



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

October 2, 2017

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

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

FROM: Inez N. Claggett *INCL*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CR-080-2017 Compensation and Benefits, Fire Officials, Salary Schedule F-O

Pursuant to your request, we have reviewed CR-080-2017 to estimate its fiscal impact on Prince George's County, Maryland.

CR-080-2017 proposes to amend the Salary Plan of the County to reflect certain wage and benefit modifications of Officials ranked at Major within the Fire Department. Proposed modifications shall be effective to July 1, 2016, unless otherwise stated in specific provisions.

Details of all modifications to Salary Schedule F-O are presented in the Summary of Modifications attached to CR-080-2017, and have been enclosed hereto, for your convenience. Provided below is a summary of the modifications affecting covered employees, and having a significant fiscal impact upon the County during fiscal year 2018 and beyond.

- Employees who were eligible to receive a merit step increase during FY 2017 and FY 2018 will receive two merit step increases on their employee anniversary date during FY 2018.
- Eligible employees covered by Salary Schedule F-O will receive a three percent (3.0%) COLA on July 9, 2017.
- Eligible employees covered by Salary Schedule F-O will receive a two percent (2.0%) COLA on January 7, 2018.

- The clothing allowance will increase \$200, from \$1,070 to \$1,270, for all employees covered by Salary Schedule F-O.
- In *Calendar Year 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, the deductible prescription drug plan, and the vision care programs, offered by the County.
- Full service-connected disability benefits will be paid from any retirement or employee benefit system for any such County employee who suffers from a condition, or impairment of health, caused by lung disease, heart disease, hypertension or cancer, unless evidence is produced which shall demonstrate to a reasonable degree of medical certainty that the employee's impairment of health or disability is not related to his/her employment.

Adoption of CR-080-2017 is estimated to have a negative fiscal impact to the County of approximately \$85,100 during fiscal year 2018 related to the COLA and merit step increases. Attachment A provides a breakdown of the cost components. The clothing allowance will have a negative fiscal impact beginning in FY 2019 of \$2,400, assuming the allowance value and the number of Fire Officials remains constant. The fiscal impact of the full-service connected disability benefits is unable to be determined at this time.

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 Fire Officials, Salary Schedule F-O
Effective July 1, 2016 to June 30, 2018**

| | |
|---------------------|--------------|
| Current Payroll | \$ 1,711,399 |
| Number of Employees | 12 |
| Average Salary | \$ 142,600 |

| Category | Effective Date | FY 2018 Direct Cost | FY 2018 Fringe Cost | FY 2018 Total Cost |
|------------------------|---------------------------|------------------------|------------------------|-----------------------|
| COLA | July 9, 2017 | \$ 49,400 | \$ 3,800 | \$ 53,200 |
| FY 2017 Merit Increase | Employee Anniversary Date | \$ 30,800 | \$ 2,400 | \$ 33,200 |
| FY 2018 Merit Increase | Employee Anniversary Date | \$ 31,400 | \$ 2,400 | \$ 33,800 |
| COLA | January 7, 2018 | \$ 16,800 | \$ 1,300 | \$ 18,100 |
| Totals | | \$ 79,000 | \$ 6,100 | \$ 85,100 |

**SUMMARY of MODIFICATIONS
Salary and Benefits**

**Prince George's County, Maryland
and
Fire Command Staff (Majors)**

Effective July 1, 2017, the minimum hourly rates are the July 1, 2013 minimum rates. The maximum hourly rates are the April 3, 2016 Battalion Chief (Y06) Certification Maximum rates multiplied by 104%. For administrative purposes, the hourly rates are the controlling rates. Biweekly rates are the hourly rates multiplied by 80 and rounded to the nearest cent. Annual rates are the hourly rates multiplied by 2080 and rounded to the nearest dollar.
(SECTION 2 -- MODIFICATION OF WAGE SCALE)

Employees covered by this Salary Schedule who are otherwise eligible to receive a merit increase during the Fiscal Years 2017 and 2018 shall receive both of these merits steps (that is, two merit steps) effective on each official's anniversary date during FY 2018 (from July 1, 2017 to June 30, 2018). **(SECTION 3 -- MERIT INCREASES)**

Effective the first full pay period in Fiscal Year 2018, Fire Majors will receive a three percent (3%) increase in their hourly rates of pay.

