

LRB – FISCAL REVIEW SECTION ANALYSIS

AUGUST 1, 2001 AGENDA

ITEM 5, FILE 010338

FINANCE & PERSONNEL COMMITTEE

Emma J. Stamps

File No. 010338 is a substitute resolution to ratify and confirm the final agreement between the City of Milwaukee and District Council 48, AFSCME, AFL-CIO.

Background

1. File #000982, a resolution to ratify and confirm a memorandum of understanding between the City Negotiating Team and Milwaukee District Council #48, AFSCME, AFL-CIO, the City's largest union, for the period January 1, 2001 through December 31, 2002 was presented to the Common Council, but was **rejected** by the Council on an 11-6 vote on May 8, 2001, and by a 9-8 vote for reconsideration on May 30, 2001. This agreement included provisions for benefits to employees' domestic partners.

Discussion

1. File #010338 concerns the implementation of the 2001-2002 labor agreement between District Council 48, AFSCME-AFL-CIO and the City of Milwaukee with regard to rates of pay and special pay provisions. DER recommends approval of the necessary Salary and Positions Ordinance changes to implement the 2001-2002 Labor agreement between DC 48, AFSCME, AFL-CIO and the City. The Milwaukee District 48 represents 2,099 city employees.
2. The agreement provides for a number of changes effecting:
 - Base salaries
 - Vacation accrual
 - Employee health insurance contribution and coverage
 - Shift and weekend differential
 - Safety shoe/Auto/Clothing allowances
 - Tuition and textbook reimbursement
 - Pilot Office Support continuing Education Incentive Program
 - Funeral Leave

One major change is the extension of health and dental benefits to domestic partners of City employees effective January 1, 2002.

3. Base Salary:

The report recommends amending the 2001 Salary Ordinance to include provisions for across the board increases set at 2.5% over Pay Period 26, 2000 wage rates, effective Pay Period 1, 2001 and 3.0% increases over Pay Period 26, 2001 wage rates effective Pay Period 1, 2002.

4. **Vacation Adjustments:**

Employees earn vacation time (from his/her anniversary date) according to the following chart:

BENEFIT		CHANGES	
Allowance	Current	2001	2002
10 days/year	Less than 7	Less than 5 years	Less than 5 yrs
15 days/year	At least 7 but less than 12	At least 5 but less than 10	At least 5 but less than 10 years
20 days/year	At least 12 but less than 18 years	At least 10 but less than 17 years	At least 10 but less than 15 years
25 days/year	At least 18	At least 17 but less than 22 years	At least 15 but less than 22 years
28 days/year	N / a	At least 22 years	N/a
30 days/year	N / a	N/a	At least 22 years

5. **Increased Employee Contributions to Base Plan Health Insurance:**

DER estimates increases in employee contributions by Basic Plan Health insurance enrollees will result in a **\$79,200 cost savings**. Effective January 2, 2002, the employee contribution for Basic Plan health coverage increases from \$40 to \$50 per month for single enrollment and from \$80 to \$100 per month for family enrollment. Effective January 1, 2002 the Major Medical lifetime maximum increases from \$250,000 to \$500,000 for employees enrolled in the Basic Plan.

6. **Extension of health benefits to same sex, opposite sex partners beginning January 1, 2002:**

It is understood that registered domestic partners will include same-sex and opposite-sex partners. Registered domestic partners of eligible City employees, if registered as such by the City Clerk as provided under Chapter 111 of the Milwaukee Code of Ordinances, shall be covered by health and dental insurance when any of the city's insurance carriers provide for such coverage. However, any employee who desires such coverage must enroll in a program which offers that benefit. It is estimated that establishment of this benefit will require City expenditure of **\$66,098**.

7. **Shift and Weekend Differential**

Effective the next pay period following the contract execution, shift weekend and holiday differentials shall increase by five cents (\$0.05) per hour to the following rates:

2 nd Shift	\$0.40 per hour
3 rd Shift	\$0.45 per hour
Saturday	\$0.50 per hour
Sunday / Holiday	\$0.60 per hour

8. **Tuition and Textbook Reimbursement**

The maximum reimbursement of tuition, laboratory fees and required textbooks for approved courses of study increases from \$900 to \$1,000.

9. **Safety Shoe Allowance**

Safety shoe reimbursement increases from up to \$105 to up to \$115 commencing January 1, 2002. Exceptions to Article 29.7 are provided for eligible employees in the Department of Public Works, Forestry Division. In recognition of their special working conditions, several DPW Forestry Division employees' will receive safety shoe reimbursement increases from \$120 to up to \$130 in calendar year 2001 and 2002 for required safety shoes in lieu of the reimbursement under Article 29.7. Effective upon the execution date of the agreement, eligible employees may apply the purchase of up to two pairs of safety shoes per calendar year toward the safety shoe allowance reimbursement, provided the shoes are purchased at the same time.

Fiscal Impact

1. The following chart compares projected 2001 expenditures against 2002:

Provision	2001	2002
<i>Salaries/Wages</i>	2,001,873	4,499,487
<i>Vacation</i>	516,302	773,056
<i>Shift</i>	12,092	31,438
<i>Pension</i>	265,605	597,545
<i>Life Insurance</i>	9,810	22,046
<i>Health Insurance</i>	N / A	66,098
<i>Safety shoes/Auto/Clothing</i>	8,146	21,289
<i>Tuition</i>	1,400	7,400
Totals	2,815,228	6,018,359

Current staffing levels and prior years' experience influenced the Department's fiscal projections.

2. The total estimated fiscal impact for 2001 is **\$2,815,228**. The total estimated fiscal impact for 2002 is **\$6,018,359**. The primary increase in 2001 and 2002 is for salaries/wages (\$2,001,873 and \$4,499,487 respectively). Funds for the increase in wages and fringe benefits are included in the Wages Supplement Fund. The 2001 Budget increased the Wages Supplement Fund to \$19,938,000 in anticipation of wage and fringe benefit increases resulting from collective bargaining agreements. DER estimates that pension expenses will increase by \$265,605 in 2001 and \$597,545 in 2002.

Other Information

1. With respect to health benefits, the City Labor Negotiator requests that Chapter 111 be modified to add a registry for opposite sex domestic partners of City employees under the same terms and conditions as same sex domestic partners. Article 42.3.a. (1)(c) of the agreement explicitly defines an **understanding that the registered domestic partners will include same sex or opposite sex partners. The Milwaukee Code of Ordinances does not currently provide for registration of heterosexual domestic partnerships.** The current registry, administered by the City Clerk, is citywide and is subject to the inclusion of non-city employees.
2. File #010364 also comes before the Committee today. The file introduces a communication from the Department of Employee Relations transmitting a report relative to salary and benefits changes for management and nonmanagement/ nonrepresented City employees to parallel benefits for employees represented by District Council 48 for the years 2001 and 2002.

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