

Milwaukee County's Minimum Wage Ordinance

Issues remain with implementation but
payment of Minimum Wage Rates are occurring

History of MWO

- ▶ In 2014, the MCWO was created as Chapter 111 of the Milwaukee County Code of Ordinances with a MCMW of \$11.47/hour for County Employees and contract employees of service vendors. Numerous exemptions were included and the calculation of the original rate is tied to national poverty rates. The 2017 rate based upon poverty rates is \$11.82/hour.
- ▶ In 2016 Chapter 111 was modified to accelerate the minimum wage to \$15.00/hour by 2021 along with the establishment of annual rates. The 2017 rate is \$12.35/hour for contracts executed after November of 2016.
- ▶ Audit Services Division is tasked with monitoring compliance with the MCMW ordinance.
- ▶ However, due to implementation issues, a standard performance audit could not be conducted and rather a memo was issued. This was due primarily to the lack of a listing of all required MCMW vendors.

What Audit Services did....

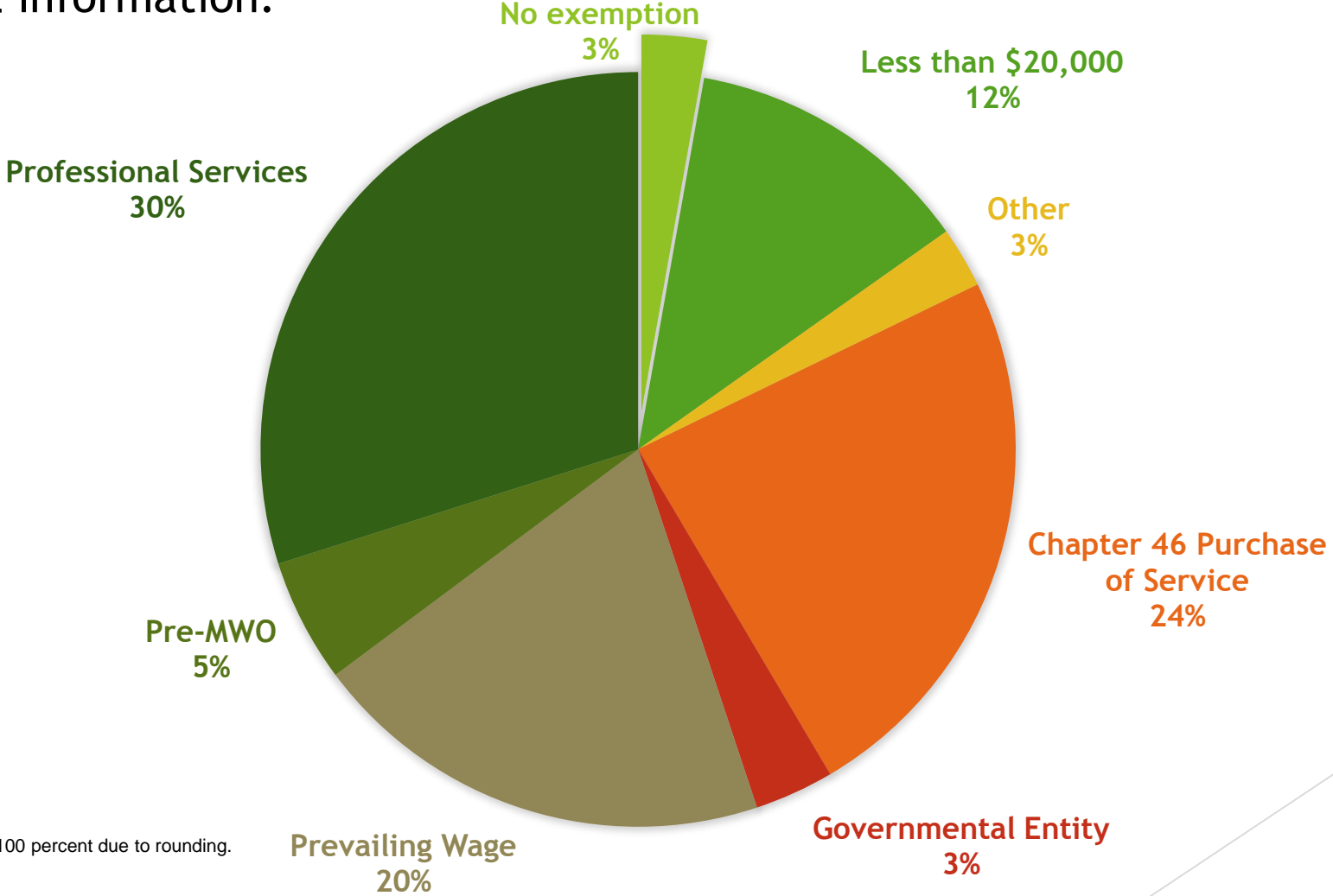
Audit services reviewed 3,257 records of payments to vendors to determine if required to comply with the MCMW. Audit found that only 1.5% or 48 payments required compliance with MCMW. An additional 9 payments were added by departments for a total of 57 vendor payments subject to the MCMW from mid-2014-mid-2017.

