

CITY OF MILWAUKEE FISCAL NOTE

A) Date: 10/29/03

File Number: 030516
 Orig Fiscal Note Substitute

Subject: Substitute ordinance relating to salaries of the Mayor and members of the Common Council.

B) Submitted By (name/title/dept/ext.): Andrea Knickerbocker, Human Resources Manager/Dept. of Employee Relations/X3387

C) Check One: Adoption of this file authorizes expenditures
 Adoption of this file does not authorize expenditures; further Common Council action needed. List anticipated costs in Section G below.
 Not applicable / no fiscal impact.

D) Charge to: Departmental Account (DA) Contingent Fund (CF)
 Capital Projects Fund (CPF) Special Purpose Accounts (SPA)
 Perm. Improvement Funds (PIF) Grant & Aid Accounts (G & AA)
 Other (Specify)

E) Purpose	Specify Type/Use	Account	Expenditure	Revenue	Savings
Salaries/Wages:	Total savings estimated from freezing Common Council and Mayoral salaries.				\$27,106
Supplies:					
Materials:					
New Equip:					
Equip Repair:					
Rollups (.2045):					
Totals					\$27,106

F) For expenditures and revenues which will occur on an **annual** basis over several years check the appropriate box below and then list each item and dollar amount **separately**.

<input type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	
<input type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	
<input type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	

G) List any anticipated future costs this project will require for completion:

H) Computations used in arriving at fiscal estimate:
 Estimate provided by DOA-Budget and Management in a memo dated 10/28/03.

Please list any comments on reverse side or attachment and check here



**City of Milwaukee
Budget and Management
Intra-Office Memo**

To: Joseph J. Czarnecki
From: Jennifer C. Gonda
Date: October 28, 2003
File Ref: 04BF, 3-D
Subject: Pay Freeze Proposal

The Milwaukee Journal Sentinel reported today that several Aldermen plan to introduce a measure to freeze the 2004 salaries of the Mayor, Common Council and all management employees earning over \$60,000 per year. Per your request to review the cost savings estimate of \$900,000, I have prepared the following analysis.

In the case of the Mayor and members of the Common Council, this proposal requires a change in ordinance that will keep the 2004 rates of pay equal to those received in 2003. For 2005 and beyond, salaries would continue to increase at the rate of one step within their assigned salary grade. Members of the Common Council and the Mayor do not receive pay increases related to cost of living adjustments.

Total savings estimated from freezing Common Council and Mayoral salaries is \$27,106. These changes would be reflected in the 2004 Mayor and Common Council-City Clerk departmental budgets.

The management component of this proposal would eliminate the 2004 cost of living adjustment for all management employees earning above \$60,000. Employees would still receive the 2003 adjustment retroactively. This adjustment typically coincides with the settlement of the AFSCME/DC-48 labor contract and is normally for the same percentage. At this time, this labor contract is still under negotiation. Therefore,

the cost of living adjustment for this purpose is uncertain at this time.

According to a list prepared by the Department of Employee Relations, on October 2, 2003 there were 387 city employees earning over \$60,000 per year. This number includes 16 aldermen and the Mayor. Other management employees comprise the remaining 370 positions.

Several of the 370 management positions included on this list are slated for elimination in the 2004 proposed budget and therefore cannot be included in the calculation of savings. Additionally, a significant portion of these positions are funded through grants, capital, or enterprise funds and cannot be counted toward tax levy savings. Deductions for these positions were not included in the \$900,000 figure quoted in the newspaper.

After making these deductions, total tax levy savings from management employees earning over \$60,000 would fall somewhere in the range of \$435,000 to \$545,000, basing cost of living increases on prior experience. If adopted, these savings would be reflected in the Wages Supplement Fund.

Combined with the savings from the Mayoral and Common Council freeze, total savings from this pay freeze proposal are estimated to be in the range of \$462,000 to \$572,000.

Lastly, as presented the management component of this pay freeze proposal should be greeted with a measure of concern. The ramifications of freezing salaries, particularly when done arbitrarily across pay ranges should be discussed further. I would recommend addressing this issue at the next Labor Policy Committee meeting on November 4, 2003.

JCG

pay freeze memo.doc