

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: July 25, 2017

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution requiring the Human Resources Director to implement the pay policy in the 2014 Adopted Budget as affirmed in a recent Milwaukee County Circuit Court decision (16-CV-2888), reestablish the minimum and maximum pay for pay grades 903E and 904E, create pay grade 905E, and reallocate certain departmental leadership positions

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

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
Operating Budget	Expenditure	(\$12,493)	(\$54,137)
	Revenue	\$0	\$0
	Net Cost	(\$12,493)	(\$54,137)
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

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.¹ 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. Approval of this resolution will effectuate the pay grades authorized by the County Board of Supervisors in the 2014 Adopted Budget, as adjusted for cost-of-living increases. The resolution also reestablishes pay grades 903E (minimum \$103,236.60 to \$126,111 maximum) and 904E (minimum \$127,000 to \$180,000 maximum) and creates pay grade 905E (minimum \$181,000 to \$275,000 maximum). The resolution reallocates the following positions to pay grade 903E that are currently in 904E:

- DAS Director
- DOT Director
- DHHS Director
- HR Director
- DAS Budget Director

The resolution would prohibit the "red-circling" of these positions; therefore the pay of the incumbents or any new employees in these positions may only be the highest amount permitted under their new pay grade, or \$126,111.

The resolution also reallocates five positions currently in pay grade 904E to a newly created 905E pay grade. These positions are all in the Office of the Medical Examiner, including: the Medical Examiner, Deputy Chief Medical Examiner, and three positions of Assistant Medical Examiner.

- B. The reallocation of the five positions above will result in a direct savings from the reduction in salaries of the four incumbents (the other actions have no fiscal impact) in the positions of DAS Director, DOT Director, HR Director and DAS Budget Director. Assuming that this resolution does not become effective until September 28, 2017, and implementable until pay period 22, this will

¹ 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.

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

result in a savings of \$11,605 for salary dollars and \$888 for social security in 2017. For 2018, the savings realized will be \$50,290 for salary dollars and \$3,847 for social security.

- C. This action results in budgetary savings since the four filled positions being reallocated were budgeted at a higher salary amount than what will be received for the final six pay periods of the year.
- D. The fiscal estimates were created using an employee roster at a specific point in time. Employee's affected by these changes may leave the employment of the County, may be promoted, or have some other action that occurs that could affect the dollar amounts estimated here. Additionally, FICA was assumed to remain at 7.65 percent over the project life.

This estimate also assumes that the County Executive will veto this resolution and that the veto will be overridden by the County Board at or around 60 days on or about September 25.

This fiscal note also assumes that recent changes to County Ordinance 17.05 can be legally implemented.

This fiscal note also assumes no impact on the County's pension liability. Actuarial analyses include a broad projection of pay increases for each individual that are used to develop the total benefits to be paid out by the pension system and are based off a 3.5 percent annual growth rate. While these changes will lower the overall growth rate, based on the estimates provided here, it is not anticipated that the reduction in salaries will have a calculable impact on the County's total current payroll for 2017. Therefore, this action will have a de minimis impact on the County's pension liability.

It should also be noted that this action reduces the County's total *potential* salary liability by \$630,555 from \$1,484,393 to \$853,838 for these five positions. Given current market conditions, it is unreasonable to assume that the County would ever have paid each of these employee's at the maximum point of the 904E pay grade or \$296,878. However, for illustrative purposes, should that have occurred, the potential salary liability eliminated under the proposed pay structure is \$630,555.

Department/Prepared By CJ Pahl

Authorized Signature Scott B. Manske 

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required