Effective the first full pay period in January 2018, Fire Majors will receive a two percent (2%) increase in their hourly rates of pay. **(SECTION 4 -- COST OF LIVING ADJUSTMENTS)**

In Fiscal Year 2017 and Fiscal Year 2018, Fire Majors will receive holiday pay when mandated to work on Thanksgiving, Christmas, New Year's and July 4th.
(SECTION 7 -- LEAVE PROVISIONS)

An employee who retires during Fiscal Years 2016, 2017 or 2018 (that is, from July 1, 2015 through June 30, 2018) - and who otherwise would have been eligible to receive a merit increase during Fiscal Years 2010, 2011, 2012, 2013 or 2016, will be held harmless for the purpose of pension benefit calculation and thus be treated as if the member had received the merit increase(s) on schedule. However, the Fiscal Year 2014 modification to the Uniform Wage Scale, effective December 15, 2013, is not included in this hold harmless provision.
(SECTION 11 -- HOLD HARMLESS PROVISION FOR FISCAL YEARS 2016, 2017, and 2018)

Effective Fiscal Year 2017, employees will receive an annual clothing allowance of one thousand two hundred seventy dollars (\$1,270.00) which will be paid in one (1) installment in July. This clothing allowance is not considered part of the employee's base pay.

(SECTION 14 -- CLOTHING ALLOWANCE)

In Calendar Year 2017, the County shall contribute seventy-three percent (73%) to the cost of the County's preferred provider option insurance plan for any employee who elects to participate in the program. Participating employees shall contribute the remaining twenty-seven percent (27%). In Calendar Year 2018, the County shall contribute seventy-percent (70%) to the cost of the County's preferred provider option insurance plan for any employee who elects to participate in the program. Participating employees shall contribute the remaining twenty-seven percent (30%). Officers who retire on or after January 1, 2018 will not benefit from the Calendar Year 2017 cap.

In Calendar Year 2017, the County shall contribute seventy-eight percent (78%) to the cost of a prepaid group health plan or Health Maintenance Organization (HMO) for any employee who elects to participate in the program. Participating employees shall contribute the remaining twenty-two (22%). In Calendar Year 2018, the County shall contribute seventy-five percent (75%) to the cost of a prepaid group health plan or Health Maintenance Organization (HMO) for any employee who elects to participate in the program. Participating employees shall contribute the remaining twenty-five (25%). Officers who retire on or after January 1, 2018 will not benefit from the Calendar Year 2017 cap.

Employees who provide proof of other medical coverage may choose to receive a credit instead of enrolling in a medical plan with the County.

In Calendar Year 2017, the County shall contribute eighty-eight percent (88%) to the County's deductible prescription drug and vision care programs for any employee who elects to participate in either program. The participating employee shall contribute the remaining twelve percent (12%). In Calendar Year 2018, the County shall contribute eighty-five percent (85%) to the County's deductible prescription drug and vision care programs for any employee who elects to participate in either program. The participating employee shall contribute the remaining fifteen percent (15%). Employees who choose not to enroll in the Prescription Drug Plan may choose to receive a credit instead.

Employees may contribute up to the maximum allowable amount, as defined by the Internal Revenue Service, in a dependent flexible spending account and a medical flexible spending account.

(SECTION 18 -- GROUP HEALTH INSURANCE AND GROUP LIFE INSURANCE BENEFIT)

Any condition or impairment of health of any person employed by Prince George's County, Maryland, as a Firefighter, Paramedic or Emergency Response Technician caused by lung disease, heart disease, hypertension or cancer resulting in total or partial disability or death, shall be presumed to be a service-connected disability and to have been suffered in the line of duty and as a result of his/her employment.

Any such employee whose disability results from a condition or impairment of health caused by lung disease, heart disease, hypertension or cancer shall receive such benefits as the employee may be entitled to under any existing or hereinafter created retirement or employee benefit system.

It is the intention of this Section for any such County employee who suffers from a condition or impairment of health caused by lung disease, heart disease, hypertension or cancer to receive full service-connected disability benefits from any retirement or employee benefit system unless evidence is produced which shall demonstrate to a reasonable degree of medical certainty that the employee's impairment of health or disability is not related to his/her employment.

**(SECTION 20 -- DEATH AND DISABILITY PAYMENTS
(CANCER IS ADDED TO SERVICE RELATED PRESUMPTION))**

Any employee called up to active military service in response to the terrorist attacks on September 11, 2001, the resultant war on terrorism or other military action shall be eligible for the benefits set forth herein: Payment of a salary supplement equal to the difference between the employee's base rate of pay and the employee's base military rate of pay, without the exhaustion of the employee's annual, personal and compensatory leave balances. Eligibility for health care benefits to continue once the employee enters a leave without pay status with both the employer and employee contributions of the premium being paid by the County. These benefits shall expire on March 1, 2019.

(SECTION 24 -- MILITARY LEAVE)