

LRB – FISCAL REVIEW SECTION ANALYSIS

MAY 2, 2001 AGENDA

ITEM 8 FILE 001711
ITEM 9 FILE 001707
ITEM 10 FILE 001709

FINANCE & PERSONNEL COMMITTEE

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These three files relate to salary and benefit changes for the years 2001 – 2002 for management and nonmanagement/nonrepresented City employees. File #001711 is a communication from the Department of Employee Relations transmitting a report relative to salary and benefit changes for management and nonmanagement/nonrepresented City employees. File #001707 is an ordinance relating to benefit changes for management and nonmanagement/nonrepresented City employees. File #001709 is a resolution relating to benefit changes for management and nonmanagement/nonrepresented City employees.

Background

1. An agreement was reached 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. The membership of Milwaukee District Council 48 ratified the 2001-2002 tentative agreement on March 19th. The City traditionally adopts the same benefits for management and nonmanagement/nonrepresented City employees as the contract provides for members of Milwaukee District Council #48. These files recommend comparable wage and benefit changes included in the Memorandum of Understanding between the City Negotiating Team and Milwaukee District Council 48, AFSCME, AFL-CIO for management and nonmanagement/nonrepresented City employees.

Discussion

1. The recommendations provide for a number of changes effecting wages, vacation accrual, employee health insurance coverage and contribution, shift and weekend differential, and tuition reimbursement. **One of the major changes in the contract is the extension of health and dental benefits to domestic partners of City employees effective January 1, 2002. In addition, for purposes of funeral leave, the definition of immediate family will include the registered domestic partners of City employees as provided in Chapter 111 of the Milwaukee Code of Ordinances.** This change would also be effective 1-1-2002.

Currently 76 couples have registered with the City Clerk's office under this provision of the Code of Ordinances. There currently is no way to determine how many of the registered partners are City employees. Chicago has a similar provision and their experience has been 0.5% of the workforce. There are approximately 1,040 management and nonmanagement/nonrepresented employees in City government. DER estimates approximately 5 employees in the management and nonmanagement/nonrepresented category would be effected by the new provision if the 0.5% rate is realized here.

Assuming 2001 rates, the additional cost associated with a change in enrollment status from single to family for both dental and medical plans would cost the City an additional **\$4,789.56 annually per employee**. (The City's single HMO premium is \$213.97 and \$13 for dental, which totals \$226.97. The City's family HMO premium is \$588.60 and \$37.50 for dental, total \$626.10. The monthly difference is roughly \$400 more for family health coverage than for single coverage. **DER estimates the additional insurance expense in 2002 for management and nonmanagement/nonrepresented employees would be \$27,630.**

2. The following chart details other major proposed changes for the years 2001 – 2002:

PROVISION	2001	2002
Salary Increase	2.5% increase in basic rate	3% increase in basic rate
Basic Health Plan nonmanagement/nonrepresented employees contribution	No change	Employee Contribution Single increase to \$50/month Family increase to \$100/month
Health Insurance (major medical)		Lifetime maximum \$500,000
Safety Shoe Allowance		Increase to \$115/year
Tuition Reimbursement		Maximum reimbursement increased to \$1,000 year
Vacation Accrual (hours earned per pay period)	3.7 hours less than 4 years 5.3 hours 4 – 9 years 6.8 hours 9 – 16 years 8.4 hours 16 – 24 years 9.3 hours 24+ years	

- Salary increases are effective the first pay period of 2001, which began December 24, 2000.
- This change effects nonmanagement/nonrepresented employees only. Currently, nonmanagement/nonrepresented employee contribution is \$40 for single coverage and \$80 for family coverage. Effective January 2001 management employee contribution for the Basic Health Plan increased to \$60 for single and \$120 for family coverage.
- Currently the lifetime major medical maximum is \$250,000.
- The shift differential is effective pay period 9 of 2001.
- The maximum tuition reimbursement is currently \$900 annually.
- The amount of time in which additional vacation accrue is decreased by 2 years for the first 9 years, by one year after 16 years and 3 days is added for service over 24 years.

Fiscal Impact

1. The total estimated fiscal impact for 2001 is **\$2,039,195**. The primary increase is for salaries and wages (\$1,830,606). 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. It is estimated pension and FICA expense will increase by \$201,028 in 2001.

2. Other estimated cost increases for 2001 and 2002 are as follows:

	2001	2002
Salaries & Wages	\$1,945,828	\$3,690,349
Pension & FICA	201,028	447,764
Life Insurance	7,561	16,858
Safety Shoes, Auto & Clothing Allowances		1,400
Tuition		1,500
Health Insurance		27,630
Total	\$2,039,195	\$4,178,421

Other Information

1. The Common Council previously defeated File #970865 in October 1997 which proposed funeral leave and health insurance benefits for domestic partners of City employees.
2. File #000982, which the Committee will consider today, recommends adoption of the proposed contract agreement reached with DC 48.

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