

2016



Legislative Reference Bureau

[www.milwaukee.gov/lrb](http://www.milwaukee.gov/lrb)



# DEPT OF EMPLOYEE RELATIONS

---

## 2016 Proposed Plan and Executive Budget Review

Prepared by: John Ledvina, Fiscal Planning Specialist

Budget Hearing: October 9, 2015

Last Updated: October 5, 2015



**\$5,004,998**

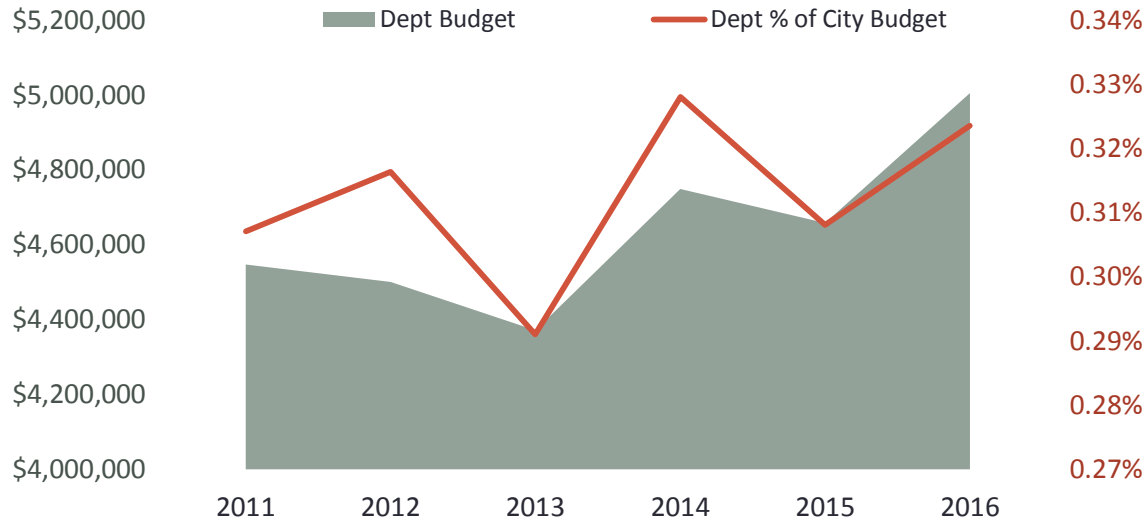
Proposed 2016 Budget

**\$347,045**

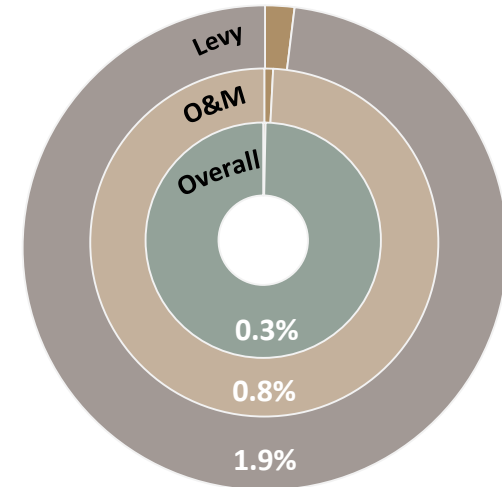
Change in Proposed Budget

**7.5%**

% Change in Proposed Budget



**Departmental Budget Impact**

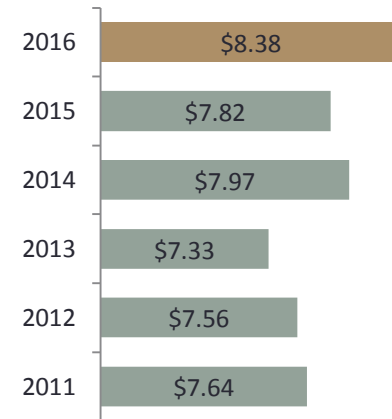


**Departmental Budget Appropriation Category**



\$	\$3,063,519	\$1,470,489	\$386,990	\$2,000	\$82,000
%	61%	29%	8%	0%	2%
Δ	6.1%	13.2%	0.0%	0.0%	0.0%

**Budget per Capita**



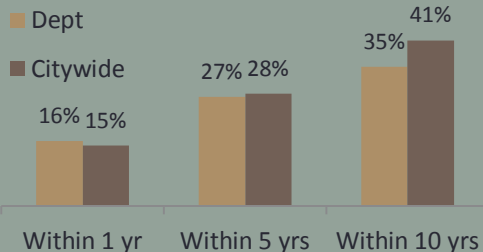
**\$176,000**

Increase in Salaries, largely due to 2015 salary adjustments to offset pension contributions for certain employees.

