



Office of the Comptroller
Audit Services Division

Milwaukee County

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- Director of Audits
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Date: April 16, 2021
To: Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board
From: Jennifer Folliard, Director of Audits
Subject: Status Report - Minimum Wage Ordinance Memo

Background

In March 2014, the Milwaukee County Board of Supervisors created Chapter 111 of the Milwaukee County Code of Ordinances which established a Minimum Wage Ordinance (MWO). Chapter 111 applied to both county employees and certain contractors doing business with Milwaukee County. Chapter 111 provided the framework for county departments to follow when contracting for services covered by the MWO and for subsequent contract monitoring.

Our office issued a memo in December of 2017 which was a three year review of the Minimum Wage program. The associated resolution indicating concurrence with the report recommendations was adopted by the County Board in February 2018.

Subsequent to the adoption of the resolution, 2017 Wisconsin Act 327, based upon Assembly Bill 748 was signed and became effective on April 18, 2018. It repealed Wis. Stat. 104.001(3), which permitted a local government (county, city, village or town) to enact and enforce ordinances mandating a minimum wage for its own employees and employees performing work under a contract for provision of services or funded by financial assistance from the local governmental entity. Act 327 prohibits Milwaukee County from entering into any new contracts requiring compliance with the minimum wage. It does not negate existing contracts with that requirement. As a result, we will continue to report annually on MWO compliance for existing contracts subject to the MWO provision. This report covers calendar year 2020.

Calculation of the Minimum Wage Ordinance Rates

In 2014 the Minimum Wage Ordinance designated the minimum wage for Milwaukee County as equal to 100% of the national poverty income level for a family of four as established annually by the U.S. Department of Health and Human Services. The Milwaukee County Minimum Wage hourly rate is determined by dividing the annual income by 2,080. This rate is currently in effect for any contract executed prior to November 3, 2016.

County Board File No. 16-609 approved on November 3, 2016 made two modifications to the Minimum Wage Ordinance. First was the alteration of the effective date for concession contracts at the Airport from January 1, 2017 to November 3, 2016. In addition the Ordinance changed the methodology for the calculation of the Milwaukee County Minimum Wage to fixed rates established per year until January 31, 2022 for any new contracts. Effective January 31, 2022, and every January

31 thereafter, the rate shall be determined by the Department of Administrative Services, increased to reflect the rate of inflation for the previous calendar year, as calculated to the nearest cent, provided that in no case shall the wage be set at a level below the wage for the previous year.

However, given the State legislative changes, rates for existing contracts are frozen at the amount as of April 2018 which was \$12.07 based upon the DHHS rate calculation and \$13.01 based upon the Adopted fixed rates. Appendix 1 contains a table displaying the rates beginning in 2014.

