

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 2/28/12

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: The Department of Human Resources is requesting to repeal or amend Sections 17.015, 17.055, 17.085, 17.14, 17.165, 17.17, 17.172, 17.176, 201.24(2.8), 201.24(4.1), 201.24(5.1), 201.24(5.15), and 201.24(5.16) of the Milwaukee County General Ordinances as they pertain to compensation and fringe benefits.

FISCAL EFFECT:

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

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	-24,095	-41,883
	Revenue	-3,614	-6,284
	Net Cost	-20,481	-35,999
Capital Improvement Budget	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.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. The Department of Human Resources is requesting to repeal or amend Sections 17.015, 17.055, 17.085, 17.14, 17.165, 17.17, 17.172, 17.176, 201.24(2.8), 201.24(4.1), 201.24(5.1), 201.24(5.15), and 201.24(5.16) of the Milwaukee County General Ordinances as they pertain to compensation and fringe benefits. These actions seek to incorporate all financial compensation and fringe benefit provisions of the American Federation of State and Municipal Employees (AFSME) District Council 48 (DC 48) 2007 – 2008 contract into ordinance. These changes also result in an additional \$0.05 pay for non-represented employees for shift and weekend differential pay, and a modification to the methodology for currently calculating overtime compensation when shift differentials are involved. This methodology change is based on Fair Labor Standards Act (FLSA) rules for all employees.

B. The changes relating to wages and reimbursements are as follows:

Shift Differential

Shift differential for all positions previously represented by DC 48 is currently being paid at \$0.40 per hour. MCGO provided a shift differential for all non-represented employees of \$0.35 per hour. The recommendation is to change MCGO so that all employees, both non-represented and those previously represented by DC 48, earn \$0.40 per hour. Based on an average of 43,494 hours paid in 2010 and 2011 to non-represented staff, this change would result in an expenditure of \$2,175 to pay an additional \$0.05 per hour to all non-represented staff. Based on a countywide revenue offset of approximately 15 percent, the change results in a net expenditure increase of \$1,849 annually.

In addition to increasing the shift differential for certain employees, the County will modify how shift differential is currently paid out on overtime hours. Pursuant to Fair Labor Standards Act (FLSA) rules,

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.

shift differential must be used to calculate an employee's base wages on a weekly basis, which is then used to determine the overtime compensation payable to an employee. Currently, the County is calculating the employee's base wages using 1.5 times the shift differential (for example if an employee earns \$10.00 per hour, the base wage with shift differential should be \$10.40; however, the County is using \$10.00, plus the 1.5 times the shift differential for a base wage of \$10.60). The current methodology results in overpayments to employees' for overtime hours of slightly less than \$0.20 per hour for DC 48 employees and slightly less than \$0.175 for non-represented employees. Modification of the methodology results in an approximate savings of \$14,918 per year. This savings is calculated using an average of the total shift differential overtime hours paid to non-represented employees and employees previously represented by DC 48 in 2010 and 2011. The cost for utilizing the previous methodology for these two years ranged between \$7,806 and \$22,030. Based on a countywide revenue offset of approximately 15 percent, the change would result in a net tax levy savings of \$12,680 annually.

Weekend Shift Differential

Weekend shift differential for all positions previously represented by DC 48 is currently being paid at \$0.40 per hour. MCGO provided a shift differential for all non-represented employees of \$0.35 per hour. The recommendation is to change MCGO so that all employees, both non-represented and those previously represented by DC 48, earn \$0.40 per hour. Based on an average of 27,706 hours paid in weekend shift differential in 2010 and 2011 to non-represented staff, this change would result in an expenditure of \$1,385 to pay an additional \$0.05 per hour to all non-represented staff. Based on a countywide revenue offset of approximately 15 percent, the change results in a net expenditure increase of \$1,178 annually.

In addition to increasing the weekend shift differential for certain employees, the County will modify how shift differential is currently paid out on overtime hours. Pursuant to Fair Labor Standards Act (FLSA) rules, weekend shift differential must be used to calculate an employee's base wages on a weekly basis, which is then used to determine the overtime compensation payable to an employee. Currently, the County is calculating the employee's base wages using 1.5 times the shift differential (for example if an employee earns \$10.00 per hour, the base wage with shift differential should be \$10.40; however, the County is using \$10.00, plus the 1.5 times the shift differential for a base wage of \$10.60). The current methodology results in overpayments to employees' for overtime hours of slightly less than \$0.20 per hour for DC 48 employees and slightly less than \$0.175 for non-represented employees. Modification of the methodology results in an approximate savings of \$19,929 per year. This savings is calculated using an average of the total shift differential overtime hours paid to non-represented employees and employees previously represented by DC 48 in 2010 and 2011. Savings for these two years ranged between \$31,390 and \$15,501. Based on a countywide revenue offset of approximately 15 percent, the change would result in a net tax levy savings of \$19,928 annually.

Differential for Rollback and Wrecker Equipment Operations

Shift differential for an employee who operates rollback and wrecker equipment was provided for at \$0.50 per hour under the DC 48 contract. This recommendation will codify this benefit for these individuals and will have no tax levy impact.

