

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: June 3, 2021

TO: Chairwoman Marcelia Nicholson, County Board of Supervisors

FROM: Cynthia (CJ) Pahl, Financial Division Manager, Office of the Comptroller

SUBJECT: Fiscal Report on the Proposed Agreement with the Deputy Sheriff's Association – 2019 -2020

The following provides a fiscal summary of the proposed contract between Milwaukee County and the Deputy Sheriff's Association (DSA) for the calendar years 2019 - 2020. 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		
2019 - 2020		
		Proposed Offer
Period Covered by Contract		2019 - 2020
1	PP5, 2019	3.00%
2	PP1, 2020	3.00%
3	Add Cesar Chavez and Juneteenth Day Holiday	Provided previously per collateral
4	Step Change	Eliminate steps 1 and 2 effective 1/1/2021
5	Overtime Accrued	Increase from 120 hours to 240 hours
6	Vision Insurance	Effective upon contract ratification

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

Table 2: Fiscal Impact By Year			
Deputy Sheriff Association Contract			
2019 - 2020			
		Proposal	
Period Covered by Contract		2019	2020
Wage Changes			
1	PP5, 2019 (3.00%)	\$ 589,504	\$ 673,955
2	PP1, 2020 (3.00%)	\$ -	\$ 694,173
	FICA	\$ 45,097	\$ 104,662
	Pension (Employee Contribution)	\$ (57,182)	\$ (132,708)
Benefit Changes			
3	Add Cesar Chavez and Juneteenth Day Holiday	\$ -	\$ -
	Annual Fiscal Impact	\$ 577,419	\$ 1,340,081
	Grand Total 2019 - 2020		\$ 1,917,500
Future Year Wage & Benefit Change			
4	Step Change (Eliminate 1,2 effective 1/1/2021)		\$ 351,734
5	Overtime Accrual from 120 hours to 240 hours		\$ -
6	Pension (County contribution)		\$ 400,000
7	Vision Insurance		\$ 1,071
			\$ 752,805
	Grand Total All Years		\$ 2,670,305

The proposal contains certain provisions that have no fiscal impact until 2021. Since this fiscal note covers the contract period of fiscal years 2019 and 2020, the costs of those provisions would typically not be included in the fiscal note. To accurately provide the costs of all the provisions of the contract, these provisions are calculated and provided under the “Future Year Wage & Benefit Change” category. These changes include the elimination of steps 1 and 2; the increase of overtime accrued allowed from 120 hours to 240 hours; the impact to the County’s pension contribution; and the provision of vision insurance for deputy sheriffs covered by the contract.

It is projected that the elimination of steps 1 and 2 will result in an additional expenditure of \$351,734 over the next three years. This expense is a result of advancing 65 deputy sheriffs currently at step 1 or step 2 to step 3 as of January 1, 2021.

The increase in accrued overtime hours allowed from 120 hours to 240 hours is not expected to create a financial impact. Currently, few deputy sheriffs are near the 120 hours of accrued overtime allowed, which suggests that increasing the number will not have a significant impact. Furthermore, although the hours that could be potentially taken as time off versus being paid out will increase under the proposal, it is unlikely that the MCSO has the capacity to increase its current allotment of time-off allowed on each shift. This provision is most likely to only generate a savings if a deputy sheriff with a larger bank of accrued overtime can utilize that bank under FMLA. Alternatively, if larger banks of accrued overtime are maintained, it is possible that payout of those hours could occur at a higher payrate increasing the amount paid out. This potential increase in payout, however, is not material.

The impact to the County’s pension contribution has been calculated by the County’s pension actuary and is anticipated to increase the actual funding contribution for the County in 2021 by \$400,000. This cost is partially offset by the employee pension contribution.

The provision of vision insurance is anticipated to cost approximately \$1,000 per year.

Budgetary Impact

The budgetary impact is shown in the table below. During each of the periods covered by the contract, the County set aside a total of \$2.0 million in funds to cover the contract costs associated with 2019 – 2020 per general accounting rules.

Table 3: Budgetary Fiscal Impact			
Budget Impact Year			
Funds Source	2019	2020	Total Funds Available
Accrual	\$ 579,949	\$ 1,451,024	\$ 2,030,973
Total Funds Available	\$ 579,949	\$ 1,451,024	\$ 2,030,973

Additional funds are budgeted in 2021 to help defray the annualized increase to salaries that will occur in 2021 as a result of the contract ratification.

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 2019 – 2020 result in a total cumulative lift of 9.74 percent.

Table 4: Cumulative Lift				
Deputy Sheriff Association Contract				
2019 - 2020				
			Proposal	
			Cumulative	Cumulative
			Total Lift	Lift %
1		PP5, 2019 (3.00%)	\$ 673,955	3.14%
2		PP1, 2020 (3.00%)	\$ 694,173	3.23%
		Subtotal Wages	\$ 1,368,128	6.37%
		FICA	\$ 104,662	0.49%
		Pension (Employee Contribution)	\$ (132,708)	-0.62%
3		Add Cesar Chavez and Juneteenth Day Holiday	\$ -	0.00%
		Cumulative Wage & Benefit Change	\$ 1,340,081	6.24%
4-7		Future Year Wage & Benefit Change	\$ 752,805	3.29%
		Total Wage & Benefit Change	\$ 2,092,886	9.74%
		Number of Positions	274.0	
		Full-time Equivalents	325.1	
		Total Calculated Wages	\$ 22,859,450	
		Average Wage Rate Per Hour	\$ 33.80	
		Total Base Wages (FY 2018 Wages)	\$ 21,491,322	
		Total Hours	676,235	

Administrative Costs Associated with Implementing this Contract

To implement this contract, personnel in the Office of the Comptroller and Department of Human Resources will have to input the rate changes into the Ceridian Dayforce 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.