

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: November 7, 2023

TO: Chairwoman Marcelia Nicholson, County Board of Supervisors

FROM: Cynthia (CJ) Pahl, Director Financial Services, Office of the Comptroller



SUBJECT: Fiscal Report on the Proposed Agreement with the Milwaukee Deputy Sheriff's Association – 2021 -2023

The following provides a fiscal summary of the proposed contract between Milwaukee County and the Milwaukee Deputy Sheriff's Association (MDSA) for the calendar years 2021 - 2023. It provides an estimate of the fiscal impact of each provision 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 wage and benefit elements of the proposed contract that are estimated to have a fiscal impact. Other provisions are contained within the proposal that do not have fiscal impacts, or have been previously acted on by the County Board; those provisions are not discussed in this fiscal note. It should also be noted that wage compression issues will likely occur within the law enforcement management structure of the Milwaukee County Sheriff's Office because of the wage increases within this proposal. The cost of those wage compression issues is not calculated as part of this fiscal note.

Table 1: Wage and Benefit Proposals		
Milwaukee Deputy Sheriffs Association Contract		
2021 - 2023		
Period Covered by Contract		Proposal
		2021 - 2023
1	PP1, 2021	2%
2	PP14, 2021	1%
3	PP1, 2022	5%
4	PP1, 2023	3%
5	PP14, 2023	1.5%
6	Step Elimination	Steps 3&8 on 1/1/2022
7	Terminated Employee Payout	Payout Wage Increases to Terminated Employees
		Future Year Changes
8	Employee Pension Contribution Reduction	Change to 1/2 the Normal Cost
9	Step Change (Years 2024 - 2028)	Future Year Cost of Step Elimination
10	Additional County Pension Contribution	Additional Cost of Increased Wages

Fiscal Impact by Year

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

Table 2: Fiscal Impact By Year			
Milwaukee Deputy Sheriffs Association Contract			
2021 - 2023			
Period Covered by Contract	Proposal		
	2021	2022	2023
Wage Changes			
1 PP1, 2021 (2.00%)	\$ 381,987	\$ 485,063	\$ 506,971
2 PP14, 2021 (1.00%)	\$ 106,399	\$ 247,382	\$ 258,555
3 PP1, 2022 (5.00%)		\$ 1,185,311	\$ 1,305,703
4 PP1, 2023 (3.00%)			\$ 776,893
5 PP14, 2023 (1.5%)			\$ 206,140
6 Elimination of Steps 3&8 (as of 1/1/2022)		\$ 51,677	\$ 112,161
7 Terminated Employee Payout	\$ 49,468	\$ 63,969	\$ 56,719
FICA	\$ 41,146	\$ 155,555	\$ 246,570
Annual Fiscal Impact	\$ 579,000	\$ 2,188,958	\$ 3,469,712
Grand Total 2021 - 2023			\$6,237,669
Future Year Changes (2024+)			
8 Employee Pension Contribution Reduction			\$ 597,898
9 Salary & Social Security for Step Change (Years 2024 - 2028)			\$ 1,188,391
10 Additional County Pension Contribution*			\$ 627,685
Future Years Fiscal Impact			\$ 2,413,974
Grand Total All Years			\$ 8,651,644
*Estimates Only; Not Verified by Actuary			

The proposal contains certain provisions that have no fiscal impact until 2024 and beyond. Since this fiscal note covers the contract period of fiscal years 2021 - 2023, 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 Changes" category. These changes include the reduction in the MDSA employee pension contribution from one-half the annual required contribution to one-half the normal cost; the total estimated impact to the County's share of the pension contribution due to increased wages; and the future year costs of eliminating steps 3 and 8.

The estimated impact of the MDSA employee pension contribution from one-half the annual required contribution to one-half the normal cost is a revenue reduction of \$597,898 beginning in 2024. This revenue was previously attributable to the portion of the unfunded pension liability that the MDSA employees were responsible for paying. Although there is a net cost to

the County of this specific action, the previously approved 0.4% sales tax will be used to fund the County’s entire unfunded pension liability contribution beginning in 2024.

It is projected that the elimination of steps 3 and 8 will result in an additional expenditure for salary and social security of \$1,188,391. This expense is a result of advancing deputy sheriffs currently at step 3 or step 8 to the next step as of January 1, 2022. Due to the elimination of these steps, each subsequent year has an increased cost over the prior base amount that would have not otherwise been incurred but for the step elimination.

The impact to the County’s pension contribution has not been verified by the County’s pension actuary but is anticipated to increase the overall cost of the pension system by approximately \$628,000 annually. This cost would be partially offset by the employee pension contribution, albeit at a lesser rate than was previously expected due to the proposed change in the employee pension contribution.

2023 Budgetary Fiscal Impact

The budgetary impact is shown in the table below. For the periods ending 12/31/2021 and 12/31/2022, the County set aside a total of \$1.8 million in funds to cover anticipated contract costs associated with those years per general accounting rules.

Table 3: Budgetary Fiscal Impact				
Milwaukee Deputy Sheriffs Association Contract				
2021 - 2023				
Funds Source	2021	2022	2023	Total Funds Available
Accrual	\$ 681,173	\$ 1,075,669	\$ -	\$ 1,756,842
Budget	\$ -	\$ -	\$ 2,270,000	\$ 2,270,000
	\$ 681,173	\$ 1,075,669	\$ 2,270,000	\$ 4,026,842

Additional funds were budgeted in 2023 to help defray the annualized increase to salaries that will occur in 2023 because of the contract ratification. The total payout is expected to be \$6.2 million, so there is a shortfall of roughly \$2.2 million that will need to be funded through other surplus appropriations.

The 2024 County Executive’s Recommended Budget included MDSA salaries in accordance with the proposal’s increases.

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 2021 - 2023 result in a total cumulative lift of 20.78 percent.

Table 4: Fiscal Impact By Year		
Milwaukee Deputy Sheriffs Association Contract		
2021 - 2023		
	Proposal	
	Total Lift	Total Lift %
Wage Changes		
1 PP1, 2021 (2.00%)	\$ 506,971	2.07%
2 PP14, 2021 (1.00%)	\$ 258,555	1.05%
3 PP1, 2022 (5.00%)	\$ 1,305,703	5.32%
4 PP1, 2023 (3.00%)	\$ 776,893	3.17%
5 PP14, 2023 (1.5%)	\$ 435,948	1.78%
6 Elimination of Steps 3&8 (as of 1/1/2022)	\$ 112,161	0.46%
	\$ 3,396,230	13.84%
Future Year Changes (2024+)		
8 Employee Pension Contribution Reduction	\$ 597,898	2.44%
9 Step Change (Years 2024 - 2028)	\$ 1,188,391	4.84%
	\$ 5,182,520	21.12%
Total Wages (FY2020 Wages)	\$ 24,535,081	
Total Estimated Base Wages (1/1/2024)	\$ 28,529,209	16.28%

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 pension contribution 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 assignments 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.