



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 
County Auditor

FROM: Inez N. Claggett 
Senior Legislative Auditor

RE: Fiscal Impact Statement
CR-081-2017 Compensation and Benefits, Police Officials, Salary Schedule P-O

Pursuant to your request, we have reviewed CR-081-2017 to estimate its fiscal impact on Prince George's County, Maryland.

CR-081-2017 proposes to amend the Salary Plan of the County to reflect certain wage and benefit modifications of Officials ranked at Captain and Major within the Police Department. Proposed modifications shall be effective to July 1, 2015 through June 30, 2018, unless otherwise stated in specific provisions, however, there are no modifications affecting FY 2016.

Details of all modifications to Salary Schedule P-O are presented in the Summary of Modifications attached to CR-081-2017, 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. There will be no retroactive payment for any of the missed merit steps.
- Effective the first full pay period beginning on or after July 1, 2016, the shift differential for covered employees working the first shift shall increase by twenty cents (\$0.20) per hour, from \$3.20 per hour to \$3.40 per hour, for each employee assigned to work the first shift. Effective the first full pay period beginning on or after July 1, 2017, the first shift differential shall increase by twenty cents (\$0.20) per hour to \$3.60 per hour.

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- Effective the first full pay period beginning on or after July 1, 2016, the shift differential for covered employees working the third shift shall increase by fifteen cents (\$0.15), from \$2.00 to \$2.15, for each employee assigned to work the third shift. Effective the first full pay period beginning on or after July 1, 2017, the third shift differential shall increase by fifteen cents (\$0.15) per hour to \$2.30 per hour.
- 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.
- Effective July 1, 2016, the spouse of a covered employee with fifteen or more years of actual service, but less than twenty years of actual service, who dies while an employee shall receive a monthly benefit as outlined within Salary Schedule P-O.
- Effective July 1, 2016, the spouse of a covered employee who dies at or after his normal retirement date while an employee shall receive a monthly benefit as outlined within Salary Schedule P-O.

Adoption of CR-081-2017 is estimated to have a negative fiscal impact to the County of approximately \$229,300 during fiscal year 2018 related to the merit step increases. Attachment A provides a breakdown of the cost components. The increase in the shift differential will have a negative fiscal impact on the County, however, a reasonable estimate is unable to be determined at this time. The amount will be contingent upon the number of Police Officials assigned to the first or third shift, and their respective hourly rates. The surviving spouse payments will be paid using funds from the Police Pension Plan and therefore, we are unable to determine the fiscal impact of these payments 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 Police Officials, Salary Schedule P-O
Effective July 1, 2015 to June 30, 2018**

Current Payroll	\$ 7,049,655
Number of Employees	53
Average Salary	\$ 133,000

Category	Effective Date	FY 2018 Direct Cost	FY 2018 Fringe Cost	FY 2018 Total Cost
FY 2017 Merit Increase	Employee Anniversary Date	\$ 105,700	\$ 8,100	\$ 113,800
FY 2018 Merit Increase	Employee Anniversary Date	\$ 107,300	\$ 8,200	\$ 115,500
Totals		\$ 213,000	\$ 16,300	\$ 229,300

SUMMARY of MODIFICATIONS Salary and Benefits

Prince George's County, Maryland and The Police Command Staff

MERIT STEP INCREASE

A. 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).

MODIFICATION OF UNIFORM WAGE SCALE – FISCAL YEAR 2018

Effective the first full pay period in July 2017, for the rank of Captain and Major, Step N will be for 14 years of service, Step O will be for 15 years of service, Step P will be for 16 years of service, Step Q will be for 17 years of service, Step R will be for 18 years of service, Step S will be for 19 years of service, Step T for 20 years of service, Step U for 21 years of service and Step V for 22 years of service. Effective the first full pay period in July 2017, for the rank of Captain, Steps A thru G are the L05 corresponding steps multiplied by 108% and for the rank of Major, Steps A thru G are the July 2017 Captain rates multiplied by 110%. Effective the first full pay period in July 2017, for the rank of Captain, Steps H thru V are the L05 corresponding steps multiplied by 127% and for the rank of Major, Steps H thru V are the July 2017 Captain rates multiplied by 110%. 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.

SHIFT DIFFERENTIAL

A. Effective the first full pay period beginning on or after July 1, 2016, a shift differential of three dollars and forty cents (\$3.40)- per hour shall be paid for all time worked on the first (1st) shift (i.e., the night shift - 2200 hours to 0800 hours) to each employee specifically assigned to work the first (1st) shift. Effective the first full pay period beginning on or after July 1, 2017, the first shift differential will be increased to three dollars and sixty cents (\$3.60) per hour.

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B. Effective the first full pay period beginning on or after July 1, 2016, a shift differential of two dollars and fifteen cents (\$2.15) per hour shall be paid for all time worked on the third (3rd) shift (i.e. the evening shift, beginning at 1500 hours) to each employee specifically assigned to work the third (3rd) shift. Effective the first full pay period beginning on or after July 1, 2017, the third shift differential will be increased to two dollars and thirty cents (\$2.30) per hour.

C. The shift differential shall not be considered to be part of the employee's base rate, nor shall they be applied to pay for non-productive hours such as holiday pay and annual and sick leave pay, nor shall they be used for the purpose of computing retirement deductions, retirement and insurance benefits, or educational incentive pay.

