

LRB – FISCAL REVIEW SECTION ANALYSIS

AUGUST 1, 2001 AGENDA

ITEM 7, FILE 010364

FINANCE & PERSONNEL COMMITTEE

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File 010364 is a communication from the Department of Employee Relations transmitting a report relative to salary and benefits changes for management and nonmanagement/nonrepresented City employees for the years 2001 and 2002..

Background

1. The City traditionally adopts the benefits for management and nonmanagement/ nonrepresented City employees that parallel contract provisions for members of Milwaukee District Council 48. This file recommends 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.
2. The Common Council **rejected** File 000982 on a 11-6 vote on May 8, 2001, and by a 9-8 vote for reconsideration on May 30, 2001. File 000982 was a resolution to ratify and confirm the final agreement between the City and DC 48, AFSCME, AFL-CIO. This agreement included provisions for special benefits to employees' domestic partners.

Discussion

1. File 010364 is a communication from the Department of Employee Relations. The report recommends adoption of a wage and benefit package for City management, including elected officials, and nonmanagement/nonrepresented employees, for 2001 and 2002.
2. The recommendations are comparable to wage and benefit changes included in File 010338. The agreement provides for a number of salary and benefit changes:
 - Base salaries
 - Vacation accrual
 - Employee health insurance contribution and coverage
 - Shift and weekend differential
 - Tuition and textbook reimbursement
 - 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: Nonmanagement/Nonrepresented and Management**
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: Nonmanagement/Nonrepresented and Management
 Employees earn vacation time (from his/her anniversary date) according to the chart on page 2:

BENEFIT		CHANGES	
Allowance / pay period	Current	2001 (Management) (Nonmgmt/Nonrep)	2002 (Management) (Nonmgmt/Nonrep)
12 days	Less than 6	Less than 4 years	No change from 2001
17 days	At least 6 but less than 11 years	At least 4 but less than 9	No change from 2001
22 days	At least 11 but less than 17 years	At least 9 but less than 16 years	At least 9 but less than 14 years
27 days	At least 17 years	At least 16 years	At least 14 years
30 days	N / a	At least 21 years	N/a
32 days	29 days	Employees on payroll, LOA or working toward year round employment as of 1/1/1964	At least 21 years
33 days	30 days	Employees on payroll, LOA or working toward year round employment as of 1/1/1963	N/a
34 days	N / a	N / a	Employees on payroll, LOA or working toward year round employment as of 1/1/1964
35 days	N / a	N / a	Employees on payroll, LOA or working toward year round employment as of 1/1/1963

5. Increased Employee Contributions to Base Plan Health Insurance:
Nonmanagement/Nonrepresented: DER estimates increases in contributions by nonmanagement/nonrepresented employees choosing the Basic Health Plan will result in a **\$7,080 cost savings** to the City. Effective January 2, 2002, the nonmanagement/nonrepresented employee contribution for Basic Plan 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.

Management: Contributions rates for management enrollees under the Basic Plan Health Insurance will remain at 2000 rates, currently \$60 per month for single enrollment and \$120 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: Nonmanagement/Nonrepresented and Management**

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 the establishment of this benefit will require city expenditures of **\$36,053**.

7. **Shift and Weekend Differential: Nonmanagement/Nonrepresented and Management**

Effective the next pay period following the contract execution, shift weekend and holiday differentials shall increase by twelve or fifteen cents 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: Nonmanagement/Nonrepresented only**

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

Fiscal Impact

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

Provision	2001	2002
<i>Salaries/Wages</i>	1,502,460	3,350,487
<i>Vacation</i>	383,228	627,184
<i>Shift</i>	733	1,905
<i>Pension</i>	200,455	447,054
<i>Life Insurance</i>	7,560	16,859
<i>Health Insurance</i>	N / A	36,053
<i>Safety shoes/Auto/Clothing</i>	N / A	1,400
<i>Tuition</i>	N / A	1,500
Totals	2,094,435	4,482,442

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

2. The total estimated fiscal impact for 2001 is **\$2,094,435**. The total estimated fiscal impact for 2002 is **\$4,482,442**. The primary increase in 2001 and 2002 is for salaries/wages (\$1,502,460 and \$3,350,487 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 \$200,455 in 2001 and \$447,054 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. **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.

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LRB – Fiscal Review
July 30, 2001