


**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: November 14, 2016
 TO: Supervisor Theo Lipscomb, Sr., Chairman, County Board of Supervisors
 FROM: Scott B. Manske, Comptroller 
 SUBJECT: Fiscal Report on the Proposed Agreement with the Milwaukee County Firefighters Association

The following provides a summary of the *fiscal impact of the proposed Milwaukee County Firefighters Association contract amendment for the calendar year 2016*. 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. This is a standalone estimate and does not take into consideration the costs estimated at the time the original contract was approved.

Key Wage & Benefit Elements. The table below presents the key wage and benefit elements of the proposed contract.

Table 1	
Wage & Benefit Proposals	
Period Covered by Contract	January 1, 2016 - December 31, 2016
Proposal	
1 Wage Rate Increases	
Increase scale 1%	Effective 1/3/2016
Wage Scale Change	Effective 1/3/2016

Proposed Contract Costs. The following table presents the contract cost and total lift for 2016:

Table 2	
Proposed Contract Cost	
Proposal	
2016	
1 Wage Rate Increases	
Provide 1% increase	\$ 11,367
Wage Scale Change	\$ 11,031
Total Wage & Benefit Change	\$ 22,398
Amounts Used in Calculations:	
Number of Positions	17.00
Full-time equivalents including Overtime	27.64
Total calculated wages	\$ 1,159,129
Average wage rate/hour	\$ 14.35
Total base wages	\$ 1,136,731
Annual lift percentage wages on base wage	1.97%
Annual lift percentage all costs on base wage	1.97%

Changes in Proposed Contract. Following are the changes that are in the proposed contract agreement for with the Firefighters:

1. One (1) Percent Increase

The proposed agreement raise the current wage scale by 1 percent effective January 3, 2016.

Item	Date Effective	Description	2016 Annual Cost/(Savings)
1	January 3, 2016	Wage Scale Modifications	\$11,367

For purposes of this fiscal note, the wage increase is implemented as of the second pay period in 2016, which is effective January 3, 2016. The last wage increases given to the Firefighters were in 2015, which provided a \$500 base wage increase and in the 2012-2014 contract, which provided a 3.0 percent increase in 2012, two 1.5 percent increases in 2013 and two 1.25 percent increases in 2014.

2. Wage Scale Change

Effective January 1, 2016, the wage scale is changed by removing step 1 and adding a new step 7.

Item	Date Effective	Description	2016 Annual Cost/(Savings)
2	January 3, 2016	Wage Scale Change	\$11,031

Because step 1 is removed, two employees in step 1 as of January 3, 2016 will be retroactively paid at the new step 1. All other employees would stay at the same step (although renumbered) and not advance a step until their anniversary.

The new and old wage scales are shown below for comparison purposes.

Old Step	New Step	Old Wage	New Wage
8	8	23.3005	23.5335
	7		22.6400
7	6	21.6589	21.8755
6	5	21.2425	21.4549
5	4	20.8258	21.0341
4	3	20.2748	20.4775
3	2	19.5150	19.7102
2	1	18.4738	18.6585
1		15.4967	

Budgetary Impact of Proposed Contract

The budgetary impact is described in the table below. Only \$5,952 was budgeted in 2016; therefore, the Department of Transportation – Airport Division will have to use expenditure savings to cover the additional costs of the contract. Since the Airport Division is fully funded by user fees and charges, there will be no tax levy impact due to the increased costs.

Table 3			
Budgetary Impact			
		Proposal	
		2016	
Contract Cost / (Savings)			
	Provide 1% increase	\$	11,367
	Wage Scale Change	\$	11,031
	Total Cost	\$	22,398
Funding Sources			
	Current Year Appropriations	\$	5,952
	Total Additional Resources Required:	\$	16,446

Wage Lift for 2016

The following table projects the cumulative dollar change and percentage lift in costs for the proposed contract. 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 1.97 percent for wages alone and 2.23 percent including costs for FICA and pension.

Table 4			
Cumulative Lift (as if all costs/savings were annualized)			
	Proposal		
	Cumulative	Cumulative	Cost/ (Svgs)
	Total Lift	Lift %	Per Active
Provide 1% increase	\$ 11,367	1.00%	\$ 669
Wage Scale Change	\$ 11,031	0.97%	\$ 649
Subtotal Wages	\$ 22,398	1.97%	\$ 1,318
FICA	\$ 1,713	0.15%	\$ 101
Pension	\$ 1,272	0.11%	\$ 75
Subtotal Wages / FICA / Pension	\$ 25,384	2.23%	\$ 1,493
Total Cost	\$ 25,384	2.23%	\$ 1,493
Number of Positions		17.00	
Full-time equivalents including Overtime		27.64	
Total calculated wages		\$ 1,159,129	
Average wage rate/hour		\$ 14.35	
Total base wages		\$ 1,136,731	
Cumulative Lift Pcntg Wages on Base Wage		1.97%	
Cumulative Lift Pcntg All Costs on Base Wage		2.23%	

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, 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.