**\$46,650**

Increase in funding for management trainees, up 35% from 2015 amount. 2015 program funding included 2014 carryover.

#### Retirement Eligible



**1**

Change in Positions

**1.3%**

% Change in Positions

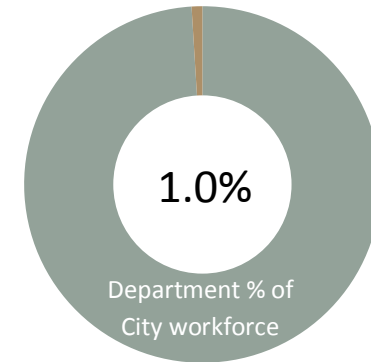
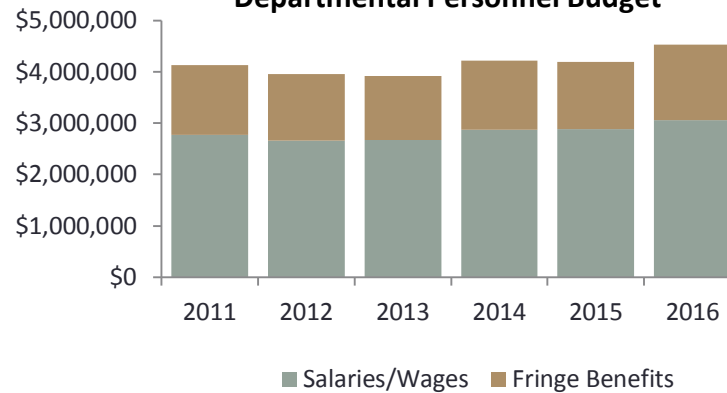
**3**

Current Vacancies

**3**

Voluntary Separations

#### Departmental Personnel Budget



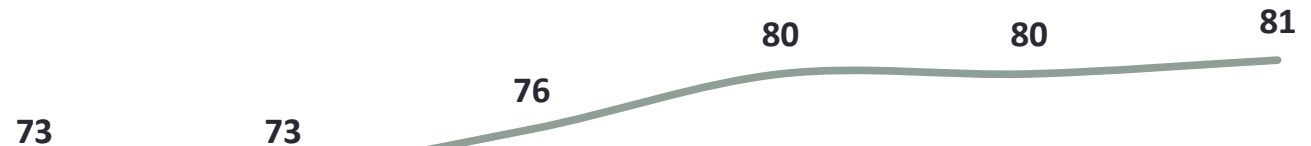
#### Staffing Update

2016 Proposed Budget adds a College Intern to research labor markets and best practices regarding compensation and career ladder development.

Fiscal and Risk Manager position increases from 0.8 FTE to full-time.

#### Staffing Update

Workers' Compensation is now internally administered. CCFN 150625, passed 9/22/2015, authorized DER to have Willis of Wisconsin evaluate the business case for a third-party administrator. DER will report the results of a request-for-proposal process to fully evaluate options and prepare a recommendation to the Finance Committee.



**Department Positions  
2011-2016**

# \$387,000

Operating Expenditure budget remains stable from 2015 to 2016.

# \$115.3 million

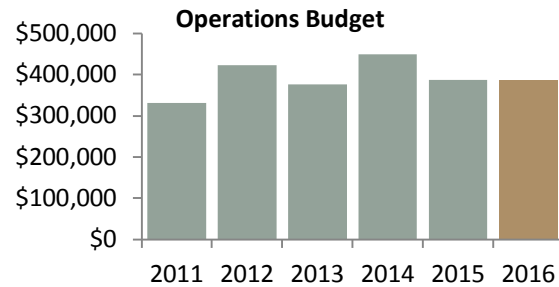
Health care benefit expenditures, decrease of \$4.6 million from 2015.

# \$12,000,000

Workers' Compensation 2016 Proposed Budget plus \$1 million expected carryover from 2015 to meet 2016 expenditures.

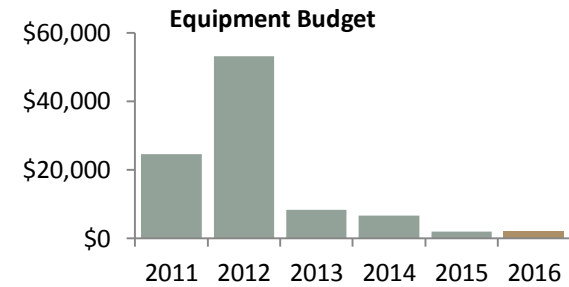
# \$11,500

Health care cost per contract expected in 2016, a \$400 increase from 2014, but 11% lower than 2011 level.



