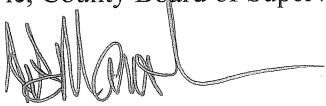


**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : October 16, 2013

TO : Chairwoman Marina Dimitrijevic, County Board of Supervisors

FROM : Scott B. Manske, Comptroller 

RE : Fiscal Impact of the Department of Human Resources Request to Amend Various Sections of the Milwaukee County Code of General Ordinances

The Department of Human Resources is requesting to amend various sections of the Milwaukee County Code of General Ordinances (MCGO), to provide clarification on certain employment terms and conditions for employees formerly represented by American Federation of State, County and Municipal Employee (AFSCME) District Council 48 (DC48) and for employees represented by non-public safety worker collective bargaining units. These actions seek to incorporate the financial compensation and fringe benefit provisions of the following contracts into ordinance:

- AFSCME District Council 48 2007 – 2008 Contract
- Association of Milwaukee County Attorneys (Attorneys) 2009 – 2011 Contract
- International Association of Machinists and Aerospace Workers (Machinists) 2009 – 2011 Contract
- Federation of Nurses and Health Professionals (Nurses) 2012 Contract
- Technicians, Engineers, and Architects of Milwaukee County (TEAMCO) 2009 – 2011 Contract
- Milwaukee Building and Construction Trades Council (Trades) 2009 – 2011 Contract

These recommended changes result in the following changes to the status quo and are discussed in detail in the corresponding sections below:

Provision	Cost/(Savings)
Shift Differential	\$3,316
Uniform Allowance	(\$17,138)
Standby Pay	(\$3,321)
Call-In Pay	\$0
Tool Allowance	(\$375)
Weekend Differential	\$1,595
Vacation & Holiday	(\$95,626)
Life Insurance	\$764
Lunch Overtime	(\$5,770)
Pager Pay	(\$6,776)
Pulling Fee	(\$6,520)
Total Estimated Cost/(Savings)	(\$129,851)

Section 1. Repeal of Status Quo Ordinance for DC48

Fiscal Impact: \$0

This action results in the repeal of MCGO 17.015. This section of the ordinance codifies certain provisions of the American Federation of State and Municipal Employees (AFSME) District Council 48 (DC 48) 2007 – 2008 Contract into ordinance.

This action has no direct fiscal impact, although specific provisions may be affected by other changes recommended in the ordinance change.

Section 2. Reallocation of Existing Positions

Fiscal Impact: \$0

This action applies MCGO 17.055, which provides the reallocation policy and procedure for non-represented classification, to all classifications within the County with the exception of elected officials, constitutional officers and classifications provided differently in a collective bargaining agreement.

The practice in MCGO is the same as the practice in prior labor agreements. Therefore, the status quo is maintained resulting in no fiscal impact.

Section 3. Employment Definitions

Fiscal Impact: In Process

This action defines full-time, part-time, seasonal, hourly and pool positions. Based on these definitions, this fiscal note assumes that any employee that exceeds 1,560 hours in a year (30 hours per week) will be considered a full-time employee. The Affordable Care Act will require in 2015 that the County define a full-time employee for health care benefits, who is paid on-average thirty hours or more per week: a full-time employee. The County is reviewing this change to determine if employees who are currently receiving the benefit will no longer be afforded health benefits, and if other employees will now receive the health care benefit. A separate report will have to be submitted to the committee regarding compliance with the Affordable Care Act based on the new definition within the Act. The 2013 Adopted Budget assumes an annual cost of \$15,089 per employee for healthcare.

Section 4. Shift Differential

Fiscal Impact: \$3,316

Employee Group	Current	Proposed	Change
DC48 Designated	\$0.40	\$0.40	\$0.00
Nurses ¹	\$2.50 or \$3.50	\$2.50 or \$3.50	\$0.00
Trades	\$0.35	\$0.40	\$0.05
Machinists	\$0.35 or \$0.40	\$0.40	\$0.05
TEAMCO	None	\$0.40	\$0.40
Attorneys	None	\$0.40	\$0.40
Non-Represented	\$0.35	\$0.40	\$0.05

This action maintains the status quo on shift differential for DC48 designated employees and Nurses members. It **increases** the shift differential for all Trades, Machinists and non-represented staff from \$0.35 to \$0.40.

