



Department of Employee Relations

May 4, 2020

Tom Barrett
Mayor

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To the Honorable
Members of the Finance and Personnel Committee
Milwaukee Common Council
City of Milwaukee

Dear Committee Members;

Common Council file #200020 recommends the adoption of a number of fiscal interventions needed to address the impact of lost revenues on the City of Milwaukee's budget as a result of the response to COVID-19. The City's Budget and Management Director has identified this impact to be approximately \$26.5 million for the period covering March to August of this year.

This communication summarizes important information regarding recommendations for temporary service reductions across most departments through the implementation of furloughs and reduced work hours. Such reductions are recommended for services that are not dedicated to the mitigation and response to the COVID-19 emergency.

City service reductions are consistent with practices and decisions being considered and implemented by many private and public sector employers across the nation. The National League of Cities has reported that at least 76% of municipalities with populations of 500,000 and above anticipate cuts to public services and approximately 59% are implementing furloughs.

While the city is under the Governor's Safer-At-Home order or a comparable order from a local health authority and considering that city services may only resume gradually once applicable restrictions are lifted, departments have been asked to identify employees who are not able to work who have continued to receive their salary consistent with the provisions of the Severe Weather Policy. Departments have also identified functions or services that can be temporarily suspended or reduced without severely impacting critical City services needed by residents.

While decisions to furlough and reduce work hours for some general city employees are difficult to make, it is important to understand that careful consideration has been given to the following:

- The CARES Act has expanded unemployment benefits to individuals who may be otherwise ineligible and has provided an additional Federal Pandemic

Unemployment Compensation (FPUC) weekly benefit of \$600 that will result in limited to no negative impact on employees being furloughed or being placed on work-share plans.

- Furlough decisions have been restricted to employees with salaries of \$50,000 or less to ensure that between the unemployment benefits and the FPUC benefit of \$600, employees will be made whole and in some cases may receive a weekly benefit that exceeds their weekly salary.
- Decisions to reduce work hours have been made consistent with provisions of the Department of Workforce Development Work-Share Program. This program allows the City to reduce work hours by 10% but no more than 60% instead of laying off or furloughing workers and allows employees with reduced work hours to receive unemployment benefits that are pro-rated for the partial work reduction. These employees are also eligible for the \$600 FPUC benefit.
- The implementation of furloughs or reduced work hours will be effective after approval from the Common Council and consistent with departmental decisions regarding continued delivery of critical services. Such plans may be revised as needed depending on departmental needs and the schedule of resumed regular or limited services. For example:
 - Parking Enforcement Officers furloughed in conjunction with this initiative would be returned to work upon a decision to start full enforcement of parking regulations.
 - Municipal Court employees working reduced schedules under a Work-Share Plan would be “recalled” upon a decision by the Judges and the Chief Court Administrator to start holding hearings.
 - Milwaukee Public Library employees who are furloughed or on a reduced schedule would be returned to work as soon as services are expanded beyond those allowed under applicable state or local orders.
- Furloughs and reduced work schedules are not anticipated to extend beyond the end of July as that is consistent with the expiration of the \$600 weekly FPUC benefit.
- The Cares Act allows the City to recover the cost of unemployment benefits paid as a result of furlough and reduced work hours. This reimbursement will assist the City in closing the gap of lost revenues.
- Employees will remain enrolled in and have access to important benefit coverage including health and dental insurance, onsite clinic services, and wellness programs. Time off the payroll for employees as a result of the implementation of furloughs and reduced hours will not impact service credit for sick leave, vacation, or pension purposes.

- Employees who can be re-deployed to the Milwaukee Health Department to support COVID-19 mitigation and response are being identified based on a workforce re-deployment plan being developed by MHD and DER. Such employees will be transferred from their current assignments or “recalled” from furlough status as necessary. Payroll charges stemming from those reassignments may also be reimbursed under the CARES Act.

The national outbreak of Covid-19 and the local response present substantial fiscal challenges to the City’s 2020 budget and the measures outlined above represent initial interventions to minimize the need to implement City-wide mandatory furloughs, layoffs and/or permanent reductions in services. We recommend adoption of this file to implement these initiatives as soon as administratively feasible.

DER is committed to communicating with employees and ensuring their full understanding of the impact of furlough or work-share decisions including a document with answers to frequently asked questions.

The City is keenly aware of the delays and backlog at the Department of Workforce Development (DWD) given the number of unemployment claims filed since the beginning of this emergency. DER has been in direct contact with representatives from DWD to coordinate training for City human resources staff to help employees navigate the process of filing claims. DER is also working with the City’s unemployment compensation third party administrator to ensure that demographic data needed to support claims filed by employees is electronically transmitted to the state to avoid administrative delays.

I look forward to presenting this information to members of the Finance and Personnel Committee on Wednesday, May 6, 2020 as well as other members of the Common Council before the special meeting scheduled for Friday, May 8th.

Respectfully,

Maria Monteagudo

Maria Monteagudo
Employee Relations Director