Summary of Reviewed Items for Minimum Wage Memo

Items Reviewed	Mid-2014	2015	2016	Mid-2017	Total
Contracts	296	871	970	573	2,710
Service Expenditures	97	155	165	130	547
Total Items	393	1,026	1,135	703	3,257
Number of MCMW Required	4	15	14	15	48
% MCMW Required	1.0%	1.5%	1.2%	2.1%	1.5%
Items added by Departments	0	0	0	9	9
Total Items MCMW Required	4	15	14	24	57

Why contracts were exempted.....

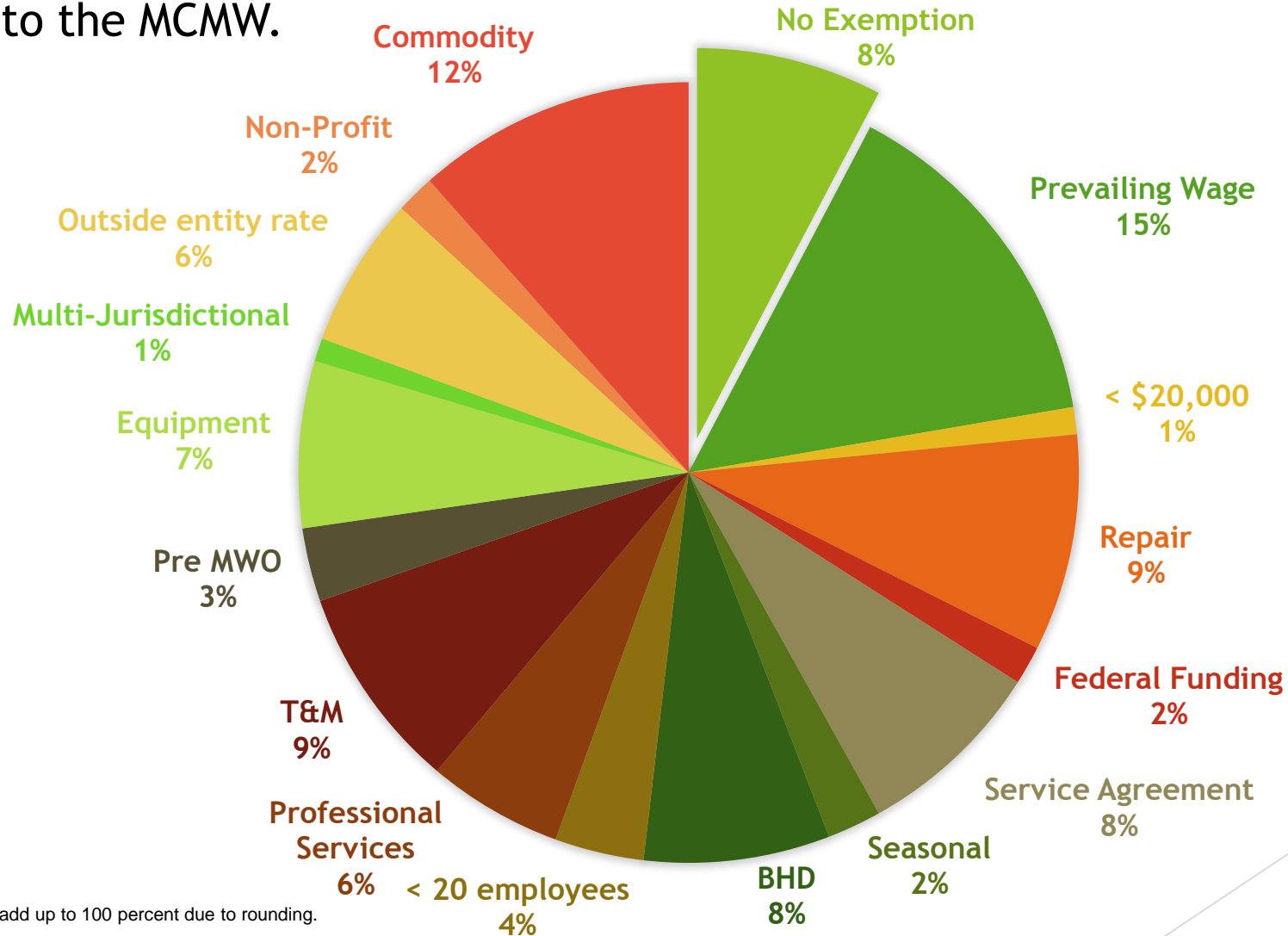
Audit Services found that 2,634 contracts qualified for an exemption to the MCMW based upon the following exemption categories. 76 contracts required additional information.



May not add up to 100 percent due to rounding.

Why service payments were exempted.....

