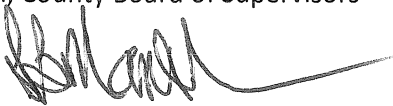


COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: July 1, 2013

TO: Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Scott B. Manske, Comptroller 

SUBJECT: Fiscal Impact – 2013 Collective Bargaining Agreement with the Federation of Nurses and Health Professionals Local 5001, AFT, AFL-CIO

Under Wisconsin Employment Relations Commission (WERC) rules and Statute Statute, non-public safety bargaining units are only allowed to negotiate for base wage increases on an annual basis. The start of the bargaining year for the Federation of Nurses and Health Professionals Local 5001, AFT, AFL-CIO (FNHP) was January 1, 2013. The last day of their previously negotiated contract was December 31, 2012. The bargaining unit was recertified, according to the Milwaukee County Department of Labor Relations.

2013 Base Wage Limit

Using rules provided by WERC, a calculation was made to provide the maximum base wage increase allowable for 2013 for this bargaining unit. The calculation was based on the members of the bargaining unit in the pay period that was 180 days prior to the expiration date of the most recent collective bargaining agreement. The pay period used was Pay Period 15 2012 (June 24, 2012). At that time, the bargaining unit had 273 members who were actively employed. The annual wages of the members were calculated based upon their existing wage rates and were then multiplied by the CPI applicable to bargaining years beginning on January 1, 2013 or 2.96 percent. This became the maximum base wage increase allowable for purposes of bargaining or \$416,925.¹

2013 Wage Increase and Base Wage Compliance

Based upon the proposed agreement with the bargaining unit, the base wage rates will increase by 1.5 percent effective with Pay Period 12 (May 12, 2013). The determination of compliance with Base Wage Limit uses the proposed 1.5 percent increase annualized for a one-year period. As a result, the base wage increase will result in a total salary lift for 2013 of \$174,833 for the bargaining unit, which is within the maximum base wage increase allowable. Calculation of the maximum base wage increase for the bargaining unit was made in accordance with the WERC rules. No provision was made for any litigation that may have occurred subsequent to the issuance of those rules, and we have no knowledge of any such litigation. Representatives of Labor Relations, Corporation Counsel, Department of Administrative

¹ The FNHP bargaining unit had 321 total authorized positions as of June 24, 2012 (authorized positions having the definition provided by WERC "...those positions in the bargaining unit that are filled"). However, 48 of these employees were pool or hourly positions. These employees have been excluded for purposes of calculating the maximum base wage increase and total salary lift due to language within the WERC rule ERC 90.03(3) which states to multiply the hourly base wage rate by the annual number of regularly scheduled hours for each authorized position when determining maximum base wage increases. Since these positions do not have regularly scheduled hours, they have been excluded.

Services, Office of the Comptroller and outside legal counsel have discussed and agreed to the definition, negotiation, and calculation of base wages.

Impact of 2013 Wage Increase on 2013 Budget and 2014 Budget

Based upon the proposed agreement with the bargaining unit, the base wage rates will increase by 1.5 percent effective with Pay Period 12 (May 12, 2013). The cost of the wage increase for 2013, using the contract effective date, would be as follows:

Salary Increase	\$ 100,865
FICA	\$ 7,716
Pension - County Portion	\$ 8,876
Pension - Employee Contribution	\$ (4,438)
Net Cost	\$ 113,019

The 2013 Adopted Budget included an appropriation for the 1.5 percent wage increase for the bargaining unit, with a similar effective date and therefore, there is no resulting budgetary impact based on the proposed agreement for the current year. Since this wage increase inflates the base wage of these employees it would therefore impact each subsequent year budget. The budget impact on 2014, assuming the same pension percentages, would be as follows:

Salary Increase	\$ 174,833
FICA	\$ 13,375
Pension - County Portion	\$ 15,385
Pension - Employee Contribution	\$ (7,693)
Net Cost	\$ 195,900