

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 05/24/2017

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** An ordinance change to requiring the Human Resources Director to reverse the establishment of alternative pay rates for unclassified employees and to return unclassified employees to salaries that fall within the ranges authorized by the County Board; waiving the requirement that the unclassified employees repay the County for excessive pay received pursuant to the unauthorized salary ranges implemented by the Human Resources Director; and directing the Human Resources Director to report the adjusted salaries of unclassified employees to the County Board and to amend sections 17.05 and 17.11 of the Milwaukee County Code of General Ordinances relating to determination of appropriate classification of position and budgetary provision for salary advancement; effective dates of salary increments.

**FISCAL EFFECT:**

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

*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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	(\$64,468)	(\$119,726)
	Revenue	0	0
	Net Cost	(\$64,468)	(\$119,726)
<b>Capital Improvement Budget</b>	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. <sup>1</sup> 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.

County Board File No. 17-452 seeks to authorize a number of actions to be performed by the Human Resources Director and the Comptroller. This fiscal note discusses each action individually.

### **1. Reverse new pay ranges (not authorized by the County Board) and return employees to former pay grades.**

The Human Resources Director and the Comptroller are directed to reverse the establishment of new pay ranges for unclassified employees and to return unclassified employees to salaries that fall within the grades authorized by the County Board. This action is being requested as a result of Milwaukee County Circuit Court decision issued on April 26, 2017 upholding the County Board's authority to adopt the executive pay provisions. The County Board had established the pay provisions via County Board File No. 13-756 and subsequent to the adoption of that file, the Human Resources Director under the direction of the Milwaukee County Executive reallocated certain unclassified employees to pay grades different than those authorized by the County Board and granted salary increases to certain unclassified employees that exceeded the pay grades authorized by the County Board. This resolution returns those employees to pay grades authorized by the County Board.

Adjusting the salaries of the employees impacted by this resolution will result in an estimated, annual savings of \$119,726 for salary and FICA. For 2017, assuming an implementation in pay period 14, the estimated annual savings for salary and FICA is \$64,468. To calculate the impact, employees were reverted to their last known, board approved pay grade and placed at the step at

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<sup>1</sup> 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.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

or just above their current salary. If the current salary exceeded the maximum step of the pay range, the employee was placed in the top step. Based on our calculations, 25 employees would be adversely impacted or have a pay reduction, while 45 employees would have a pay increase. It should be noted that we were unable to determine the appropriate pay grade for 13 employees. This occurred in cases where a position was newly created or reclassified into a position directly into the pay range system and thus, never existed in the pay grade system. Depending on the pay grades the 13 employees are reverted to, this could either increase or decrease the savings calculated and discussed herein.

There are a number of caveats to the fiscal calculation provided by the Office of the Comptroller as noted below:

- The appeal period for the Milwaukee County Circuit Court decision has not yet expired and should either party appeal the decision and a stay is granted, the fiscal impact to 2017 will decrease as this would delay the implementation of the move to former pay grades for employees.
- The fiscal impact of this action should it be determined that no employee should be adversely affected by this action changes the fiscal calculations from a savings of \$119,726 for salary and FICA to a cost of \$70,358 for salary and FICA. This is because the salary reduction of the 25 employees adversely impacted is greater than those receiving a salary increase. This process of no adverse impact is commonly referred to as red-circling in the County. Red-circled individuals would remain at their current salary until their pay grade caught up to their existing salary.

**2. Waive the requirement that the unclassified employees repay the County for excess pay Received.**

Milwaukee County Ordinance states “Any payments made to an employee without proper authorization, or money owed to the County by the employee, shall be deducted from subsequent pay or from money otherwise due to the employee from the County”. File No. 17-452 establishes County Board policy that in this instance, affected employees shall be held harmless, therefore, there is no fiscal impact in 2017 or 2018 to this portion of the resolution.

**3. Directs the Human Resources Director to report the adjusted salaries of unclassified employees to the County Board.**

The Human Resources Director is directed to report to the Committee on Finance and Audit and the Committee on Personnel a written report showing the salary and pay grade of all unclassified employees, in compliance with County Board policies, no later than June 5, 2017. There is no fiscal impact due to this action, however, existing staff time will be expended by staff in order to compile the report.

**4. Amends Section 17.05 of the Milwaukee County Code of General Ordinances**

File No. 17-452 amends two sections of Milwaukee County Ordinances by inserting two new provisions into the ordinances. The first amends Section 17.05 which contains the process for the reclassification of positions. It establishes that any reclassification of an unclassified position, pursuant to Wis. Stat. 63.03 (2)(t), (2)(y) and (3)(a), must be processed as a reallocation pursuant to section 17.055. Although this change could result in a fiscal impact to the County through the denial of certain requested actions, the Comptroller is unable to estimate a cost or savings of unknown future actions.

**5. Amends Section 17.11 of the Milwaukee County Code of General Ordinances**

File No. 17-452 amends two sections of Milwaukee County Ordinances by inserting two new provisions into the ordinances. The second amends Section 17.11 which contains the process for salary advancements and prohibits the annual budget from being used to fund a salary increase for an employee in the unclassified pursuant to Wis. Stat. 63.03(2)(t), (2)(y) and (3)(a) unless separately authorized by the County Board. It also requires the Human Resources Director to provide a report to the Committee on Personnel that lists proposed salary increases along with a fiscal note for these unclassified employees. Although this change could result in a fiscal impact to the County through the denial of certain requested increases, the Comptroller is unable to estimate a cost or savings to unknown future actions. However, existing staff time will be expended in order to compile the report.

Department/Prepared By CJ Pahl

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required