

LRB – FISCAL REVIEW SECTION ANALYSIS

MAY 2, 2001 AGENDA

ITEM 6 FILE 000982

FINANCE & PERSONNEL COMMITTEE

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File No. 000982 is a resolution to ratify and confirm the final agreement between the City of Milwaukee and Milwaukee District Council 48, AFSCME, AFL-CIO.

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 Union would not release the number of members who voted for and against the contract.

Discussion

1. The agreement provides for a number of changes effecting wages, vacation accrual, employee health insurance coverage and contribution, shift and weekend differential, shoe allowance 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 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. Based on Chicago's experience, DER estimates approximately 10 employees in DC 48 (2,000 members) would be effected by this change.

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 for coverage is \$399.13 more for family health coverage under an HMO than for single coverage.) The difference in cost for family as opposed to single coverage for the Basic Health Plan is \$382.10 monthly or \$4,585.20 annually per employee. **DER estimates the increase for 2002 would be \$60,786,** which includes a factor for the anticipated increase in health insurance rates from 2001 to 2002.

2. The following chart details other major changes in the 2001 – 2002 contract with District Council 48:

| PROVISION | 2001 | 2002 |
|---|--|--|
| Salary Increase | 2.5% increase in basic rate | 3% increase in basic rate |
| Basic Plan Employee Health Insurance Contribution | No change | Employee Contribution Single increase to \$50/month Family increase to \$100/month |
| Shift Differential | Increase by \$.05/hour | |
| Safety Shoe Allowance | | Increase to \$115/year |
| Tuition Reimbursement | | Maximum reimbursement increased to \$1,000 year |
| Vacation Accrual | 10 days less than 5 years 15 days 5 – 10 years 20 days 10 – 17 years 25 days 17 – 25 years 28 days 25+ years | |

- Salary increases are effective the first pay period of 2001, which began December 24, 2000.
- The employees' contribution for Basic Health Plan would increase \$10 per month for single coverage and \$20 per month for family coverage. Currently, DC 48 employee contribution is \$40 for single coverage and \$80 for family coverage monthly.
- The shift differential is effective the first pay period after the contract execution date.
- The current safety shoe allowance is \$105 per year.
- The maximum tuition reimbursement is currently \$900 annually.
- The amount of time in which additional vacation accrues is decreased by 2 years for the first 10 years, by one year after 17 years, and 3 days is added for service over 25 years.

Fiscal Impact

1. The total estimated fiscal impact for 2001 is **\$2, 747,194**. The primary increase is for wages (\$2,456,680). 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 \$270,537 in 2001.

2. The following chart details the various increases in cost over the 2001 Budget for each of the years 2001 and 2002:

| | 2001 | 2002 |
|--|--------------------|--------------------|
| Salaries & Wages | \$2,456,680 | \$4,946,399 |
| Pension & FICA | 270,537 | 597,545 |
| Life Insurance | 9,941 | 22,046 |
| Safety Shoes, Auto & Clothing Allowances | 8,637 | 24,169 |
| Health Insurance | | 60,786 |
| Total | \$2,747,194 | \$5,658,345 |

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 #001711, which the Committee will consider today, recommends adoption of a wage and benefit package for management and nonmanagement/nonrepresented employees for 2001-2002 with comparable benefits to the contract agreement reached with DC 48.

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