



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

September 30, 2015

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-68-2015 – American Federation of State, County and Municipal Employees (AFSCME) – Collective Bargaining Agreement (Locals 1170, 2462, 2735, and 3389)

CR-50-2015 – American Federation of State, County and Municipal Employees (AFSCME) – Salary Schedule A (Locals 1170, 2462, 2735, and 3389)

Pursuant to your request, we have reviewed the above referenced legislation to estimate its fiscal impact on Prince George's County, Maryland.

CB-68-2015 amends the negotiated labor agreement (Agreement) between the County and Council 67, American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO and its affiliated Locals 1170, 2462, 2735, and 3389 providing for wages and certain other terms and conditions of employment for specific personnel classifications. This Agreement covers civilian employees within the Health Department, Department of Housing and Community Development (DHCD), Department of Family Services, Department of Permitting, Inspections and Enforcement (DPIE), the Department of Public Works and Transportation (DPW&T), Department of the Environment (DOE) and the Office of Central Services (OCS).

CR-50-2015 amends the salary plan of the County (also known as Salary Schedule A) to reflect the terms and conditions of the aforementioned labor agreement. As proposed, the Agreement shall become effective on July 1, 2015, unless otherwise stated within specific sections of the Agreement, and shall remain in full force and effect until June 30, 2016.

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

- The safety shoe reimbursement will be increased from \$125 to \$200 for employees covered by the Agreement who are required by the County to wear safety shoes. For FY 2016 only, the difference in the increase shall be paid the second pay period following enactment of the legislation approving the Collective Bargaining Agreement.
- The tool allowance will be increased from \$650 to \$750 for employees covered by the Agreement working as Mechanics in OCS, DOE, or DPW&T. For FY 2016 only, the difference in the increase shall be paid the second pay period following enactment of the legislation approving the Collective Bargaining Agreement.
- Merit increases shall be forgone for fiscal year 2016.
- A three and one-half percent (3.5%) cost of living (COLA) increase shall be applied to base wages for covered employees if FY 2016 Adjusted Total County Source General Fund Revenues exceed the Spending Affordability Committee's General Fund Forecast of \$1,465 million, by 3.5%. This would mean a COLA shall only be paid if adjusted revenues equate to \$1,516.3 million. The County will evaluate revenue information in December 2015 to determine if a COLA should be paid beginning in January 2016, based on the aforementioned criteria. If revenue thresholds are not met during the December 2015 evaluation, revenues shall be evaluated in March 2016 for a potential COLA payment in April 2016.

Information obtained from the Office of Management and Budget (OMB) indicates that 1,079 employees are paid wages based on Salary Schedule A as of September 14, 2015. Their total combined salaries for the fiscal year are estimated at \$58.6 million, excluding fringe benefits. OMB estimates the value of a COLA applied in January 2016 for covered employees to be \$1.025 million. The estimated value of a COLA applied in April 2016 for covered employees is \$0.677 million.

The adoption and enactment of this legislation package is estimated to have a total negative fiscal impact to the County for fiscal year 2016 in the range of \$677,000 to \$1,025,000 should the COLA increase occur. There will also be minimal fiscal impact to the County related to the \$75 increase in the safety shoe reimbursement and the \$100 increase in the tool allowance for affected covered employees. If the FY 2016 COLA is paid and no other COLA or merit increases occur, the estimated FY 2017 fiscal impact will be \$2,051,000.

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