



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

April 7, 2017

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Legislative Auditor

RE: Fiscal Impact Statement
CB-019-2017 – Collective Bargaining Agreement – Fraternal Order of Police, Prince George's County Lodge 89, Inc.

CR-012-2017 – Compensation and Benefits, Fraternal Order of Police, Prince George's County Lodge 89, Inc., Salary Schedule L

Pursuant to your request, we have reviewed CB-019-2017 and CR-012-2017 to estimate their fiscal impact on Prince George's County, Maryland.

CB-019-2017 approves a two-year labor agreement for Police Officers belonging to the Fraternal Order of Police, Prince George's County Lodge 89, Inc (the "Agreement"). CR-012-2017 amends the Salary Plan for sworn Police Officers through the rank of Lieutenant in the Police Department paid on Salary Schedule L, to reflect wage and benefit modifications effective July 1, 2016 through June 30, 2018.

CR-012-2017 amends the County's Salary Schedule L to reflect the terms and conditions of the aforementioned labor agreement. As proposed, the Agreement shall become effective on July 1, 2016, unless otherwise stated within specific sections of the Agreement, and shall remain in full force and effect until June 30, 2018.

Details of modifications to the Agreement and Salary Schedule L are presented in the County Executives Cover Letter and Settlement Summary for the proposed legislation. Notable modifications to the agreement are as follows:

- Employees covered by the Agreement shall not receive cost of living adjustments during FY 2017 and FY 2018.

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- Covered employees who are eligible to receive a merit increase for FY 2017 and FY 2018, shall receive both merit increases on the employee's anniversary date during FY 2018.
- Adjustments are made to the years of service pay grades (steps) within Salary Schedule L. *(Comprehensive details of the adjustments made to the steps within Salary Schedule L are outlined within in the Settlement Summary attached to the Resolution under Section 4.01 Wages, Item B.)*
- In FY 2018, the percentage rate at which covered employees contribute toward the cost of health insurance benefits will increase by three percent (3%) for each of the health insurance plans, and the deductible prescription drug and vision care programs, offered by the County.
- Covered retirees who are retired, or will retire on or before December 31, 2017, shall have their contribution toward the County's deductible prescription drug and vision care programs cost capped at 12% for FY 2017 and FY 2018. Covered retirees retiring on or after January 1, 2018 shall contribute twelve percent (12%) of the cost for FY 2017, and fifteen percent (15%) of the cost for FY 2018.
- Beginning the first full pay period commencing on or after July 1, 2017, the first shift differential shall be increased to \$3.40 per hour, and shall be increased to \$3.60 per hour beginning the first full pay period commencing on or after July 1, 2018.
- Beginning the first full pay period commencing on or after July 1, 2017, the third shift differential shall be increased to \$2.15 per hour, and shall be increased to \$2.30 per hour beginning the first full pay period commencing on or after July 1, 2018.
- The hourly rate used to determine the sick leave payout of unused old sick leave accumulated as of the end of the 1996 leave year for eligible employees, separated from employment for non-disciplinary reasons, shall not exceed the highest rate of pay for a police lieutenant in January 2016 established at \$51.4444 per hour. Eligible police officers with less than twenty (20) years of actual service who are separated from employment as a result of death or disability, shall receive a fifty percent (50%) cash-out of accumulated sick leave as of the end of the 2015 leave year.
- The clothing allowance paid to covered employees shall increase by \$100 beginning in FY 2017.
- A test to measure a covered employee's conversational proficiency in selected languages other than English shall be offered by the County at least once per fiscal year. Each new covered employee shall be given an opportunity to take the test while in the Police Academy or within six (6) months of graduation.
- Certified Drug Recognition experts who are covered employees under this Agreement shall receive an additional \$400 per year as additional TEC pay.
- Beginning the first full pay period in July 2017, all TEC pay discussed in Article 9 of the Agreement shall be paid on a bi-weekly basis.

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- Covered members who retire during FY 2017 or FY 2018 who would have been eligible for a merit increase during FY 2017 or FY 2018 shall be held harmless for the purpose of the pension benefit calculation.

The adoption and enactment of the proposed legislation is estimated to have a total negative fiscal impact to the County for FY 2018 of \$4.3 million, of which \$2.1 million is related to the FY 17 merit that is being paid on each covered employee's anniversary date in FY 2018. Attachment A provides a breakdown of the cost components for the merit increases.

There will also be fiscal impact to the County related to the remaining aforementioned adjustments made to the Collective Bargaining Agreement, and resulting Salary Schedule L. We have requested but have not yet received an estimate of the fiscal impact for those adjustments from the Office of Management and Budget.

If you require additional information or have questions regarding the fiscal impact statement, please call me.

Attachment

**Fiscal Impact of Amendment to Salary Plan for the Fraternal Order of Police, Prince George's Lodge 89, Inc., Salary Schedule L
Effective July 1, 2016 to June 30, 2018**

Current Payroll (excluding certain exempt employees)	\$ 113,798,800
Number of Employees	1,609
Average Salary	\$ 70,700

Category	Effective Date	FY-2018 Direct Cost	Fringe Costs	Total Cost
FY 17 Merit	Anniversary Date during FY 2018	\$ 1,991,479	\$ 152,300	\$ 2,143,800
FY 18 Merit	Anniversary Date during FY 2018	2,026,330	\$ 155,000	\$ 2,181,300
Totals		\$ 4,017,809	\$ 307,300	\$ 4,325,100