This change would result in a total of \$3,316 in additional costs in future years as shown below:

	2011	2012	Average	Additional Cost
Trades	1,688	2,836	2,262	\$113
Machinists	13.5	0	7	\$0
Non-Represented	58,095	70,009	64,052	\$3,203
			Total Cost	\$3,316

This change could potentially provide for a \$0.40 shift differential for Attorneys (1 FTE) and TEAMCO (17 FTE) members whose pay grade is less than 30M and whose shift begins at or after 2:30 p.m. It is worth noting that the County may pay shift differential to a TEAMCO member working a third shift

¹ The Nurses shift differential is shown here for illustrative purposes. The actual revision to ordinance occurs in Section 21.

project at the General Mitchell International Airport (GMIA), but these costs would be charged to the project and would not result in any tax levy cost. Therefore, for purposes of this fiscal note, we assume no fiscal impact for the Attorneys and TEAMCO change.

Section 5. Pool Employees

Fiscal Impact: \$0

This action modifies MCGO 17.14(7)(y) to include pool employees as a group not eligible to participate in County health plan unless the pool employee pays the full premium.

The practice in MCGO is the same as the practice in prior labor agreements for pool employees. Therefore, the status quo is maintained resulting in no fiscal impact.

This provision will have to be reviewed for 2015 to ensure compliance with the Affordable Care Act.

Section 6. Uniform Allowance

Fiscal Impact: (\$17,138)

This action maintains the status quo on the amount provided to certain classifications for uniform reimbursement. It does however change the payment mechanism from allowance to reimbursement. Although eligible County employees will still receive reimbursement for uniform purchases, they will only receive reimbursement for actual purchases. This differs from past practice in which employees received the entire uniform allowance, regardless of whether a uniform was purchased.

Uniform allowances have been provided for certain classifications of non-represented employees, DC48 designated employees and for certain classifications of employees represented by other unions. The recommendation is to continue to provide uniform reimbursement 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 the allowance method, the payment is subject to income tax, decreasing the value of the payment. If the recommended change is approved, employees will continue to receive reimbursement, but only when presenting a valid receipt for the type of uniform allowed. Under the reimbursement method, employees receive reimbursement for the full value of their uniform cost (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 2011 and 2012 was \$171,381. Because the County has no historical data to base the rate of reimbursement on, this analysis assumes a 90 percent reimbursement rate in future years. At a 90 percent reimbursement, there is an estimated expenditure savings of \$17,138.

Section 7. Dependent Care Expenses

Fiscal Impact: \$0

This action codifies the current Dependent Care Flexible Spending Account benefit for all employees except those represented by a public safety union. It maintains the status quo and therefore, has no fiscal impact.

Section 8. Short Term Income Continuation Insurance

Fiscal Impact: \$0

This action codifies the current short term income continuation insurance benefit for all employees except those represented by a public safety union. It maintains the status quo and therefore, has no fiscal impact.

Section 9. Standby Pay
Fiscal Impact: (\$3,321)

Employee Group ²	Current	Proposed	Change
DC48 Designated	\$0.60	\$0.60	\$0.00
Nurses ³	\$1.25	\$1.25	\$0.00
Trades	\$0.55	\$0.60	\$0.05
Machinists	None	\$0.60	\$0.60
TEAMCO	None	\$0.60	\$0.60
Attorneys	None	\$0.60	\$0.60
Non-Represented	None	\$0.60	\$0.60

This action maintains the status quo on standby pay for Nurses members and most DC48 designated employees. There are thirteen (13) FTE that are FLSA exempt, who would not be entitled to standby pay under the change in rules. The proposed change increases the standby pay for all Trades members from \$0.55 to \$0.60. It also implements standby pay for all FLSA non-exempt Machinists, TEAMCO, Attorneys and non-represented positions. This action also maintains the current provision that if an employee is called in while on standby, they will be paid a minimum of four hours of pay.

