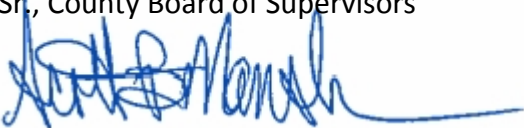


COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: December 8, 2017

TO: Chairman Theodore Lipscomb, Sr., County Board of Supervisors

FROM: Scott B. Manske, Comptroller 

SUBJECT: Fiscal Report on the Proposed Agreement with the Deputy Sheriff's Association – 2015 -2018

The following provides a fiscal summary of the proposed contract between Milwaukee County and the Deputy Sheriff's Association (DSA) for the calendar years 2015 – 2018. It provides an estimate of the fiscal impact of each proposal based upon previously incurred costs and current personnel. 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.

| Table 1: Wage and Benefit Proposals | | |
|--|-----------------------------------|------------------------------|
| Deputy Sheriff Association Contract | | |
| 2015 - 2018 | | |
| | | Proposed Offer |
| Period Covered by Contract | | 2015 - 2018 |
| Wage Rate Increases | | |
| 1 | PP 1, 2015 (December 21, 2014) | 2.00% |
| 2 | PP 1, 2016 (December 20, 2015) | 2.00% |
| 3 | PP 1, 2017 (December 18, 2016) | 1.75% |
| 4 | PP 1, 2018 (December 17, 2018) | 1.00% |
| 5 | PP 14, 2018 (June 17, 2018) | 1.00% |
| Health Care Changes | | |
| 6 | 2015/2016/2017 Contribution Rates | 2014 rates |
| 7 | 2018 Contribution Rates | 1/1/2018 |
| | | Health / Dental Rates |
| | Single | \$140 / \$12 |
| | Single + child | \$166 / \$20 |
| | Single + spouse | \$235 / \$20 |
| | Single + family | \$260 / \$20 |

The following tables present the fiscal impact summary for the contract:

| Table 2: Fiscal Impact By Year | | | | | | |
|--|-----------------------------------|-----------------------|-------------|--------------|--------------|--------------|
| Deputy Sheriff Association Contract | | | | | | |
| 2015 - 2018 | | | | | | |
| | | Proposed Offer | | | | |
| Period Covered by Contract | | 2014 | 2015 | 2016 | 2017 | 2018 |
| Wage Rate Increases | | | | | | |
| 1 | PP 1, 2015 (2%) | \$ 14,311 | \$ 454,906 | \$ 478,856 | \$ 462,520 | \$ 469,826 |
| 2 | PP 1, 2016 (2%) | \$ - | \$ 14,745 | \$ 488,433 | \$ 471,771 | \$ 479,223 |
| 3 | PP 1, 2017 (1.75%) | \$ - | \$ - | \$ 14,901 | \$ 421,055 | \$ 427,706 |
| 4 | PP 1, 2018 (1%) | \$ - | \$ - | \$ - | \$ 10,082 | \$ 248,681 |
| 5 | PP 14, 2018 (1%) | \$ - | \$ - | \$ - | \$ - | \$ 137,062 |
| | FICA | \$ 1,095 | \$ 35,928 | \$ 75,138 | \$ 104,455 | \$ 134,831 |
| Health Care Changes | | | | | | |
| 6 | 2015/2016/2017 Contribution Rates | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7 | 2018 Contribution Rates | \$ - | \$ - | \$ - | \$ - | \$ (76,500) |
| Annual Fiscal Impact | | \$ 15,406 | \$ 505,579 | \$ 1,057,327 | \$ 1,469,883 | \$ 1,820,829 |
| Grand Total 2015 - 2018 | | | | | | \$ 4,869,025 |

The proposal calls for making the new healthcare contribution rates effective upon settlement of the contract. This fiscal note assumes that the earliest that this will occur is January 1, 2018 and assumes an entire year of savings related to the increase in healthcare contribution rates.

Fiscal Impact

The fiscal impact is shown in the table below. The 2018 Adopted Budget includes an appropriation of \$1.8 million to cover estimated costs for 2018. The County has or will likely have set aside \$3.0 million in unbudgeted funds from prior years to cover the contract costs associated with 2015 - 2017. The tax levy necessary will be further offset by charges to the Airport for deputies assigned to the Airport.

| | Table 3: Budgetary Fiscal Impact | | | | Total Funds Available |
|------------------------------|---|--------------------|---------------------|---------------------|------------------------------|
| | Budget Impact Year | | | | |
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | |
| Funds Source | | | | | |
| Accrual | \$ - | \$ 700,000 | \$ 2,299,241 | \$ - | \$ 2,999,241 |
| Airport Revenue | \$ - | \$ 70,000 | \$ 229,924 | \$ 184,493 | \$ 484,417 |
| 2018 Adopted Budget | \$ - | \$ - | \$ - | \$ 1,751,600 | \$ 1,751,600 |
| Total Funds Available | | \$ 770,000 | \$ 2,529,165 | \$ 1,936,093 | \$ 5,235,258 |

Cumulative Wage and Benefit Lift

The following table projects the cumulative dollar change and percentage lift in costs for the proposed contract. It includes costs for all years, as previously shown in the other schedules, but on an annualized basis. This is the minimum cost the County will continue to pay in future years barring any changes within successor agreements. The benefit changes provided in 2015 – 2018 result in a total cumulative lift of 8.87 percent.

| Table 4: Cumulative Lift for 2015 - 2018 | | | | |
|---|--|----|-----------------------|-------------------|
| Deputy Sheriff Association Contract | | | | |
| 2015 - 2018 | | | | |
| | | | Proposed Offer | |
| | | | Cumulative | Cumulative |
| | | | Total Lift | Lift % |
| Wage Rate Increases | | | | |
| 1 | PP 1, 2015 (2%) | \$ | 469,826 | 1.97% |
| 2 | PP 1, 2016 (2%) | \$ | 479,223 | 2.01% |
| 3 | PP 1, 2017 (1.75%) | \$ | 427,706 | 1.79% |
| 4 | PP 1, 2018 (1%) | \$ | 258,763 | 1.09% |
| 5 | PP 14, 2018 (1%) | \$ | 257,459 | 1.08% |
| | Subtotal Wages | \$ | 1,892,977 | 7.94% |
| | FICA | \$ | 144,813 | 0.61% |
| | Pension (8.1%) | \$ | 153,331 | 0.64% |
| | Subtotal Wages & FICA | \$ | 2,191,121 | 9.19% |
| Health Care Changes | | | | |
| 6 | 2015/2016/2017 Contribution Rates | \$ | - | \$ - |
| 7 | 2018 Contribution Rates | \$ | (76,500) | -0.32% |
| | Total Wage & Benefit Change | \$ | 2,114,621 | 8.87% |
| | Number of Positions | | 274.0 | |
| | Full-time Equivalents | | 351.9 | |
| | Total Calculated Wages | \$ | 25,740,174 | |
| | Average Wage Rate Per Hour | \$ | 35.16 | |
| | Total Base Wages (FY 2016 Wages) | \$ | 23,847,197 | |
| | Total Hours | | 732,010 | |

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.