Standby Pay

Standby pay for all positions previously represented by DC 48 is currently being paid at \$0.60 per hour while on standby, and a minimum of 4 hours per pay for each session where the employee is called in (the County is paying these hours worked according to current overtime rules). MCGO provides no standby pay for non-represented employees except for district attorney investigators. The recommendation is to change MCGO so that all employees in positions certified by the Director of the Department of Human Resources (DHR) will earn \$0.60 per hour while on standby, and a minimum of 3 hours at the employee's hourly rate for each session where the employee is called in (the County is paying these hours worked according to current overtime rules). There is no change recommended for

the current provisions for the district attorney investigators. Because the County's Ceridian Time & Attendance system (CTA) was not previously tracking an employee's actual hours worked in a session under the standby provision, it is impossible to determine the fiscal impact that this change will have. Potential savings will result due to the reduction of the minimum hours paid per session from 4 hours to 3 hours. Additional savings will result if the applicability of the standby provisions, within FLSA rules, is limited. The assumption is that DHR will limit the applicability of the standby provisions within the FLSA rules, while providing departments with appropriate work rules to guarantee that coverage is available as needed.

Call-in Pay

Call-in pay for all positions previously represented by DC 48 is currently being paid at a minimum of 3 hours at the employee's hourly rate (the County is paying these hours worked according to current overtime rules). MCGO provides no provisions for call-in pay. The recommendation is to change MCGO so that all employees in positions certified by the Director of DHR will earn a minimum of 3 hours at the employee's hourly rate if called into work outside of their regularly scheduled shift. Because the County's Ceridian Time & Attendance system (CTA) was not previously tracking an employee's time under the call-in provision, it is impossible to determine the fiscal impact that this change will have. The only potential savings occurs if the applicability of the call-in provision is limited. The assumption is that DHR will limit the applicability of the call-in provisions while providing departments with appropriate work rules to guarantee that coverage is available as needed.

Uniform Allowance

Uniform allowances have been provided for in certain classifications of non-represented employees and for certain classifications of employees previously represented by DC 48. The recommendation is to continue to provide uniform payments to all employees who previously were eligible, but to change the method of payment from an allowance to a reimbursement. As an allowance, employees automatically received the payment, regardless of whether they purchased a uniform or not. Under this method, the allowance is subject to income tax, decreasing the value of the payment. If the change is approved, employees will continue to receive reimbursement, but only when presenting a valid receipt for the type of uniform allowed. Under this method, employees receive the full value of their uniform allowance (it is not taxable). This change may result in savings to the County if employees do not seek reimbursement for their purchases. The average spent on uniform allowances in 2010 and 2011 was \$138,517. Because the County has no historical data to base the rate of reimbursement on, this analysis assumes a 100 percent reimbursement rate the first year (2012) and a 95 percent reimbursement. For 2012, there is no anticipated savings. At 95 percent reimbursement for 2013, there is an estimated expenditure savings of \$6,926. Based on a countywide revenue offset of approximately 15 percent, the recommended change would result in an approximate levy savings of \$5,887 annually. For purposes of this fiscal note, it is assumed that 2012 uniform allowances have already been paid and would not provide any savings in 2012.

Tool Allowance

Tool allowances have been provided for at \$100 per calendar year for certain classification of employees previously represented by DC 48. The recommendation is to continue to provide tool reimbursements to all employees who previously were eligible, but to change the method of reimbursement from an allowance to a reimbursement. As an allowance, employees automatically received the payment, regardless of whether they purchased a tool or not. Under this method, the allowance is subject to income tax, decreasing the value of the reimbursement. If the change is approved, employees will continue to receive reimbursement, but only when presenting a valid receipt for the type of tool allowed. Under this method, employees receive the full value of their tool allowance (it is not taxable). This change may result in savings to the County if employees do not seek reimbursement for their purchases. The average spent on uniform allowances in 2010 and 2011 was \$3,050. Because the County has no historical data to base the rate of reimbursement on, this analysis assumes a 100 percent reimbursement rate the first year (2012) and a 95 percent reimbursement. For 2012, there is no anticipated savings. At 95 percent reimbursement rate, there is an estimated

expenditure savings of \$153. Based on a countywide revenue offset of approximately 15 percent, the recommended change would result in an approximate levy savings of \$130. For purposes of this fiscal note, it is assumed that 2012 uniform allowances have already been paid and would not provide any savings in 2012.

C. The budgetary impacts relating to wages and reimbursements are as follows:

Shift Differential

Shift differential for all non-represented employees will increase by \$0.05 hourly, resulting in an annual expenditure increase of \$2,300; based on a countywide revenue offset of approximately 15 percent, the change results in a net expenditure increase of \$1,980 annually. For 2012, the net expenditure increase is based off the change being implemented beginning with pay period 9, which results in a net expenditure increase of \$1,280. This cost is completely offset by the savings in modifying how shift differential is currently paid out on overtime hours. Modification of the methodology results in an approximate savings of \$14,918 per year. Based on a countywide revenue offset of approximately 15 percent, the change would result in a net tax levy savings of \$12,680 annually. For 2012, the net expenditure decrease is based off the change being implemented beginning with pay period 9, which results in a net expenditure savings of \$8,779. Therefore, there are sufficient funds budgeted in 2012 for these actions.