This change would result in a total of \$14,429 in additional costs in future years as shown below:

	2011 - Hours	2012 - Hours	Average - Hours	Additional Cost
Trades	45,213	108,327	76,770	\$3,838
Machinists ⁴	0	0	6,680	\$4,008
Non-Represented ⁵	8,693	13,250	10,972	\$6,583
			Total Cost	\$14,429

This change could potentially provide for \$0.60 standby pay for Attorneys (1 FTE) and TEAMCO (17 FTE) members who are FLSA non-exempt. It is unlikely that these employees would ever be placed on standby pay. Therefore, for purposes of this fiscal note, no fiscal impact is assumed for the Attorneys and TEAMCO change.

MCGO currently has no provision for standby pay for non-represented employees except for district attorney investigators. However, various non-represented employees other than district attorney investigators have been receiving standby pay. Based on the changes recommended, these non-represented, FLSA-exempt employees would no longer be eligible for standby pay which would provide a savings to the County. Assuming an average of 29,584 hours per year paid at \$0.60 per hour, the County would save \$17,750.

In total, these changes result in a savings of \$3,321: Savings of \$17,750 from Non-Represented employees, who currently receive benefit, which will end, offset by payment that will now occur for Trades, Machinists and Non-represented (currently not receiving benefit) with a cost of \$14,429

² Assumes that only employees that are FLSA non-exempt within these groups will be eligible for standby pay.

³ The Nurses standby pay is shown here for illustrative purposes. The actual revision to ordinance occurs in Section 21.

⁴ Assumes that one Machinist will be on call for every hour of the day outside of normal working hours for a total of 6,680 hours.

⁵ For this fiscal note, it is assumed that only non-represented FLSA non-exempt employees will receive standby pay after this change. Currently, various FLSA exempt employees are receiving standby pay.

Section 10. Call-In Pay
Fiscal Impact: \$0

Employee Group ⁶	Current	Proposed	Change
DC48 Designated	3 hours	3 hours	0
Nurses ⁷	3 hours	3 hours	0
Trades	4 hours	3 hours	1 hour
Machinists	4 hours	3 hours	1 hour
TEAMCO	None	3 hours	3 hours
Attorneys	None	3 hours	3 hours
Non-Represented	None	3 hours	3 hours

This action maintains the status quo on call-in pay for Nurses members and DC48 designated employees. It **decreases** the number of hours paid for a call-in occurrence for Trades and Machinists members from four hours to three hours.

This change could potentially provide for call-in pay for Attorneys (1 FTE), TEAMCO (43 FTE) and non-represented (267 FTE) staff who are FLSA non-exempt. It is unlikely that members of the TEAMCO and Attorneys would ever be called in outside of their normal working hours. Therefore, for purposes of this fiscal note, we assume no fiscal impact for the Attorneys and TEAMCO change. It is more likely that non-represented staff may be called in outside of their normal working hours and be eligible for call-in pay. However, because the County's Ceridian Time & Attendance system (CTA) does not track an employee's time worked under the call-in provision, it is impossible to calculate the fiscal impact that this change will have.

Any potential savings from limiting the number of call-in hours from four to three is likely mitigated by any new hours paid out for non-represented staff called in. Therefore, while there is likely a fiscal impact to this recommendation, it is incalculable. Changes will be made to the payroll system to track this payment in the future.

Section 11. Tool Reimbursement
Fiscal Impact: (\$375)

This action maintains the status quo on the amount provided to certain classifications for tool reimbursement. It does however change the payment mechanism from allowance to reimbursement. Although certain County employees will still be eligible for reimbursement for tool purchases, they will only receive reimbursement for actual purchases. This differs from past practice in which employees received the entire uniform allowance, regardless of whether a tool was purchased.

