


**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : December 9, 2014

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller 

SUBJECT : Fiscal Report on the Proposed Agreement with the Deputy Sheriff's Association

The following provides a summary of the fiscal impact of the proposed Deputy Sheriff's Association (DSA) contract agreement for the calendar year 2014. It provides an estimate of the fiscal impact of the proposal; the actual fiscal impact may be greater than or less than the impact that is estimated below.

The table on the following page presents the key wage and benefit elements of the proposed contract.

Table 1	
Milwaukee Deputy Sheriffs Association Contract Negotiations	
Wage & Benefit Proposals	
Period Covered by Contract	January 1, 2014 - December 31, 2014
1 Wage Rate Increases	1.25% PP3 (January 5, 2014) 1.25% PP12 (May 11, 2014)
2 Employee Health Insurance Premium*	\$130 - Single \$150 - Employee + Child(ren) \$210 - Employee + Spouse \$230 - Employee + Family Wellness Program Participation**
3 Signing Bonus	\$200 per MDSA member
* Health insurance premium changes will have no impact on 2014 previously collected premiums as the County is unable to make changes for prior periods.	
** Participation in the County Wellness Program is not a negotiable issue per the terms of the proposed contract and DSA members will now be subject to the terms of the Wellness Program.	

The following table presents the contract cost and total lift for 2014:

Table 2	
Milwaukee Deputy Sheriffs Association Contract Negotiations	
Proposed Contract Cost	
	2014
1 Wage Rate Increases	
Wage 1 - 1.25% PP 3 (January 5, 2014)	\$ 252,719
Wage 2 - 1.25% PP 12 (May 11, 2014)	\$ 166,584
FICA	\$ 32,077
Pension	\$ 21,804
2 Employee Health Insurance Premium*	
\$130 - Single	\$ -
\$150 - Employee + Child(ren)	\$ -
\$210 - Employee + Spouse	\$ -
\$230 - Employee + Family	\$ -
3 Signing Bonus	
\$200 per active DSA member	\$ 52,000
FICA	\$ 3,978
Total Wage & Benefit Change:	\$ 529,161
* Health insurance premiums are increased in the proposed contract, but it is assumed that 65 percent of DSA members will participate in the Wellness Program and be eligible for a wellness credit. Therefore, the actual revenue received will be less under the new contract. For 2014, there is no cost because the County is not able to apply changes to premiums or wellness credits retroactively.	
	2014 Lift
Number of Positions	260
Full-time equivalents including Overtime	317
Total calculated wages	\$ 20,801,453
Average wage rate/hour	\$ 31.55
Total base wages	\$ 20,382,151
2014 Lift Pcntg Wages on Base Wage	2.32%
2014 Lift Pcntg All Costs on Base Wage	2.60%

CHANGES IN PROPOSED CONTRACT:

Following are the changes that are in the proposed contract agreement for with the DSA:

1. Wage Rate Increases

The proposed agreement provides for a wage increase of 1.25 percent in pay period 3 of 2014 (January 5, 2014) and 1.25 percent in pay period 12 (May 11, 2014):

Item	Date Effective	Description	2014 Annual Cost/(Savings)	2015 Annual Cost/(Savings)
1	January 5, 2014	Wage Increase - 1.25%	\$285,193	\$287,516
	May 11, 2014	Wage Increase - 1.25%	\$187,990	\$291,110

For purposes of this fiscal note, the wage increases are staggered in the 1st and 2nd quarters of the contract period. Therefore, the impact on 2014 will be less than the full impact that will be realized in 2015. The last wage increase given to the Deputy Sheriff's was in the 2013 contract, which provided two 1.5 percent increases in 2013. For 2014, most employees received a wage increase of 1.0 percent effective April 13, 2014.

The wage costs do not include the cost of step increases.

2. Premium Contribution Increase for Health Care

Item	Date Effective	Description	2014 Annual Cost/(Savings)	2015 Annual Cost/(Savings)
2	Upon Contract Ratification	Health Care Contribution Increase and Wellness Participation	\$0	\$43,800

Effective on January 1, 2015¹, health care premiums for DSA members would increase to the level that most employees paid during 2014 (most employees received an increase in health insurance premiums in 2015 that would not apply to DSA members unless negotiated under a successor agreement). DSA members would also be subject to the terms of the Wellness Program, which for 2015, would make them eligible for the wellness credit. Due to the timing of the contract, the contract has no associated cost or savings with 2014. However, for 2015, the difference in lost revenue between the previous and proposed contracts results in a cost of \$43,800 to County. This is due to the assumption that 65 percent of members will participate in the Wellness Program and receive a \$50

¹ For purposes of this fiscal note, a January 1 start date was assumed. The start date could be delayed by one month depending on the date that the contract is finalized.

monthly credit, reducing the revenue to the County. These following rates will remain effective until a successor agreement is negotiated:

Current Monthly Rate Structure		Proposed Monthly Rate Structure		
	Rate		Rate w/o Credit	Rate w/ Credit
Single	\$100	Single	\$130	\$90
Single + Child (ren)	\$125	Single + Child (ren)	\$150	\$100
Single + Spouse	\$200	Single + Spouse	\$210	\$160
Single + Family	\$225	Single + Family	\$230	\$180

3. Signing Bonus

Item	Date Effective	Description	2014 Annual Cost/(Savings)	2015 Annual Cost/(Savings)
3	2014	\$200 Signing Bonus	\$55,978	\$0

The proposed agreement provides for a signing bonus for DSA members active at the time of contract signing. This is a one-time signing bonus and would apply to approximately 260 members and would therefore have no impact on 2015.

Budgetary Fiscal Impact

The proposed agreement is intended to complete negotiations for the 2014 calendar year. The 2014 Budget did not include an appropriation for a wage increase and assumed DSA members would be receiving the wellness credit. Therefore, compared to the 2014 Budget, the County achieved unbudgeted revenue that is available to offset the wage cost increase for 2014. In total, the 2014 budget impact of the contract is \$461,333. Due to the reported deficit in the Office of the Sheriff, this additional expenditure will need to be covered through funds within the Contingency. Because the 2015 Budget has been passed, the fiscal impact for 2015 has been reviewed. For 2015, two 1.25 percent wage increases and higher premium contributions were assumed. Therefore, the proposed contract results in a 2015 budget impact of \$33,732. This amount will either need to be absorbed within the Office of the Sheriff or covered through funds in the Contingency.

Table 3			
Milwaukee Deputy Sheriffs Association Contract Negotiations			
Budgetary Impact			
		2014	2015
Contract Cost / (Savings)			
	Wage Rate Increases	\$ 473,183	\$ 578,625
	Employee Health Insurance Premium	\$ -	\$ 43,800
	Signing Bonus	\$ 55,978	\$ -
	Total Cost	\$ 529,161	\$ 622,425
Funding Sources			
	Current Year Appropriations	\$ -	\$ 578,625
	Health Premiums*	\$ 67,830	\$ 10,068
	Total Additional Resources Required:	\$ 461,331	\$ 33,732
*	The 2014 Budget assumed that DSA members would contribute at slightly higher premium levels as adopted in the 2014 Budget, as well as receive the wellness credit. Because DSA members did not receive the wellness credit during 2014, the County achieved unbudgeted revenues that are available to offset the other expenditure increases.		

Wage and Benefit Lift for 2014

The following table projects the cumulative dollar change and percentage lift in costs for the proposed contract. It includes costs for 2014, as previously shown in the other schedules, but on an annualized basis. This is the minimum cost the County will continue to pay in future years barring any changes within successor agreements. The contract results in a total cumulative lift of 2.84 percent for wages alone and 3.05 percent including the change to member premiums.

Table 4			
Milwaukee Deputy Sheriffs Association Contract Negotiations			
Cumulative Lift (as if all costs/savings were annualized)			
	Proposal		
	Cumulative Total Lift	Cumulative Lift %	Cost/ (Svgs) Per Active
Wage Rate Increase 1	\$ 254,777	1.25%	\$ 980
Wage Rate Increase 2	\$ 257,962	1.27%	\$ 992
Subtotal Wages	\$ 512,738	2.52%	\$ 1,972
FICA	\$ 39,224	0.19%	\$ 151
Pension	\$ 26,662	0.13%	\$ 103
Subtotal Wages / FICA / Pension	\$ 578,625	2.84%	\$ 2,225
Health Insurance Premiums	\$ 43,800	0.21%	\$ 168
Signing Bonus/FICA	\$ -	0.00%	\$ -
Total Cost	\$ 622,425	3.05%	\$ 2,394
	2014 Proposal		
Number of Positions	260		
Full-time equivalents including Overtime	317		
Total calculated wages	\$ 20,801,453		
Average wage rate/hour	\$ 31.55		
Total base wages	\$ 20,382,151		
Cumulative Lift Pcntg Wages on Base Wage	2.84%		
Cumulative Lift Pcntg All Costs on Base Wage	3.05%		

Administrative Costs Associated with Implementing this Contract

To implement this contract, personnel in the Office of the Comptroller will have to input the rate changes into the Ceridian HPW System. For wage rates and health plan changes, the implementation will require internal time and effort. The number of personnel hours to complete this task has not been determined yet, but other projects may be delayed to implement this contract.

The above information was prepared by the Office of the Comptroller. It will be independently reviewed by the Office of the Comptroller – Audit Services and Office of the Comptroller – Research Services Division to satisfy Milwaukee County Ordinances. The Department of Administrative Services has also been provided a copy. A separate report may be issued by any of these divisions based upon their findings.