

Fiscal Note

BILL # HB 2386

TITLE: pay parity; law enforcement; benchmarks

SPONSOR: Marshall

STATUS: As Introduced

PREPARED BY: Jordan Johnston

Description

The bill would make the Parity Compensation Fund, administered by the Department of Public Safety (DPS), a non-appropriated fund. The bill would also require DPS to establish annual benchmarks for department law enforcement compensation and to consider those benchmarks when determining expenditures from the Parity Compensation Fund. The bill further requires that the benchmark information be included in the annual state personnel report.

Estimated Impact

Based on input from DPS, we estimate the bill would have a minimal General Fund fiscal impact. DPS is not required to use the benchmarks in setting compensation and the benchmarks only apply to Parity Compensation Fund expenditures. The salaries of DPS Troopers, for example, are mostly paid from the General Fund.

The bill requires that the benchmarks be based on the total compensation offered by the 3 largest county or municipal peer law enforcement agencies in the state. For reference, according to the 2024 DPS Personnel Report, the DPS starting base salary for state troopers is currently \$65,400. In comparison, the 3 highest Arizona law enforcement agency starting base salaries for officers are Phoenix PD (\$74,400), Tempe PD (\$74,100), and Paradise Valley PD (\$72,500).

Analysis

The Parity Compensation Fund receives 1.51% of the portion of vehicle license tax revenues that would otherwise be deposited in the State Highway Fund. In FY 2024, the fund received revenues of \$4.2 million. Revenues in the fund are to be used to fund salary and benefit adjustments for DPS law enforcement personnel. In FY 2024, DPS reported expenditures of \$3.0 million, all which was for salary and benefits.

The bill establishes benchmarks within the fund for the department to consider when expending monies from the fund. These benchmarks shall be based on the average "total compensation" for each comparable law enforcement rank relative to the 3 largest local law enforcement agencies in the state. Total compensation includes base salary, educational incentive pay, physical performance pay, longevity pay, and retirement contributions. The bill requires the new benchmark information to be included in the annual state personnel report.

The department believes that they would be responsible for tracking and reporting the benchmarks in the annual DPS personnel report. They do not estimate that the new reporting requirements would generate additional costs to the agency.

Local Government Impact

None

2/7/25