Tool allowances have been provided for at \$100 per calendar year for certain classifications of non-represented employees and DC48 designated employees and for certain classifications of employees represented by other unions. The recommendation is to continue to provide tool reimbursement 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 tool or not. Under the allowance method, the payment is subject to income tax, decreasing the value of the payment. If the recommended change is approved, employees will continue to receive reimbursement, but only when presenting a valid receipt for the type of tool allowed. Under the reimbursement method, employees receive the full value of their tool cost (it is not taxable). This change may result in savings to the County if employees do not seek reimbursement for their purchases.

⁶ Assumes that only employees that are FLSA non-exempt within these groups will be eligible for call-in pay.

⁷ The Nurses call-in pay is shown here for illustrative purposes. The actual revision to ordinance occurs in Section 21.

The average spent on tool allowances in 2011 and 2012 was \$3,750. Because the County has no historical data to base the rate of reimbursement on, this analysis assumes a 90 percent reimbursement rate in future years. At a 90 percent reimbursement, there is an estimated expenditure savings of \$375.

Section 12. Rollback and Wrecker Equipment Operators

Fiscal Impact: \$0

This action maintains the status quo on the amount of differential paid to employees who operate rollback and wrecker equipment; therefore, there is no fiscal impact.

Section 13. Reimbursement for Professional Activities

Fiscal Impact: \$0

This action intends to provide reimbursement to employees for things such as seminar and tuition reimbursement and certification fees. Although not specifically provided for as in prior labor contracts, the intent is to maintain the status quo at the discretion of the department. For purposes of this fiscal note, the status quo is assumed, and therefore, there is no fiscal impact anticipated.

Section 14. Weekend Shift Differential

Fiscal Impact: \$1,595

Employee Group	Current	Proposed	Change
DC48 Designated	\$0.40	\$0.40	\$0.00
Nurses ⁸	\$1.00	\$1.00	\$0.00
Trades	\$0.30	\$0.40	\$0.10
Machinists	\$0.35	\$0.40	\$0.05
TEAMCO	None	\$0.40	\$0.40
Attorneys	None	\$0.40	\$0.40
Non-Represented	\$0.35	\$0.40	\$0.05

This action maintains the status quo on weekend differential for Nurses members plus most DC48 designated employees. It **increases** the shift differential for all non-represented staff, Trades members, and Machinists members to \$0.40.

This change would result in a total of \$1,595 in additional costs in future years as shown below:

	2011	2012	Average	Additional Cost
Trades	1,786	1,300	1,542	\$154
Machinists	12	0	6	\$0
Non-Represented	30,489	27,153	28,821	\$1,441
			Total Cost	\$1,595

This change could potentially provide for a \$0.40 weekend differential for Attorneys (1 FTE) and TEAMCO (17 FTE) members whose pay grade is less than 30M and whose shift is on a weekend. The current fiscal impact due to Attorneys and TEAMCO members would be zero. It is worth noting that the County may pay weekend differential to a TEAMCO member working a weekend shift project at the General Mitchell International Airport (GMIA), but these costs would be charged to the project and would not result in any tax levy cost.

⁸ The Nurses shift differential is shown here for illustrative purposes. The actual revision to ordinance occurs in Section 21.

Section 15. Vacation and Holiday

Fiscal Impact: (\$95,626)

This action results in three changes to the status quo:

- Amends the vacation allotment for TEAMCO members for future years only
- Discontinues the practice of the payout of accrued vacation for Nurses members.
- Provides eight hours of holiday time to any full-time employee who is a Nurse, TEAMCO, Attorney, Machinist or Trade member if in the prior year, that employee used no sick time, and took no time without pay.

All employees, with the exception of employees represented by a public safety union, would be subject to the same vacation policies regarding initial allotment, annual allotment and carryover under this policy change.

