


**COUNTY OF MILWAUKEE**  
**INTEROFFICE COMMUNICATION**

DATE: August 28, 2015

TO: Supervisor Theo Lipscomb, 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 agreement for the calendar years 2015 and 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.

The table below presents the key wage and benefit elements of the proposed contract.

<b>Table 1</b>			
<b>Wage &amp; Benefit Proposals</b>			
<b>Period Covered by Contract</b>		January 1, 2015 - December 31, 2016	
		<b>Proposal</b>	
<b>1</b>	<b>Wage Rate Increases</b>	Base Increase - \$500 - PP1 2015 2016 - TBD	
<b>2</b>	<b>Educational Bonus</b>	Additional Bonus Step for Bachelors of \$750	
<b>3</b>	<b>Health Premiums*</b>	With Wellness	Without Wellness
	Single	\$91	\$130
	EE + Child(ren)	\$112	\$160
	EE + Spouse/Partner	\$180	\$230
	Family	\$200	\$250
<b>4</b>	<b>Dental Premiums</b>	Single	\$15
		EE + Child(ren)	\$35
		EE + Spouse/Partner	\$35
		Family	\$35
<b>5</b>	<b>Call In Pay</b>	Reduce minimum paid hours from 4 to 3	
<b>6</b>	<b>Sick Leave</b>	No Change	
<b>7</b>	<b>Temporary Assignment</b>	Increased Pay after 15 Days of Service for Regular Positions and 30 Days	
<b>8</b>	<b>Successors and Assigns</b>	Transfer of Firefighting Function to Other Entity to Include Transfer of Employees at Present Wages	
*	Health insurance premiums will have no impact on 2015 previously collected premiums as the County is unable to make changes for prior periods. Note that the Department of Human Resources implemented the newly proposed premiums effective August 1, 2015.		

The following table presents the contract cost and total lift for 2015 and 2016:

<b>Table 2</b>		
<b>Proposed Contract Cost</b>		
	<b>Proposal</b>	
	<b>2015</b>	<b>2016</b>
<b>1 Wage Rate Increases</b>		
Base Increase - \$500 - PP1 2015	\$ 9,674	\$ 9,674
Base Increase/Other 2016*	\$ -	<b>TBD</b>
FICA	\$ 740	\$ 740
Pension	\$ 549	\$ 549
<b>2 Educational Bonus</b>		
Additional Bonus Step for Bachelors of \$750	\$ 250	\$ 250
FICA	\$ 19	\$ 19
<b>3 Health Premiums**</b>	\$ 700	\$ 1,680
<b>4 Dental Premiums</b>	\$ (921)	\$ (3,684)
<b>5 Call In Pay</b>	\$ (427)	\$ (1,524)
FICA	\$ (33)	\$ (117)
<b>6 Sick Leave</b>	\$ -	\$ -
<b>7 Temporary Assignment</b>	\$ -	\$ -
<b>8 Successors and Assigns</b>	\$ -	\$ -
<b>Total Wage &amp; Benefit Change</b>	<b>\$ 10,552</b>	<b>\$ 7,588</b>
* Pursuant to the language of the tentative agreement, the County will reopen negotiations with the union for purposes of 2016 wages. Because there is no agreement for 2016 wages, the estimates provided here are not an accurate reflection of true costs for the 2016 portion of the contract. Those will not be determinable until a tentative agreement on 2016 wages is put forward.		
** Note that the cost for this option should have been \$400 for 2015. However, DHR implemented lower premiums prior to the contract being signed which resulted in lower premiums for an additional two months.		
<b>Amounts Used in Calculations:</b>		
Number of Positions	17.00	17.00
Full-time equivalents including Overtime	27.64	27.64
Total calculated wages	\$ 1,184,575	\$ 1,184,575
Average wage rate/hour	\$ 14.67	\$ 14.67
Total base wages	\$ 1,174,901	\$ 1,174,901
Annual lift percentage wages on base wage	0.82%	0.00%
Annual lift percentage all costs on base wage***	0.94%	-0.25%
*** Any wage increase in 2016 will offset the negative impact on firefighters in 2016.		

