

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: September 30, 2020

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request to amend Section 17.17(3) of the Milwaukee County Code of General Ordinances to change all minor County employee holidays to major holidays to reduce costs; and establish Christmas Eve Day as a major holiday and eliminate Election Day as a paid holiday.

FISCAL EFFECT:

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

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.

| | Expenditure or Revenue Category | Current Year | Subsequent Year ¹ |
|-----------------------------------|---------------------------------|--------------|------------------------------|
| Operating Budget | Expenditure | \$0 | (\$87,600) |
| | Revenue | \$0 | (\$40,000) |
| | Net Cost | \$0 | (\$47,600) |
| Capital Improvement Budget | Expenditure | | |
| | Revenue | | |
| | Net Cost | | |

¹ Because 2021 is an odd year, the savings calculated are less than even years because there is no Election Day holiday scheduled. In 2022, the expenditure savings would be \$172,000 and revenue loss would be \$52,000, resulting in an overall savings of \$120,000.

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. ² 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.

A. This request amends Section 17.17(3) of the Milwaukee County Code of General Ordinances to change all minor County employee holidays to major holidays to reduce costs; and establish Christmas Eve Day as a major holiday and eliminate Election Day as a paid holiday. If this request is adopted, all County departments, offices, and institutions would no longer be required to remain open with staffing on these holidays. Employees, with the exception of employees within the Behavioral Health Division, will no longer be able to work (unless under emergency circumstances or in the case of 365/24/7 operations) on these holidays which will reduce the amount of accrued holiday time earned and subsequently paid out at the County.

B. The change in fiscal impact between a major and minor holiday occurs because of how minor holidays are treated in County ordinance. All facilities and departments must remain open during a minor holiday. In order to remain open, most non 24-7 departments require a small number of staff to work on the holiday, but also allow other employees the choice to work or to take time off. Employees who work on a minor holiday then accrue the number of hours worked to their accrued holiday bank. For non FLSA-exempt employees, if the accrued holiday time expires before taking it as time off, that employee is paid out for those hours. If an FLSA-exempt employee terminates employment before using any holiday time accrued as time off, then that employee is paid out for that accrued time. It is those payouts of accrued holiday time that generate a direct fiscal impact to the County.

When a major holiday occurs, all facilities and departments close except for 24-7 service. Therefore, the number of employees working during a major holiday is automatically less than the number working during a minor holiday because departments are not required to remain open. With less employees working, there are less hours accrued and therefore, a lesser fiscal impact to the County.

² 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.

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

| Cost Comparison - Single Minor Holiday v. Single Major Holiday | | | |
|---|------------------|------------------|-------------------|
| | Minor | Major | Difference |
| FLSA-Exempt (Accrual Paid out at Termination) | \$ 5,400 | \$ 700 | \$ 4,700 |
| Non FLSA-Exempt (Accrual Paid out 14 Pay Periods Later) | \$ 79,000 | \$ 49,300 | \$ 29,700 |
| Revenue Offset | \$ (12,000) | \$ (1,600) | \$ (10,400) |
| Fiscal Impact | \$ 72,400 | \$ 48,400 | \$ 24,000 |

The direct fiscal impact is dependent on whether it is an even year (election year) or an odd year. If an even year, the direct savings is approximately \$120,000; if an odd year, the direct savings is approximately \$47,600 as shown below.

| Cost / (Savings) Comparison | | |
|------------------------------------|---------------------|--------------------|
| | Even Year | Odd Year |
| President's Day | \$ (24,000) | \$ (24,000) |
| Cesar Chavez Day | \$ (24,000) | \$ (24,000) |
| Election Day | \$ (72,400) | \$ - |
| Veteran's Day | \$ (24,000) | \$ (24,000) |
| Thanksgiving Ext. | \$ (24,000) | \$ (24,000) |
| Christmas Eve Day | \$ 48,400 | \$ 48,400 |
| Cost / (Savings) | \$ (120,000) | \$ (47,600) |

At present time, Milwaukee County General Ordinances allow for 7 major holidays and 4 (or 5 depending on election year) minor holidays. It is important to note that this analysis does not consider the operational impact of lost productivity and loss of public access that occurs when converting a minor holiday to a major holiday. While departments remain open and accessible to the public during minor holidays, the public has no access to certain services on major holidays. Likewise, the ability to alert the general public about facility and service closures on these holidays will likely cause inconveniences for the general public. Although these operational changes likely have some financial impact, those costs are incalculable.

Since costs related to the payout of any holiday are absorbed within budgeted salary appropriations, any direct savings from these proposed changes would be absorbed within departmental budgets.

For any major or minor holiday worked, it should be noted that departments can mitigate the direct financial cost by requiring all employees to schedule and use their accrued holiday time. If all employees were to use the accrued holiday time before payout, there would be no direct fiscal cost to any minor or major holiday.

- C. There is no budgetary impact to the proposed change. Although overall savings is achieved by decreasing the payout of accrued holiday time, there have generally never been additional dollars budgeted for such payout. These payouts were absorbed within departmental salary appropriations. Assuming that these accrued holiday payouts will decrease under the proposal, either departmental surplus salary appropriations would slightly increase or would be used to offset other salary needs within the departments.
- D. Several assumptions were used in this analysis. For purposes of calculating a dollar estimate for payouts related to non-FLSA exempt employees, only the payouts of Cesar Chavez Day 2019 and Veterans Day 2019 were used. Cesar Chavez Day 2020 and Veterans Day 2019 were used to estimate the impact on FLSA exempt employees. Additional data was reviewed and showed very similar costs.

A 5 percent assumption was used to determine the amount of accrued holiday time paid out for FLSA exempt employees. This assumption is based on the small number of employees that continue to build large accrued holiday time balances likely to increase their retirement payout. It is also meant to take into account the smaller balances that may be paid out due to resignations of current employees.

Revenue offset was determined using only costs estimated in the Department of Child Support, DOT – Airport and DOT – Highways. Depending on where employees actually work at the time of payout, the actual revenue could be more or less.

It was also assumed that departments would not change current practices that allow for the expiration and payout of unused accrued holiday time. A department could choose in the future to require employees to use their time prior to payout.

Lastly, this fiscal note does not assume any discernable fiscal impact beyond those calculated here by increasing the number of hours allotted to the Assistant Chiefs of Airport Firefighting.

Department/Prepared By Cynthia (CJ) Pahl

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required