Existing compliance with Chapter 111 from January to December of 2020

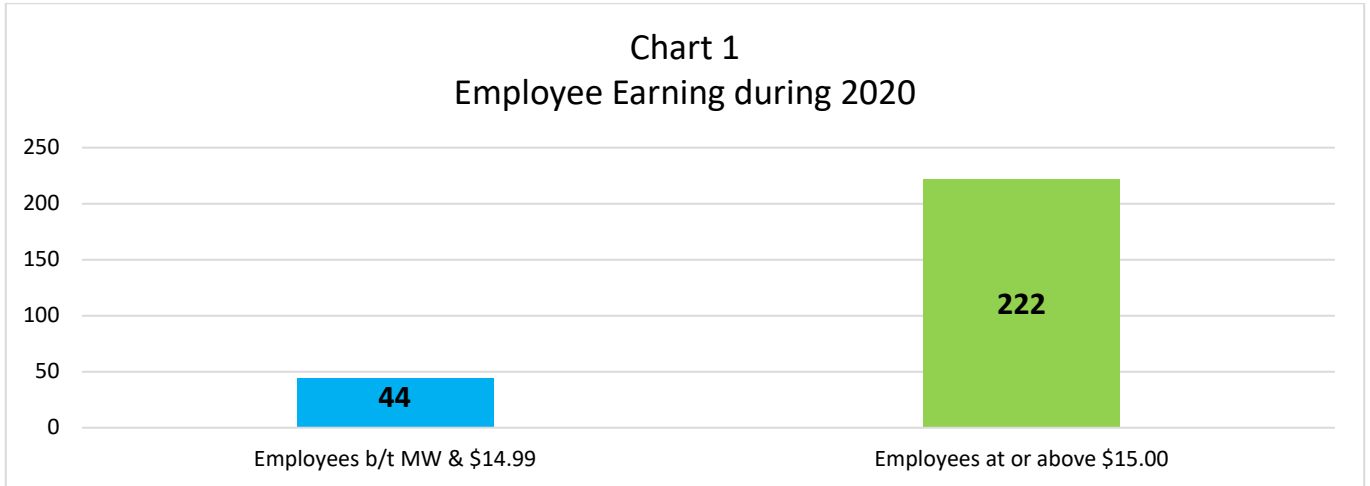
While the state legislation effectively disallows any new contracts to require compliance with Chapter 111, we have continued to require submittal of payroll information to our office for those county contracts which contained a minimum wage requirement prior to the implementation of Act 327 in April 2018.

There were eight contracts subject to the Minimum Wage Ordinance in 2020 that provided payroll records with an average employee count of 266 employees based on quarterly payroll data. The table below lists the contracts. We found all vendors to be in compliance with the ordinance. Due to the pandemic, the Zoo’s concession operator, Service Systems Associates, reported no full time employees during 2020.

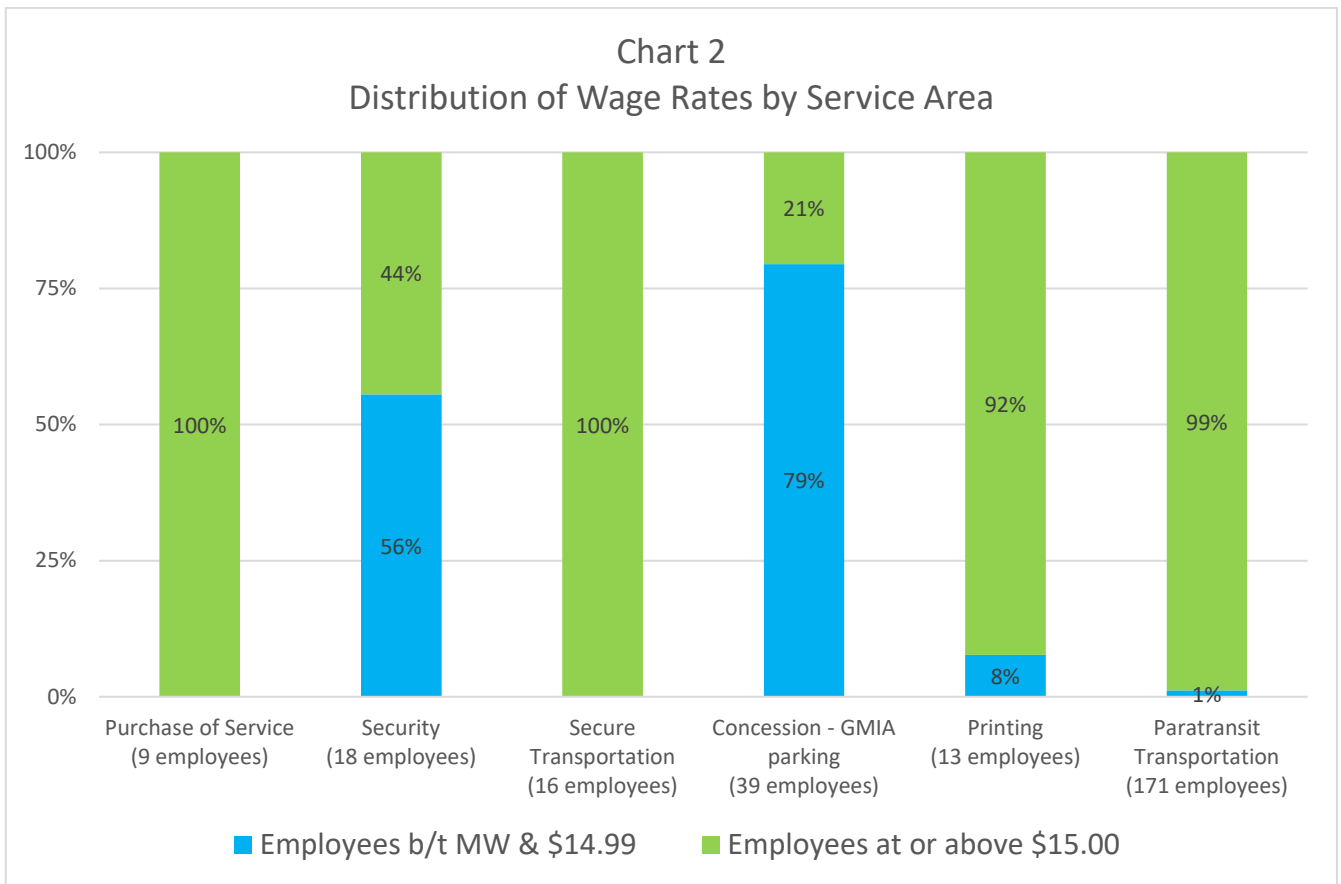
Active MWO contracts with Type of Service and Average number of Total Employees			
Vendor	Department	Type of Service	Employees
WCS	HOC	Purchase of Service	9
Allied Barton - MCTS	MCTS	Security	18
G4S	Sheriff	Secure Transportation	16
Interflight Parking	Airport	Concession - GMIA parking	39
Zimmerman	MCTS	Printing	13
First Transit	MCTS	Paratransit Transportation	89
Transit Express	MCTS	Paratransit Transportation	82
Service Systems Associates	Zoo	Concession	0
TOTAL			266

