

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: October 1, 2021

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Joe Lamers, Director, Office of Performance, Strategy, and Budget (PSB)

Subject: A request from Director, Office of Performance, Stagey and Budget (PSB) to implement a \$3.00 per hour premium pay increase for Correction Officer staff in the House of Correction, Sheriff's Office, and Department of Health and Human Services Division of Youth and Family Services Juvenile Justice Center, with funding support from the Appropriation for Contingencies in 2021 and American Rescue Plan Act (ARPA) funds in 2022

File Type: Action Report

REQUEST

A \$3.00 per hour premium pay increase is requested for Correction Officer staff in the House of Correction (HOC), Sheriff's Office, and the Department of Health and Human Services (DHHS) Division of Youth and Family Services (DYFS) Juvenile Justice Center, to become effective October 3, 2021. Correction Officer staff who are non-compliant with the County's Vaccine Mandate, that is employees who have not completed a full vaccine series and do not have an approved accommodation, will not qualify for the premium pay increase. This plan is consistent with the County's vision to be the healthiest County in Wisconsin.

The \$3.00 per hour increase for Correction Officer staff represents a pay increase of approximately 12.5% to 15.0%, with the range dependent upon current staff pay amounts.

The action is requested to become effective on October 3, 2021, and to remain in place throughout the duration of 2022. If an employee comes into compliance with the mandate after October 3, 2021, in other words they finish a full vaccine series and validate that in Dayforce or receive an approved accommodation, they will qualify for the premium pay starting the next pay period. Employees or the employee's manager will add the premium pay adjustment to the employee's timesheet once the employee is validated to be compliant with the Vaccine Mandate.

The maximum estimated cost of the \$3.00 premium pay increase is \$941,238 in 2021, and \$4,039,955 in 2022. This represents the maximum cost if all eligible employees are compliant with the Vaccine Mandate. The actual cost is expected to be less than this, given that non-compliant staff are not eligible to receive the premium pay increase. Information is currently being collected to determine compliance with the Vaccine Mandate. The deadline for employees to submit their vaccine verification information or an exemption request is October 1, 2021. More precise information about the rate of non-compliance will be available following this deadline.

This proposal is requested to be funded from the Appropriation for Contingencies in 2021 and from American Rescue Plan Act (ARPA) funds in 2022. This item will be revisited in the future for 2023 and beyond.

This action was recommended by the American Rescue Plan Act Task Force by a vote of 6-0 at its meeting on September 21, 2021 (HRA21-374).

BACKGROUND

Vacancy rates

There has been a significant increase in Correction Officer vacancies recently. Both the Sheriff's Office and HOC have reported that the increase in vacancies has largely been the result of nearby jurisdictions offering increased pay rates. As of the September 9, 2021 payroll period:

- 171 of 261 Correction Officer positions in the County Jail are filled (34.5% vacant)
- 182 of 234 Correction Officer positions at HOC are filled (22.2% vacant)
- 62 of 74 Correction Officer positions in DHHS are filled (16.2% vacant)
- Overall, 415 of 569 Correction Officer positions across the County are filled (27.1% vacant)

The premium pay increase aims to address pay and retention within Correctional Officer positions.

Funding

For 2021, this proposal is requested to be funded from the Appropriation for Contingencies. The current balance in the 2021 Appropriation for Contingencies is \$5.6 million. The \$3.00 per hour premium pay increase for 2021 is estimated to cost a maximum amount of \$941,238. The actual cost is expected to be less than this, given that non-compliant staff are not eligible to receive the premium pay increase. The deadline for employees to submit their vaccine verification information or an exemption request is October 1. More precise information about the rate of non-compliance will be available following this deadline.

For 2022, this proposal is requested to be funded with American Rescue Plan Act (ARPA) funds. The \$3.00 per hour increase for the full year in 2022 is estimated to cost a maximum amount of \$4,039,955. The actual cost is expected to be less than this, given that non-compliant staff are not eligible to receive the premium pay increase. The deadline for employees to submit their vaccine verification information or an exemption request is October 1. More precise information about the rate of non-compliance will be available following this deadline.

The premium pay increase will be revisited in the future for 2023 and beyond. It must be recognized that ARPA funds are temporarily available through 2024 or until the County's ARPA funding allocation is fully expended. If the requested salary increase were to become permanent, tax levy support would be needed to offset the cost in the future.

If the cost were to be applied to tax levy in the future, options to address the issue may include any combination of the following:

1. Factor the cost into the County's budget gap estimate for 2023 and beyond. Apply tax levy targets across departments to absorb the cost with County-wide savings.
2. Identify targeted cost savings initiatives to offset the expenditure increase.
3. Increases in the County's revenue budget would free up available tax in the future. It should be noted that several of the County's revenue sources remain significantly below pre-pandemic levels. For example, investment revenues, revenues collected from the Potawatomi casino, and many service charges collected by County departments remain significantly lower than 2019 amounts. There is potential that certain revenue sources will rebound in the future, largely dependent upon future COVID-19 impacts. This would improve tax levy outlook in future years.
4. For 2023 and beyond the premium pay increase will be revisited and could be eliminated or reduced if no tax levy funding source becomes available to sustain the cost.