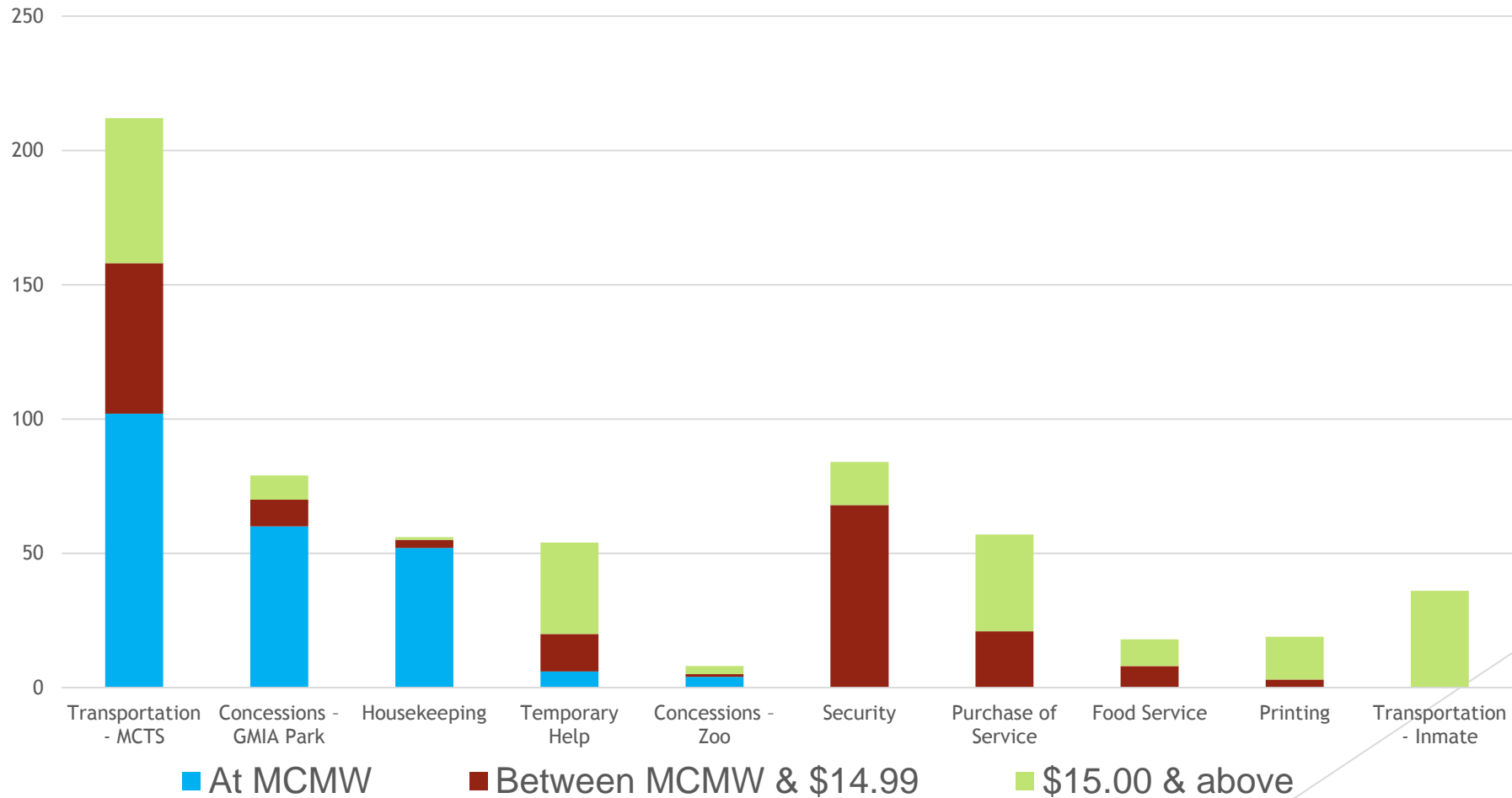
Audit Services found that 575 service payments qualified for an exemption to the MCMW based upon the following exemption categories. 48 payments were subject to the MCMW.



May not add up to 100 percent due to rounding.

What Audit Services found.....

Audit Services received documentation that in 2017 there were 625 employees in ten services areas that were required to be paid the MCMW and that all employees earned the MCMW or above.



What Audit Services recommends....

- ▶ Monitor any pending State legislation that would change the legality of the MCMW
- ▶ Reconvene the MW workgroup to recommend any changes to Chapter 111
- ▶ Name Department Contract Managers as first layer of enforcement
- ▶ Provide Training to all staff involved in MCMW
- ▶ Add up front reporting on required compliance with MCMW
- ▶ Explore modifications to target vendors in specific service areas that have employees with lower wages
- ▶ Allow other vendors to attest to paying MCMW or higher if outside identified service area
- ▶ Resolve the possible inclusion of the following types of contracts: BHD, Prevailing Wage, Service Agreements, Aging Purchase of Service and portions of Professional Services if they employ lower paid staff
- ▶ Explore the use of LCP tracker to ease compliance verification
- ▶ Recommend that DHR-Compensation draft a policy and procedure for annual MCMW for Milwaukee County employees