Year	2011	2012	2013	2014	2015	2016
Percent of department budget	7%	9%	9%	9%	8%	8%

Operations percent of department budget



Year	2011	2012	2013	2014	2015	2016
Percent of department budget	1%	1%	0%	0%	0%	0%

Equipment percent of department budget

## Revenue

Insurance Recovery-Workers' Compensation increases \$63,000 from 2015's estimate. Account captures third-party reimbursements of Workers' Compensation claims paid by the City. Estimate based on average of revenue received in 5 prior years.

## Special Purpose Accounts

Workers' Comp claims decreased to 1,916 in 2014 from 3,097 in 2006. Recordable cases decreased to 655 from 1,140.

Other SPAs include Long-Term Disability Insurance, the Tuition Reimbursement Fund, Unemployment Compensation Fund, Flexible Spending and Alternative Transportation. See table on pg. 5.

## Special Funds

DER continues to budget \$82,000 in special funds for safety glasses, drug testing and pre-placement exams.

## Capital Requests & Grants

DER did not make any capital requests and receives no grant funding.

# 5,867

Number of employment applications processed in 2014

# 62%

Decrease in work days lost to injuries since 2008.

# 27%

Decrease in Workers' Compensation injury claims since 2008.

# 120 days

Planned turnaround time between notification of position vacancy and establishment of eligible list.  
Reduction of 20 days from 2014 actual experience.

## Workers' Compensation

The City has experienced dramatic decreases in workplace injuries since 2008. The Risk Management program, involving leadership, supervisors and work groups, has helped identify hazards, establish safe work policies and procedures and modify practices that lead to injuries.

## High Deductible Health Plan

Option required by 2015 State budget action. Very different from UHC Choice and Choice Plus.  
Combined deductible of \$1,500 single and \$3,000 family.  
Co-insurance is \$1,500 single or \$3,000 family.  
Out-of-Pocket maximum is \$3,000 single or \$6,000 family.  
Members pay 100% cost of prescription drugs and ER visits until \$1,500 single or \$3,000 family deductible is met.  
Thereafter, co-pay is 20% for drugs and \$200 per ER visit.  
Members establish Health Savings Accounts.

There are no benefit design changes for the EPO/PPO plans, and premiums for active employees will decrease slightly in 2016.

## Workplace Clinic

Located in Zeidler Municipal Building.

Open to all City employees, spouses and partners.

Received 858 patient visits in first 6 months.

Expanded from 20 to 30 hours per week.

## Wellness & Healthy Rewards

The wellness program has contributed to the moderation of health care costs.

Declining tobacco and hypertension rates over the first 5 years of the program.

Continued focus on improving diabetes and weight management.

Move towards continual employee engagement throughout the year with the Healthy Rewards program.

Healthy Rewards incentive of \$250 Health Reimbursement Account earned by reaching certain biometric and activity related goals.

Special Purpose Accounts	2014 Actual	2015 Adopted	% Change	2016 Proposed	% Change
Alt. Transportation for City Employees	\$115,000	\$115,000	0.0%	\$115,000	0.0%
Employee Healthcare Benefits Accounts	\$110,073,735	\$119,935,000	9.0%	\$115,300,000	-3.9%
Employee Training Fund	\$14,267	\$20,000	40.2%	\$20,000	0.0%
Flexible Spending Account	\$92,598	\$115,000	24.2%	\$100,000	-13.0%
Long-Term Disability Insurance	\$627,285	\$640,000	2.0%	\$640,000	0.0%
Tuition Reimbursement Fund	\$640,171	\$725,000	13.3%	\$725,000	0.0%
Unemployment Compensation Fund	\$546,916	\$550,000	0.6%	\$550,000	0.0%
Workers' Compensation Fund	\$11,685,882	\$13,000,000	11.2%	\$12,000,000	-7.7%
<b>Total</b>	<b>\$123,795,854</b>	<b>\$135,100,000</b>	<b>9.1%</b>	<b>\$129,450,000</b>	<b>-4.2%</b>

Compensation and Pay Practices. Since 2012, DER and City departments have collaborated in establishing career ladders and competency-based systems to allow for pay progression. Career ladders have been implemented for several classifications, including Property Appraisers in the Assessor's Office, License Specialists in the City Clerk's Office, Auto Technicians in DPW Operations, Environmental Specialists in the Health Department and Enforcement/Construction Inspectors in the Department of Neighborhood Services.

Several positions are currently being evaluated, including DPW Foresters, Infrastructure Division Technicians, Engineers and Architects, Public Health Nurses, Librarians, and Water Department Scientists and Water Treatment Operators.

This ongoing, multi-year project continues to transform City Service from the prior "step increase" based system that emphasized seniority rather than necessarily recognizing outstanding performance and personal skills improvement.