Further, if the \$3.00 per hour premium pay increase continues beyond 2022, the cost estimate increases from \$4.0 million in 2022 to \$5.1 million in 2023, due to additional pension cost impact

estimates.

The following chart shows two potential scenarios for converting the cost to tax levy in the future if the pay raise is maintained in 2023 and beyond. Under scenario 1, ARPA is used for one year only. This would require identification of \$5.1 million of tax levy in 2023 and would be very challenging, particularly in the context of Milwaukee County’s existing structural funding imbalances. Under scenario 2, use of ARPA is phased out over a three-year period. These scenarios and other options will be revisited in 2022.

Potential Funding Scenarios for 2023 and Beyond (APRA vs Tax Levy)						
Year	Scenario 1: Convert to Tax Levy in 2023			Scenario 2: Phased Conversion to Tax Levy		
	Tax Levy	ARPA	Total	Tax Levy	ARPA	Total
2022		\$4.0	\$4.0		\$4.0	\$4.0
2023	\$5.1		\$5.1	\$1.7	\$3.4	\$5.1
2024	\$5.1		\$5.1	\$3.4	\$1.7	\$5.1
2025	\$5.1		\$5.1	\$5.1	\$0.0	\$5.1
Total (4 years)	\$15.3	\$4.0	\$19.3	\$10.2	\$9.1	\$19.3

Eligible Positions

The following positions are eligible for Correction Officer premium pay described in this report:

- Corr Offcr 1 Sheriff NM
- Corr Offcr Lt
- Corr Offcr 1 Nm
- Correctional Officer Sergeant
- Corr Offcr Lt – Prog FacI
- Corr Offcr Truck Driver
- Supervisor Juvenile Co Officer
- Youth Correctional Officer
- Youth Correctional Officer BI

Vaccine Order / Premium Pay Eligibility

Staff who are non-compliant with the Vaccine Order for Milwaukee County will not qualify for the premium pay increase. This means that employees will be required to have approved documentation of Completed Vaccination, or documentation of an approved exemption, to receive the \$3.00 per hour pay increase. Additional details on compliance with the Vaccine Mandate for Milwaukee County can be found in the most-recent version of Administrative Order 21-3.

Following are details on premium pay eligibility in relation to the Vaccine Order:

- Correction Officer staff who have approved documentation of compliance with the Vaccine Order will be eligible for the \$3.00 per hour premium pay increase effective as of the payroll period beginning October 3, 2021. Depending upon County Board approval dates, eligibility reviews, payroll processing timelines, and other factors, the pay increase may be applied retroactively back to October 3, 2021.
- Correction Officer staff who are non-compliant with the Vaccine Order will not be eligible to receive the premium pay increase.

- Correction Officer staff who are currently non-compliant with the Vaccine Order may become eligible for premium pay in the future if they change their status to become compliant. If the employee opts to Complete Vaccination or obtains an approved exemption, they will be eligible for premium pay, effective the following pay period.
 - o As an example, if an eligible staff member first Completes Vaccination and provides documentation on November 8, 2021, the employee would become eligible to receive premium pay starting at the beginning of the next payroll period starting November 14, 2021.

American Rescue Plan Act (ARPA) Detail

The American Rescue Plan Act (ARPA) of 2021, which was signed into law on March 11, 2021, provides Milwaukee County with an allocation of \$183.7 million of Local Fiscal Recovery Funds. Funds are required to be incurred by December 31, 2024 and are available to:

- A. Support public health response to the pandemic
- B. Address negative economic impacts
- C. Provide government services to the extent of the reduction in revenue due to the COVID-19 public health emergency
- D. Provide premium pay to essential workers
- E. Support water, sewer and broadband infrastructure

2022 Budget / ARPA Detail

The 2022 County Executive Recommended Budget is currently under development. There is a plan to include this Correction Officer premium pay increase within the 2022 Recommended Budget, funded with ARPA dollars.

RECOMMENDATION

The Director of the Office of Performance, Stagey and Budget (PSB) recommends implementation of a \$3.00 per hour premium pay increase for eligible Correction Officer staff in the House of Correction, Sheriff's Office, and Department of Health and Human Services, with funding support from the Appropriation for Contingencies in 2021 and American Rescue Plan Act (ARPA) funds in 2022.

JOSEPH LAMERS

Joe Lamers, Budget Director
Department of Administrative Services

ATTACHMENTS:

Resolution
Fiscal Note

Cc: David Crowley, Milwaukee County Executive
Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
Jason Haas, County Supervisor, Chair Finance and Audit Committee

Ricardo Diaz, Co-Chair ARPA Task Force
Scott Manske, County Comptroller
Jeff Roman, Director Office of African American Affairs
Aaron Hertzberg, DAS Director
Ashley Adsit, Director of Grants & Special Projects
Mary Jo Myers, Chief of Staff, Office of the County Executive
Steven Cady, Research and Policy Director, Office of the Comptroller
Kelly Bablitch, Chief of Staff, County Board