

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: June 29, 2018

TO: Supervisor Theo Lipscomb, Chairman, County Board of Supervisors

FROM: Scott B. Manske, Comptroller
Cynthia (CJ) Pahl, Financial Services Manager, Comptroller's Office

SUBJECT: Fiscal Report on the Proposed Agreement with the Milwaukee County Firefighters Association

The following provides a summary of the **fiscal impact of the proposed Milwaukee County Firefighters Association contract agreement for the calendar years 2017, 2018 and 2019.** It provides an estimate of the fiscal impact of the proposal; the actual fiscal impact may be greater than or less than the impact that is estimated below.

The table below presents the key wage and benefit elements of the proposed contract.

Table 1				
Wage & Benefit Proposals				
Period Covered by Contract		January 1, 2017 - December 31, 2019		
		Proposal		
1 Wage Rate Increases		2017 PP1 - 1.75%		
		2018 PP1 - 2.00%		
		2019 PP1 - 2.00%		
2 Health Premiums*	2018		With Wellness	Without Wellness
	Single		\$98	\$140
	EE + Child(ren)		\$116	\$166
	EE + Spouse/Partner		\$184	\$234
	Family		\$210	\$260
	2019		With Wellness	Without Wellness
	Single		\$103	\$147
	EE + Child(ren)		\$125	\$175
	EE + Spouse/Partner		\$195	\$245
	Family		\$224	\$274
3 Paid Days Off	Increase by One day			
*	Health insurance premiums will have no impact on 2018 previously collected premiums as the County is unable to make changes for prior periods.			

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

Table 2					
Fiscal Impact by Year					
	Period Covered by Contract	2016	2017	2018	2019
1	Wage Rate Increases				
	2017 PP1 - 1.75%	\$ 939	\$ 22,651	\$ 20,618	\$ 21,458
	2018 PP1 - 2.00%		\$ 2,759	\$ 23,976	\$ 24,953
	2019 PP1 - 2.00%			\$ 1,104	\$ 25,452
	FICA	\$ 72	\$ 1,944	\$ 3,496	\$ 5,498
2	Health Premiums				
	2018 Changes			\$ (388)	\$ (916)
	2019 Changes				\$ (1,190)
3	Paid Days Off				
	Additional Day			\$ 11,678	\$ 11,795
	FICA			\$ 893	\$ 902
	Total Wage & Benefit Change	\$ 1,011	\$ 27,353	\$ 61,377	\$ 87,952

The proposal calls for making the new healthcare contribution rates effective upon settlement of the contract. This fiscal note assumes that the earliest that this will occur is August 1, 2018 and will impact 11 pay periods in 2018.

Budget Impact

The fiscal impact is shown in the table below. The 2018 Adopted Budget includes additional salary dollars of over \$100,000 to cover the costs of pay increases. The County has also set aside \$30,000 in funds from prior years to cover the contract costs associated with 2016 – 2017. Because these expenditures are paid for through airport revenues, there is no tax levy impact from any of these changes.

Table 3				
Budgetary Impact				
	Proposal			
	2016	2017	2018	2019
Contract Cost / (Savings)				
Wage Rate Increase	\$ 1,011	\$ 27,353	\$ 49,193	\$ 77,361
Health Premiums	\$ -	\$ -	\$ (388)	\$ (2,107)
Paid Days Off	\$ -	\$ -	\$ 12,572	\$ 12,697
Total Cost	\$ 1,011	\$ 27,353	\$ 61,377	\$ 87,952
Funding Sources				
Accruals	\$ -	\$ 30,000	\$ -	\$ -
Current Year Appropriations	\$ -	\$ -	\$ 101,521	\$ -
Total Funding	\$ -	\$ 30,000	\$ 101,521	\$ -
Total Additional Resources Required	\$ 1,011	\$ (2,647)	\$ (40,144)	\$ 87,952

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 2017 – 2019 result in a total cumulative lift of 7.43 percent.

Table 4			
Cumulative Lift (as if all costs/savings were annualized)			
	Proposal		
	Cumulative	Cumulative	Cost/ (Svgs)
	Total Lift	Lift %	Per Active
Wage Rate Increases			
2017 PP1 - 1.75%	\$ 21,458	1.77%	\$ 1,341
2018 PP1 - 2.00%	\$ 24,953	2.06%	\$ 1,560
2019 PP1 - 2.00%	\$ 25,452	2.10%	\$ 1,591
Subtotal Wages	\$ 71,864	5.93%	\$ 4,491
FICA	\$ 5,498	0.45%	\$ 344
Pension (8.1%)	\$ 2,062	0.17%	\$ 129
Subtotal Wages / FICA / Pension	\$ 79,423	6.56%	\$ 4,964
Benefit Changes			
Health Premiums	\$ (2,107)	-0.17%	\$ (132)
Paid Days Off	\$ 12,697	1.05%	\$ 794
Total Wage & Benefit Change	\$ 90,014	7.43%	\$ 5,626
Number of Positions	16.00		
Full-time equivalents	19.54		
Total calculated wages	\$ 1,282,875		
Average wage rate/hour	\$ 22.48		
Total base wages (FY 2017 Wages)	\$ 1,211,011		
Total Hours	56,896.00		

Administrative Costs Associated with Implementing this Contract

To implement this contract, personnel in the Office of the Comptroller will have to input the rate changes into the Ceridian HPW System. For wage rates, and health plan 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 projects 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.