For TEAMCO members, the allotment would change for future years as follows:

Years of Service	Current	Recommended
At hire	-	80 hours pro-rated
6 months	50 hours	-
1 year	100 hours	80 hours
5 years	140 hours	120 hours
10 years	180 hours	160 hours
15 years	-	200 hours
20 years	220 hours	240 hours

TEAMCO members will continue to earn their current allotment. The new schedule will only be applicable when the member is entitled to the next increase in their allotment. For example, an employee with 8 years of service would continue to be allotted 140 hours until 10 years of service. At that point, the employee would be allotted 160 hours under the new schedule instead of 180 hours. This recommendation only results in savings when an employee who would have otherwise been eligible for a payout of higher vacation hours becomes eligible for a lesser amount and is actually paid out. This recommendation results in a potential cost when employees with 15 years of service or more become eligible for a potential payout of more vacation hours under the recommended policy. Based on the current tenure of employees, there are 14 employees who will be entitled to additional vacation on January 1, 2014, resulting in 280 hours of additional liability. Based on current salaries, this is an additional annual liability of \$10,137 for the County for 2014.

For Nurses members, the current practice allows any retiring or resigning member to be paid out for vacation both earned and awarded and vacation earned but not yet awarded. For example, an employee is currently earning vacation time for the following year. The County awards that earned time on January 1 of each year. A nurse with 80 hours of vacation who leaves on June 30th would be entitled to any unused portion of the awarded time in the current year and one-half of her annual allotment for the following year (in this scenario, 40 hours). No other employees are currently entitled to the payout of earned, but not yet awarded vacation time. In order to approximate a savings, it is assumed that an average of 38 employees will resign or retire each year with 92 hours of earned, but not yet awarded vacation. Based on an average hourly salary of \$32.1676, this results in an annual savings of \$113,050.

In future years, Nurses, TEAMCO, Attorneys, Machinists and Trades members will be eligible for eight hours of holiday time if in the prior year the employee used no sick time and took no time without pay. In order to approximate a cost, it is assumed that an average of 28 employees will receive an additional eight hours of pay each year or 224 hours of pay. Based on an average salary of \$37.00 of the employees eligible for the benefit at the end of 2012, the result is an annual cost of \$8,287.

The total savings resulting from these changes is estimated to be \$95,626.

Section 16. Personal Days

Fiscal Impact: \$0

This action codifies the current personal days benefit for all employees except those represented by a public safety union. It maintains the status quo and therefore, has no fiscal impact.

Section 17. Voluntary Time Off Without Pay

Fiscal Impact: \$0

This action codifies the voluntary time off without pay provision for all employees except those represented by a public safety union. It maintains the status quo and therefore, has no fiscal impact.

Section 18. Pro-Rata Benefits⁹

Fiscal Impact: \$0

This action codifies the vacation, personal, sick and holiday benefits allotment and accrual for all seasonal, hourly and pool employees except those represented by a public safety union. It maintains the status quo and therefore, has no fiscal impact.

Section 19. Accrued Time Off Donor Program

Fiscal Impact: \$0

This action codifies the accrued time off donor program for all employees except those represented by a public safety union. It maintains the status quo and therefore, has no fiscal impact.

Section 20. Grievance Procedure

Fiscal Impact: Unknown at this time

This action repeals the grievance procedure policy and procedure for non-represented staff and allows the Director of Human Resources to establish a grievance procedure for all staff not represented by a public safety worker collective bargaining unit.

The fiscal impact of a new grievance process cannot be calculated until the process is established.

Section 21. Registered Nurses

Fiscal Impact: \$0

This action codifies the current benefits for all nurses. It maintains the status quo, and therefore, has no fiscal impact.

- Pay at twice the base rate for work on Thanksgiving and December 25th
- Seminar reimbursement and annual certification pay up to \$550 per year per employee
- Annual certification pay of \$300
- Up to \$2,000 per year for cost incurred to maintain their practitioner certification for Advanced Practice Nurse Prescribers, Occupational Therapists and Music Therapists
- Up to \$3,000 per year per employee for tuition reimbursement

⁹ It is worth noting that at the time this fiscal note was created, there exists a discrepancy between the benefits provided to part-time employees under MCGO 17.17 (see Section 15) and this section. It is the Comptroller's understanding that current practice will be maintained, and that the benefits provided under this section will be enforced.