We reviewed the payroll data for employees on a quarterly basis for 2020 and found that there were no employees who earned at or below the required minimum wage. We have historically tracked employees earning between the minimum wage and \$15.00 as that was the maximum minimum wage set by the County Board to be in effect as of January 1, 2021.

Chart 1 displays the average number of employees earning between the minimum wage and \$14.99 and those earning at or above \$15.00.



We also examined the payroll data by service area to show any trends in payroll. Chart 2 depicts within each service area the number of employees earning between minimum wage and \$14.99 and those with wages at or above \$15.00.



This status report is informational and due to the continued monitoring of contracts with minimum wage requirement, we plan to provide a status report in early 2022 containing wage data from 2021.



Jennifer Folliard, Director
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cc: Scott B. Manske, CPA, Milwaukee County Comptroller
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Mary Jo Meyers, Chief of Staff, Milwaukee County Executive
Patrick Lee, Director, DAS-Procurement Division
Stephen Cady, Research & Policy Director, Office of the Comptroller
Janelle Jensen, Legislative Services Division Manager, County Clerk's Office

APPENDIX 1

Minimum Wage Rates for Milwaukee County Contracts Before and After November 3, 2016				
	MW rates for contract executed BEFORE November 3, 2016		MW rates for contract executed ON or AFTER November 3, 2016	
Year	Effective Date	Hourly Rate	Effective Date	Hourly Rate
2014	6/1/2014	\$11.47	N/A	N/A
2015	3/1/2015	\$11.66	N/A	N/A
2016	3/1/2016	\$11.68	11/3/2016	\$11.68
2017	3/1/2017	\$11.82	1/1/2017	\$12.35
2018	3/1/2018	\$12.07	1/1/2018	\$13.01
2019	3/1/2019	\$12.38	1/1/2019	\$13.67
2020	3/1/2020	Unknown	1/1/2020	\$14.34
2021	3/1/2021	Unknown	1/1/2021	\$15.00