hold compensation rates steady in light of budgetary constraints, with the assumption that directors will demonstrate fiscal integrity. It may be the case that some special district directors weigh in favor of individual compensation over fiscal responsibility, although actions of this sort are subject to public scrutiny.

Board Position:

The Board voted to support SB05-012 on February 22, 2005.

¹ Goulding, J. Evan, "Special District Directors' Compensation" in *Legislative News*, Vol. 3, Issue 2 (January 2005)

About this Analysis

This analysis was prepared by Health District of Northern Larimer County staff to assist the Health District Board of Directors in determining whether to take an official stand on various health-related issues. Analyses are based on bills or issues at the time of their consideration by the Board and information used to evaluate bills are accurate to the best of staff knowledge, but are limited by both space and time available for analysis in quick-moving legislative sessions. It is suggested that people check to see whether a bill has changed during the course of a legislative session by visiting the Colorado General Assembly web page at www.state.co.us/gov_dir/stateleg.html. To see whether the Health District Board of Directors took a position on this or other policy issues, please visit www.healthdistrict.org/policy.

About the Health District

The Health District is a special district of the northern two-thirds of Larimer County, Colorado, supported by local property tax dollars and governed by a publicly elected five-member board. The Health District provides medical, mental health, dental, preventive and health planning services to the communities it serves. Their mission is to improve the health of the community.

For more information about this policy position or the Health District, please contact Katherine Young, at kyoung@healthdistrict.org, or (970) 224-5209.