

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** September 7, 2016

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** A resolution to increase the compensation for positions identified by the Department of Human Resources to be below market minimums.

**FISCAL EFFECT:**

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| <input type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input checked="" type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input checked="" type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
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*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	(\$1,218,890)	\$1,167,600
	Revenue	(\$238,717)	\$63,580
	Net Cost	(\$980,173)	\$1,104,020
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

**DESCRIPTION OF FISCAL EFFECT**

**In the space below, you must provide the following information. Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. This resolution increases the compensation for employees in positions identified by the Department of Human Resources to be below market minimums.
- B. Based on the information provided by the Department of Human Resources, there are 511 employees in positions identified by the Department of Human Resources as below market minimum. The total annual cost to bring the salary of these employees up to the market minimum is \$1,084,626, offset by \$59,062 in additional revenue. Additional costs for FICA include expenditures of \$82,974 and offsetting revenues of \$4,518. Assuming an implementation effective with pay period 21 (beginning September 25, 2016), the total cost in 2016 for seven pay periods would be \$292,015, offset by \$15,901 in additional revenue (with an additional \$22,339 in expenditures and \$1,216 in offsetting revenue for FICA). The Department of Human Resources has also stated that it will likely incur overtime or need to hire temporary help to implement these changes. This fiscal note assumes those administrative costs will be \$5,000.
- C. The 2016 Budget included \$1,538,244 in expenditures and \$255,835 in revenue for this purpose in Org. 1972 – Wage and Benefit Modifications. While the full amount will not be used in 2016, the full amount must be budgeted in 2017 and each future year, since this action increases the base wages of these employees.
- D. This fiscal note was based on data provided the Department of Human Resources at a point in time. It is likely that changes have since occurred to that list through employee terminations, resignations or promotions. Any changes would alter the actual financial impact, but not by a significant amount. This fiscal note is also based on an implementation date of September 25, 2016, which is the earliest possible date that this resolution could be implemented. It is possible that this resolution may not become effective until later, which if occurs, would reduce the cost of this resolution in the current year, but not in future years. No amounts have been included for pension since the actuary includes payroll growth in its actuarial calculation and this increase does not cause a greater payroll growth than was assumed.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

Department/Prepared By CJ Pahl

Authorized Signature Scott B. Mankse, Comptroller 

Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required