LEAVE PROVISIONS

Upon separation from employment for non-disciplinary reasons (including but not limited to retirement, disability and death), eligible employees will receive cash payment for unused sick leave accumulated as of the end of the 1996 leave year at two and one-half percent (2.5%) for each year of service (through the date of separation) at the employee's base hourly rate of pay as of the date of separation but not to exceed the highest rate of pay for a police captain or major (as applicable) in January 2017 -- that is, \$63.0194 (captain) or \$69.3213 (major) per hour. However, if a police officer with less than twenty (20) years of actual service terminates employment as a result of death or disability, he/she shall receive a fifty percent (50%) cash-out of unused accumulated sick leave as of the end of the 1996 leave year.

PHYSICAL AGILITY TEST

D. Effective June 30, 2015, the Physical Agility Test program is terminated. No portions of the program will remain in effect. Officers hired on or after July 1, 2001 must instead complete the Career Physical each year as described below.

1. Recruits in the Academy will have taken the physical prior to appointment with the Department, and shall be covered for the calendar year in which they graduate.
2. In years following the year of graduation, any officer hired on or after July 1, 2001 must see his/her Certified Physician or Nurse Practitioner and have a physical examination completed annually. The officer will be responsible for submitting a signed form from the medical professional conducting the examination to AOT (Advanced Officer Training) no later than December 1st of each calendar year. This Medical Evaluation Form shall be created jointly by the Department and the FOP.

Any officer who fails to submit the jointly-created Medical Evaluation Form by December 1st of each calendar year shall be removed from the Personal Car Program until the examination is completed and the required form submitted. Any officer removed from the Personal Car Program

for failure to comply with this section shall immediately be reinstated in the program upon compliance.

GROUP HEALTH INSURANCE AND GROUP LIFE INSURANCE BENEFIT (BENEFLEX)

A. Beginning with calendar year 2000, employees covered by this Salary Schedule may participate in the County's Beneflex Program. The Beneflex Program will be an option for all officers and will be fully explained during seminars prior to the enrollment period toward the end of 1999.

1. In Calendar Year 2017, the County shall contribute seventy-three percent (73%) to the cost of the County's preferred provider option health 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 health insurance plan for any employee who elects to participate in the program. Participating employees shall contribute the remaining thirty percent (30%).

2. 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%).

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

4. In Calendar Years 2017 and 2018, the County shall contribute seventy-three percent (73%) to the cost of the County's preferred provider option health insurance plan for any retiree who elects to participate in the program. Participating retirees, defined as any official who has retired or will retire on or before December 31, 2017, shall have their contribution rate capped at twenty-seven percent (27%). Officers who retire on or after January 1, 2018 will not benefit from this cap, and shall be governed by Paragraph 1 above.

5. In Calendar Years 2017 and 2018, the County shall contribute seventy-eight percent (78%) to the cost of a prepaid group health plan or Health Maintenance Organization (HMO) for any retiree who elects to participate in the program. Participating retirees, defined as any official

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who has retired or will retire on or before December 31, 2017) shall have their contribution capped at twenty-two percent (22%). Officers who retire on or after January 1, 2018 will not benefit from this cap, and shall be governed by Paragraph 2 above.

6. 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%). Employees who choose not to enroll in the Prescription Drug Plan may choose to receive a credit instead. 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.

7. The changes in premium contribution percentages will not become effective unless and until collective bargaining agreements and/or necessary resolutions are approved by the County Council in effect providing that such changes are effective for all County employees. Changes will not be retroactive.

B. Two dental plans are available to employees, the cost of which is paid by the employee if the employee elects to enroll in either of the plans.

C. Employees may choose to enroll in a Long-Term Disability Program offering fifty percent (50%) or sixty percent (60%) of annual salary up to normal social security retirement age. Employees will pay the full cost of whichever option is chosen.

D. Employees may contribute up to five thousand dollars (\$5,000.00) in a dependent flexible spending account and up to five thousand dollars (\$5,000.00) in a medical flexible spending account. Effective January 1, 2013, employees may contribute up to two thousand five hundred (\$2,500.00) or as adjusted by Federal law in a health care flexible spending account.

PENSION PLAN

B. Hold Harmless Provision for Fiscal Year 2015

An employee who retires during Fiscal Year 2015 (that is, from July 1, 2014 through June 30, 2015) - and who otherwise would have been eligible to receive a merit increase during Fiscal Years 2010, 2011, 2012, or 2013, will be held harmless for the purpose of pension benefit calculation and thus be treated as if the member had received the merit increase 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.

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C. Hold Harmless Provision for Fiscal Year 2016

An employee who retires during Fiscal Years 2017 or 2018 (that is, from July 1, 2016 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.

D. Pension Modifications for Surviving Spouses

Effective July 1, 2016, the spouse of a Participant with fifteen or more years of Actual Service but less than twenty years of Actual Service who dies while an Employee shall receive a monthly benefit for the spouse's life in an amount equal to the benefit the spouse would have received if the Participant had terminated employment on the day before the date of death and then survived until the Normal Retirement Date and elected joint and 50% contingent annuitant benefit with the spouse named to receive the benefit. The spouse's benefit shall be payable as of the first day of the month following the Employee's death, and there shall be no actuarial reduction for payment prior to what would have been the Participant's Normal Retirement Date.

Effective July 1, 2016, the spouse of a Participant who dies at or after his Normal Retirement Date while an Employee shall receive a monthly benefit for the spouse's life in an amount equal to the benefit the spouse would have received if the Participant had retired on the day before he died and had elected to receive a reduced benefit for his life with a 100% Contingent Annuitant benefit payable to his spouse. A surviving spouse shall not receive a benefit under this Section if that spouse is to receive a benefit as contingent annuitant, or if the Participant has selected any benefit form permitted under the Plan providing benefits to any individual after the Participant's death, and based on his monthly benefit.

MILITARY LEAVE

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.