## CHANGES IN PROPOSED CONTRACT:

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

### 1. Wage Rate Increases

The proposed agreement provides for a wage increase of \$500 in pay period 1 of 2015:

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
1	December 21, 2014	Wage Increase - \$500 Base	\$10,963	\$10,963

For purposes of this fiscal note, the wage increase is implemented as of the first pay period in 2015, which is effective December 21, 2014. Therefore, the impact on 2015 will be the same as the impact that will be realized in 2016. The last wage increases given to the Firefighters were 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. For 2015, most other employees will receive a wage increase of 1.5 percent effective June 21, 2015.

***It is important to note that tentative agreement proposes to reopen negotiations regarding wages in 2016. The result of those negotiations will impact the 2016 numbers provided here.***

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

### 2. Educational Bonus

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
2	Upon Contract Ratification	Provide additional bonus step of \$750 for firefighters with a Bachelor's degree.	\$269	\$269

Effective upon contract ratification, any Firefighters with a Bachelor's degree would be eligible for an annual educational bonus of \$750. In previous contracts, Firefighters with a Bachelor's degree were only eligible for an annual educational bonus of \$500. It is estimated that only one member is eligible for the additional bonus.

### 3. Premium Contribution Increase for Health Care

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
3	August 1, 2015 <sup>1</sup>	Health Care Contribution and Wellness Participation	\$700	\$1,680

Effective on August 1, 2015<sup>2</sup>, health care premiums for Firefighter members increased to the level that most employees are paying in 2015. Firefighter members would also be subject to the terms of the Wellness Program, which for 2015, would make them eligible for the wellness credit. For 2015, the difference in lost revenue between the previous and proposed contracts results in a cost of \$700 to County. This is due to the assumption that 100 percent of members will participate in the Wellness Program and receive a \$50 monthly credit, reducing the revenue to the County. Because the Department of Human Resources implemented the lower premiums effective August 1, 2015, the cost to the County actually increased by \$300 from \$400 to \$700. The 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	\$91
Single + Child (ren)	\$125	Single + Child (ren)	\$160	\$112
Single + Spouse	\$200	Single + Spouse	\$230	\$180
Single + Family	\$225	Single + Family	\$250	\$200

### 4. Dental Premiums

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
4	October 1, 2015	Dental Premiums	(\$921)	(\$3,684)

The proposed agreement provides for an increase in dental premiums which would be effective in the month following contract ratification, estimated to be October 1, 2015. The premiums represent an increase over previous premiums, and are the same as what most other employees are paying in 2015. The following rates will remain effective until a successor agreement is negotiated:

<sup>1</sup> Generally, any negotiated contributions are not implemented until the contract is approved and signed by all parties. However, the Department of Human Resources has implemented the lower premiums effective August 1, 2015. Therefore, the cost for 2015 has increased from \$400 to \$700 for 2015.

<sup>2</sup> For purposes of this fiscal note, August 1, 2015 was used because the Department of Human Resources implemented the lower premiums prior to contract ratification.

Current Monthly Rate Structure		Proposed Monthly Rate Structure	
	Rate		Rate
Single	\$2	Single	\$15
Single + Child (ren)	\$6	Single + Child (ren)	\$35
Single + Spouse	\$6	Single + Spouse	\$35
Single + Family	\$6	Single + Family	\$35

### 5. Call In pay

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
5	October 1, 2015	Decrease the number of hours paid during a call in event from four (4) to three (3).	(\$460)	(\$1,641)

The proposed agreement provides that any employee called in to work outside of his or her scheduled shift shall be compensated for three (3) rather than four (4) hours of overtime or the actual hours worked, whichever is greater. Based on an estimated 50 occurrences annually, the County will save approximately 50 hours of overtime cost on an annual basis or \$1,641. For time remaining in 2015, the savings is estimated to be \$460.

### 6. Sick Leave

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
6	October 1, 2015	No change effectuated.	\$0	\$0

Inclusion of the sick leave language would indicate that some change was made to sick leave, but both the current contract and tentative agreement language are the same.

### 7. Temporary Assignment

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
7	October 1, 2015	Change to higher rate of pay after 15 days in higher position or 30 days if in deputy / director position.	\$0	\$0

Based on the temporary assignment usage in 2014, there is no estimated cost or savings for 2015 or 2016. For 2015, no temporary assignments have been utilized, and all chief / assistant chief positions are filled.