- Specialty certification pay of \$300
- Advance practice nurse prescriber pay of \$2.50
- Standby pay of \$1.25
- Call-in pay at a minimum of three hours of pay
- Weekend differential of \$1.00
- Charge differential of \$1.00
- Pay at twice the base rate for mandatory overtime
- \$50 parking reimbursement for nurses scheduled at the Community Correctional Facility – Central
- Nursing pool employees retain the following
 - Bonus payment - \$250 for 201 – 400 hours; \$600 for 401 – 800 hours; and \$1,000 for 801 or more hours
 - Eligible for participation in group health and dental if monthly premiums paid
 - Pay at time and one-half for major holidays
 - A nurse on permanent appointment that elects pool status and then returns to permanent status shall have all vacation and sick balances restored

This section also eliminates reference to the weekend program. Under current ordinance, the administration has the right to discontinue the weekend program at any time. For purposes of this fiscal note, it is assumed that the one employee who still participates in the weekend program will continue to do so and that upon her departure, the program will be officially eliminated. Therefore, the status quo is maintained and there is no fiscal impact.

Section 22. Life Insurance

Fiscal Impact: \$764

This action affects the following:

- Codifies the current life insurance benefit for all employees not represented by a public safety bargaining unit
- Increases the maximum coverage amount by the County to \$25,000 for Attorneys members
- Requires payment of the full monthly premium for life insurance premiums of Nurses members hired on or after November 7, 2013 that retire from the County

Based on the current premium rates, increasing the portion of salary fully paid by the County from \$20,000 to \$25,000 for Attorneys members would cost the County \$764 annually. All employees, except members of a public safety bargaining unit, would have the same life insurance benefit.

The County currently provides Nurses members with the same life insurance benefit at retirement. This benefit will no longer be provided to nurses hired on or after November 7, 2013. This results in no current year savings, but will reduce the County's Other Post Employment Benefits (OPEB) costs in future years, when nurses hired on or after November 7, 2013 begin to retire without this benefit. This savings will be reflected in future OPEB valuation studies and is not calculated as part of this fiscal note as any notable savings would likely not be recognized for decades.

Other Areas Impacted by Recommendations

Overtime

Fiscal Impact: (\$5,770)

The current practice of paying Nurses members time and one-half for all hours worked through a lunch period is not recommended for continuation. Nurses members will continue to be paid for all time worked through a lunch period, but will only be paid at straight time unless those hours exceed 40 hours

worked in a week. In practice, an employee who works all 40 hours and works through each one-half hour lunch for the entire work would still earn overtime, but not until Friday afternoon. The final two and one-half hours worked on Friday would be paid at time and one-half.

On average, employees work approximately 18.4 hours of overtime during lunch periods. At time and one-half, this is an average cost of \$888 per pay period. Assuming that the County will continue to pay overtime (albeit at a later point in the pay period), it can be conservatively anticipated that the County will continue to pay approximately 75 percent of the average overtime hours for a total savings of \$222 per pay period. This results in an annual savings of \$5,770.

Pager Pay
Fiscal Impact: (\$6,776)

The current practice of paying Pager Pay is not recommended for continuation. Pager Pay is paid as an additional \$2.00/hour on all regular hours worked when an employee is required to carry a pager during non-duty hours.

On average, employees are paid Pager Pay for 3,388 hours annually. Therefore, discontinuing this practice will result in an estimated annual savings of \$6,776.

Nurses – Pulling Fee
Fiscal Impact: (\$6,520)

The current practice of paying employees a pulling fee is not recommended for continuation. The pulling fee is paid to an employee who, when required to work in an area where the employee is not presently assigned, volunteers to do so. When that employee is reassigned, they are paid an additional \$2.50 for all hours worked in the reassigned area.

On average, employees are paid 2,608 hours for reassignment for a total of \$6,520. Assuming that this pulling fee will no longer be paid results in a total savings of \$6,520 annually.