

LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 1, FILE # 041221

OCTOBER 12, 2005

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File # 041221 is a substitute ordinance relating to providing differential pay for city employees activated into service in the U.S. armed forces.

Background

This substitute ordinance provides that permanent full-time city employees who are activated to serve on military duty in the U.S. armed forces shall be paid for a period of up to 365 days his or her city base salary, less any military pay and allowances that he or she receives.

Discussion

1. Under the terms of this ordinance, a permanent full-time city employee who is activated to serve on military duty in the U.S. armed forces shall be paid his or her city base salary, less any military pay that he or she receives, during the period in which the employee is on military duty in the U.S. armed forces, unless the military pay equals or exceeds his or her city base salary
2. Employees will be eligible for this military differential pay if the following apply:
 - On or after January 1, 2005, the employee is activated to serve, or is serving, on military duty in the U.S. armed forces, other than for training purposes
 - On the date on which he or she is activated to serve on military duty, the employee is either a member of the Wisconsin National Guard or a member of a reserve component of the U.S. armed forces or is recalled to active military duty from inactive reserve status
 - The employee has received a military leave of absence
3. This ordinance effects a policy change to initiate differential pay for city employees activated into service in the U.S. armed forces where previously, this pay differential has not been available.
4. None of the existing labor contracts consider differential pay when their members are activated to serve in the U.S. armed forces.
5. As there is no sunset provision for this ordinance, the city will continue to provide military differential pay in the event of future military action requiring the call-up of National Guard or reserve troops, unless this ordinance is amended by future legislative action.

Fiscal Effect

1. The fiscal effect of this ordinance is difficult to determine with any degree of accuracy given the following contingencies:
 - The actual number of employees called to active service
 - The rate of pay in effect at the time of the call to service
 - The amount of pay differential required from the city in relationship to the amount of military pay
 - The actual duration of months up to one year/365 days that the employee serves in active duty
 - The need to pay a replacement for the employee called to active military duty
 - Additional expenses (not identified to date) related to the administration of the provisions of this ordinance

2. Based upon eligible city employees for military duty, 184 as of April 1, 2005, as well as the average annual salary of the eligible employees, \$49,468, the monetary range of the military differential if all eligible employees were to be called to active duty is \$658,000 for 3 months up to \$2.6 million for 12 months. The actual expenses would, most likely, be lower as not all eligible employees would be activated at the same time. Fringe benefit expenses are not considered in this estimate.

3. This ordinance could have an increased budget effect if various departments, including the Office of the Comptroller and the budget office, require that contingency projections and salary provisions for the eligible employees who are in, or could be called into active service, be built into annual city budgets.

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LRB-Fiscal Review Section
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