Weekend Shift Differential

Weekend shift differential for all non-represented employees will increase by \$0.05 hourly, resulting in an annual expenditure increase of \$1,385; based on a countywide revenue offset of approximately 15 percent, the change results in a net expenditure increase of \$1,178 annually. For 2012, the net expenditure increase is based off the change being implemented beginning with pay period 9, which results in a net expenditure increase of \$815. This cost is completely offset by the savings in modifying how shift differential is currently paid out on overtime hours. Modification of the methodology results in an approximate savings of \$23,446 per year. Based on a countywide revenue offset of approximately 15 percent, the change would result in a net tax levy savings of \$19,929 annually. For 2012, the net expenditure increase is based off the change being implemented beginning with pay period 9, which results in a net expenditure savings of \$13,797. Therefore, there are sufficient funds budgeted in 2012 for these actions.

Differential for Rollback and Wrecker Equipment Operations

There is no change to shift differential paid for rollback and wrecker equipment operations, resulting in no anticipated budgetary impact for 2012 or beyond.

Standby Pay

Standby pay for all positions previously represented by DC 48 is currently being paid at \$0.60 per hour while on standby, and a minimum of 4 hours per pay for each session where the employee is called in (the County is paying these hours worked according to current overtime rules). This change will result in a reduction of the minimum hours paid per session from 4 hours to 3 hours. Additional savings will result if the applicability of the standby provisions, within FLSA rules, is limited. A positive budgetary impact is anticipated, but incalculable. Therefore, there would be sufficient funds budgeted in 2012 for these actions.

Call-in Pay

Call-in pay for all positions previously represented by DC 48 is currently being paid at a minimum of 3 hours at the employee's hourly rate (the County is paying these hours worked according to current overtime rules). This change will result in a savings if the applicability of the call-in provisions, within FLSA rules, is limited. A positive budgetary impact is anticipated, but incalculable. Therefore, there would be sufficient funds budgeted in 2012 for these actions.

Uniform Allowance

Because the County has no historical data to base the rate of reimbursement on, this analysis assumes a 100 percent reimbursement rate the first year (2012) and a 95 percent reimbursement. For 2012, there is no anticipated savings. At 95 percent reimbursement for 2013, there is an estimated expenditure savings of \$6,926. Based on a countywide revenue offset of approximately 15 percent, the recommended change would result in an approximate levy savings of \$5,887 annually. Therefore, there are sufficient funds budgeted in 2012 for these actions.

Tool Allowance

Because the County has no historical data to base the rate of reimbursement on, this analysis assumes a 100 percent reimbursement rate the first year (2012) and a 95 percent reimbursement. For 2012, there is no anticipated savings. At 95 percent reimbursement rate, there is an estimated expenditure savings of \$153. Based on a countywide revenue offset of approximately 15 percent, the recommended change would result in an approximate levy savings of \$130. For purposes of this fiscal note, it is assumed that 2012 uniform allowances have already been paid and would not provide any savings in 2012. Therefore, there are sufficient funds budgeted in 2012 for these actions.

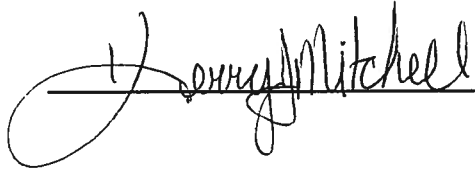
Totals

	2012		
	Exp	Rev	Tax
Shift Differential Increase	\$ 1,506	\$ 226	\$ 1,280
Shift Differential OT	\$ (10,328)	\$ (1,549)	\$ (8,779)
Weekend Differential Increase	\$ 959	\$ 144	\$ 815
Weekend Differential OT	\$ (16,232)	\$ (2,435)	\$ (13,797)
Rollback Pay	\$ -	\$ -	\$ -
Standby Pay	\$ -	\$ -	\$ -
Uniform Reimbursement	\$ -	\$ -	\$ -
Tool Reimbursement	\$ -	\$ -	\$ -
Totals	\$ (24,095)	\$ (3,614)	\$ (20,481)

	2013		
	Exp	Rev	Tax
Shift Differential Increase	\$ 2,175	\$ 326	\$ 1,849
Shift Differential OT	\$ (14,918)	\$ (2,238)	\$ (12,680)
Weekend Differential Increase	\$ 1,385	\$ 207	\$ 1,178
Weekend Differential OT	\$ (23,446)	\$ (3,517)	\$ (19,929)
Rollback Pay	\$ -	\$ -	\$ -
Standby Pay	\$ -	\$ -	\$ -
Uniform Reimbursement	\$ (6,926)	\$ (1,039)	\$ (5,887)
Tool Reimbursement	\$ (153.00)	\$ (23.00)	\$ (130.00)
Totals	\$ (41,883)	\$ (6,284)	\$ (35,599)

D. Assumptions used in calculating each of the impacts described in (B) and (C) are discussed in their respective sections.

Department/Prepared By Cynthia (CJ) Pahl/DAS Fiscal

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No