



THE PRINCE GEORGE'S COUNTY GOVERNMENT


Office of Audits and Investigations

September 10, 2018

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
CB-071-2018 DR-1 Collective Bargaining Agreement – Fraternal Order of Police, Prince
George's County Lodge 89, Inc.

CR-054-2018 DR-1 Compensation and Benefits, Fraternal Order of Police, Prince George's
County Lodge 89, Inc., Salary Schedule L

Legislative Summary

CB-071-2018 approves a two-year labor agreement for sworn Police Officers belonging to the Fraternal Order of Police, Prince George's County Lodge 89, Inc (the "Agreement"). CR-054-2018 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, 2018 through June 30, 2020.

Background/Current Law

Section 908 of the Prince George's County Charter authorizes County employees to participate in the formulation and implementation of personnel policies affecting their employment, and to have the right to organize and bargain collectively through representatives of their own choosing, subject to any procedural regulations provided by the County Council by law.

Resource Personnel

Stanley Earley, Director, Office of Management and Budget

Assumptions and Methodology

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

- Covered employees shall not receive a cost of living adjustment in fiscal year 2019.
- A one and one-half percent (1.5%) cost of living adjustment (COLA) shall be effective the first full pay period beginning in March 2020;
- Various Wage Scale adjustments will be made the first full pay period on or after September 1, 2018, the first full pay period on or after March 1, 2019, and the first full pay period on or after January 1, 2020. (*Comprehensive details of the adjustments made to the steps within Salary Schedule L are outlined within the Settlement Summary attached to the Resolution under Section 4.01 Wages, Item B.*)
- Eligible employees covered by the Agreement, and who are eligible to receive a merit increase during fiscal year 2019, shall receive the merit increase on their hire anniversary date occurring during fiscal year 2019;
- Eligible employees covered by the Agreement, and who are eligible to receive a merit increase during fiscal year 2020, shall receive the merit increase on their hire anniversary date occurring during fiscal year 2020;
- Contributions to the Retirement Trust Fund shall become effective the first full pay period in September 2018 as follows:
 - For officers hired on or before July 1, 2013:
 - a. ten percent (10%) for the first five (5) years of service of employment;
 - b. nine percent (9%) for the next five (5) years of employment; and
 - c. after ten years of service, seven and 35/100ths percent (7.35%), further adjusted to seven and 70/100ths percent (7.70%), effective the first full pay period in January 2020.
 - For officers hired after July 1, 2013, ten percent (10%) for each year of employment.
- Covered employees called in to work overtime at a pre-scheduled special event on a holiday for which they were not scheduled to work shall be paid two (2) times their regular rate of pay for each hour worked.
- Effective the first full pay period beginning on or after July 1, 2018, the first shift differential will increase from \$3.60/hour to \$3.80/hour, and the third shift differential will increase from \$2.30/hour to \$2.45/hour.
- The hourly rate used to determine the sick leave payout of unused 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 2018 established at \$55.1679/hour. Eligible police officers with less than twenty (20) years of actual service who are separated from employment because of death or disability, shall receive a fifty percent (50%) cash-out of accumulated sick leave as of the end of the 1996 leave year.

- The County workday begins at 8:00am and ends at 5:00pm.
- The clothing allowance paid to covered employees shall increase by \$100 (from \$1,500 to \$1,600) beginning in FY 2019, and shall be paid each fiscal year in two (2) equal installments.
- Certified Drug Recognition experts who are covered employees under this Agreement shall receive an additional \$400 per year as additional TEC pay.
- The County and FOP 89 agree to establish a cost-neutral Deferred Retirement Option Program (DROP) for Police Pension Plan participants effective on January 1, 2019. The terms of the Drop shall be cost-neutral to the County and the Police Pension Plan, and shall be substantially similar to the comparable plan recently agreed to by the County and the International Association of Fire Fighters (IAFF) Local 1619, covering sworn fire fighters (with upward adjustments for the number of employees eligible). Should the Pension Plan’s actuary determine that this DROP is not cost-neutral when applied to the Police, then the parties shall meet to adjust the DROP to ensure cost-neutrality no later than August 31, 2018.

Fiscal Impact

- Direct Impact

The adoption and enactment of this legislative package is estimated to have a total negative fiscal impact to the County for fiscal year 2019 through FY 2020 of approximately \$4.7 million as a result of the changes to the Collective Bargaining Agreement. The major components of this cost by fiscal year are shown in the table below:

	<i><u>FY 2019</u></i>	<i><u>FY 2020</u></i>	<i><u>Total</u></i>
Merit Increase	\$1,927,501	\$1,996,334	\$3,923,835
Cost-of-Living Adjustment	0	591,912	591,912
Wage Scale Adj	86,090	87,276	173,366
Total	<u>\$2,013,591</u>	<u>\$2,675,522</u>	<u>\$4,689,113</u>

Appropriated in the Current Fiscal Year Budget

Fiscal Year 2019 anticipated costs were provided for in the current fiscal year budget.

Effective Date

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law. The Agreement, unless specifically stated otherwise in a specific provision, shall be retroactively effective to July 1, 2018.

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