## 8. Successors and Assigns

Item	Date Effective	Description	2015 Annual Cost/(Savings)	2016 Annual Cost/(Savings)
8	October 1, 2015	Provides that any transfer of the airport fire and rescue function to another entity include the transfer of employees at current wages.	\$0	\$0

The proposed agreement replaces previous language concerning outsourcing of the airport fire and rescue operation. Previous language committed the County to only make every effort to persuade successor agency to hire affected employees. Proposed language commits the County to only transferring to a successor agency if all employees are transferred at their current wages. There is no direct fiscal impact to the County of this provision.

### **Budgetary Fiscal Impact**

The proposed agreement is intended to complete negotiations for the 2015 and 2016 calendar years, with the exception of wage negotiations for 2016. The 2015 Budget did not include an appropriation for a wage increase and assumed Firefighter members would be receiving the wellness credit. Therefore, compared to the 2015 Budget, the County achieved unbudgeted revenue that is available to offset the wage cost increase for 2015. In total, the 2015 budget impact of the contract is \$9,572. Because this unit serves General Mitchell International Airport, these additional costs will need to be absorbed with the Airport's budget.

<b>Table 3</b>			
<b>Budgetary Impact</b>			
		<b>Proposal</b>	
		<b>2015</b>	<b>2016</b>
<b>Contract Cost / (Savings)</b>			
	Wage Rate Increases	\$ 10,963	\$ 10,963
	Educational Bonus	\$ 269	\$ 269
	Health Premiums	\$ 700	\$ 1,680
	Dental Premiums	\$ (921)	\$ (3,684)
	Call In Pay	\$ (460)	\$ (1,641)
	Sick Leave	\$ -	\$ -
	Temporary Assignment	\$ -	\$ -
	Successors and Assigns	\$ -	\$ -
	<b>Total Cost</b>	<b>\$ 10,552</b>	<b>\$ 7,588</b>
<b>Funding Sources</b>			
	Current Year Appropriations	\$ -	\$ -
	Health Premiums*	\$ 980	\$ -
	<b>Total Additional Resources Required:</b>	<b>\$ 9,572</b>	<b>\$ 7,588</b>
*	The 2015 Budget assumed that FF members would contribute a slightly lower premium than employees contributed for the first seven (7) months. Therefore, the County achieved unbudgeted revenues that are available to offset the other expenditure increases.		

### **Wage and Benefit Lift for 2015 and 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 or within any subsequent 2016 wage negotiations. The contract results in a total cumulative lift of 0.71 percent for wages alone and 0.65 percent including the changes to member premiums.

<b>Table 4</b>			
<b>Cumulative Lift (as if all costs/savings were annualized)</b>			
	<b>Proposal</b>		
	<b>Cumulative Total Lift</b>	<b>Cumulative Lift %</b>	<b>Cost/ (Svgs) Per Active</b>
Base Increase - \$500 - PP1 2015	\$ 9,674	0.82%	\$ 569
Call In Pay	\$ (1,524)	-0.13%	\$ (90)
Educational Bonus	\$ 250	0.02%	\$ 15
<b>Subtotal Wages</b>	<b>\$ 8,400</b>	<b>0.71%</b>	<b>\$ 494</b>
FICA	\$ 643	0.05%	\$ 38
Pension	\$ 549	0.05%	\$ 32
<b>Subtotal Wages / FICA / Pension</b>	<b>\$ 9,592</b>	<b>0.82%</b>	<b>\$ 564</b>
Health Premiums	\$ 1,680	0.14%	\$ 99
Dental Premiums	\$ (3,684)	-0.31%	\$ (217)
Sick Leave	\$ -	0.00%	\$ -
Temporary Assignment	\$ -	0.00%	\$ -
Successors and Assigns	\$ -	0.00%	\$ -
<b>Total Cost</b>	<b>\$ 7,588</b>	<b>0.65%</b>	<b>\$ 446</b>
Number of Positions		17.00	
Full-time equivalents including Overtime		27.64	
Total calculated wages		\$ 1,183,301	
Average wage rate/hour		\$ 14.65	
Total base wages		\$ 1,174,901	
Cumulative Lift Pcntg Wages on Base Wage		0.71%	
Cumulative Lift Pcntg All Costs on Base Wage		0.65%	

### **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.*