

# SUFFOLK COUNTY LEGISLATURE



Robert Lipp  
Director

## BUDGET REVIEW OFFICE

May 14, 2019

To: DuWayne Gregory, Presiding Officer and  
All Suffolk County Legislators

From: Robert Lipp, Director *Robert Lipp*  
Budget Review Office

Subject: **Analysis of 2017-2024 AME Contract**

### Summary of Provisions

The agreement contains 20 total provisions; some that will result in increased costs to the County, some that will result in savings, and some that are cost-neutral. The following is a list of the major provisions in the proposed agreement that differ from the previous agreement, which covered the period of 2013 through 2016. Unless otherwise noted, provisions take effect upon approval and ratification of the 2017-2024 agreement.

#### 1. Wage increases for salary schedule step

- Effective January 1, 2017, wages increase by 2.5%, effective January 1, 2019.
- Effective July 1, 2018, wages increase by an additional 1.5%, effective July 1, 2020.
- Effective December 1, 2020, wages increase by an additional 1%.
- Effective July 1, 2021, wages increase by an additional 1%.
- Effective July 1, 2022, wages increase by an additional 1.5%.
- Effective July 1, 2023, wages increase by an additional 2%.
- Effective July 1, 2024, wages increase by an additional 2.5%.
- Retroactive raises that become effective January 1, 2019, will be paid at separation at the employee's then prevailing hourly rate.

#### 2. Longevity

- Increases at each longevity step
  - Effective January 1, 2020, an increase of \$25 for 2017.

- Effective January 1, 2020, an additional increase of \$25 for 2018.
- Effective January 1, 2021, an additional increase of \$25 for 2019.
- Effective January 1, 2021, an additional increase of \$25 for 2020.
- Effective January 1, 2022, an additional increase of \$25 for 2021.
- Effective January 1, 2022, an additional \$25.
- Effective January 1, 2023, an additional \$50.
- Effective January 1, 2024, an additional \$50.
- AME longevity payments will be prorated by months of completed service in the calendar year of separation.

### 3. Benefit Fund

- Effective January 1, 2020, the County contribution to the AME benefit fund will increase by \$375,000.
- Effective January 1, 2021, the County contribution increases by an additional \$100,000.
- Effective January 1, 2022, the County contribution increases by an additional \$100,000.
- Effective January 1, 2023, the County contribution increases by an additional \$100,000.
- Effective January 1, 2024, the County contribution increases by an additional \$100,000.

### 4. Pilot Standby Pool Program

Beginning July 1, 2019 until December 31, 2024, the County will allot \$200,000 annually, (prorated for 2019), for employees whose job duties or capacity dictates that they remain “On-Call” during a period the employee would normally be off from their regular work schedule. Funds not expended in a calendar year will be rolled into the next year’s pool.

### 5. Step Movement

- Employees hired after the effective date of the 2017-2024 Agreement will be placed on the salary schedule set forth in Attachment A of the 2017-2024 Agreement. These employees will remain in their starting salaries for a minimum of 12 calendar months before becoming eligible to move to the next step on the July 1, provided they were on the payroll the preceding January 1.
- Employees hired under the 2013-2016 Agreement will on July 1 be placed on the salary scale set forth in Attachment A, on the step corresponding with their completed year of service.
- Employees hired under the 2013-2016 Agreement, including those promoted on or after the effective date of the 2017-2024 Agreement, will revert to the salary scale contained in Attachment B of the 2017-2024 Agreement on the July 1 following their ninth year of completed service at a step that provides at least a 3% increase in their current salary, provided they were on the payroll on the preceding January 1.

### 6. Compensatory Time

Employees in Grades 24 to 28 may, at their option, convert up to 70 hours of compensatory time earned in a calendar year to monetary compensation, to sick time, or to vacation time at the end of the year. Under the current agreement, no monetary compensation is an option for employees above grade 23.

7. Representative Compensation

The County will contribute \$150,000 annually towards compensation in lieu of loss of overtime and promotional opportunities for representatives designated in Section 8.6(D)(6) of the AME Collective Bargaining Agreement.

8. Workers' Compensation

The maximum period of time in which an employee may collect their full normal salary for a Workers' Compensation injury is reduced from 39 weeks to 30 weeks for all future injuries.

9. Personal Leave

Personal Leave will be prorated by quarter for the first and last year of employment. An employee on the payroll for at least half of the quarter will be entitled to one day.

10. Recall Pay

Employees will no longer receive a minimum of four hours of pay at the overtime rate if recalled to work or directed to work on a non-work day.

11. Variable Healthcare Supplement Trust Fund

Effective July 1, 2020, the County will pay 1% of the total base salaries of AME Bargaining Units 2 and 6 as of the preceding December 31 into a Union Trust Fund established for AME members in good standing pursuant to AME's Declaration of Trust and Trust Plan.

**Analysis**

The major costs are salary increases and the establishment of a Healthcare Supplement Trust Fund. As wages increase, Social Security FICA and NYS pension contributions increase, which are also significant costs. We calculated each of the following costs independently, with the exception of "other costs" and "savings" for which, due to time constraints, we used numbers provided by the County Executive.

The following table summarizes our projected costs for the Proposed AME agreement. We used the most recent biweekly payroll (5/5/19) and projected it forward through the end of the contract comparing costs with and without the agreement in place. The costs shown are the net difference. We assumed 175 retirements (BUs 2 & 6) and 175 new hires each year, distributed uniformly. We used the 2018 W-2 report to project compensation other than salaries (Overtime and Term Pay).

BRO Cost Estimates for AME Contract 2017-2024									
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Permanent Salaries	\$3,908,453	\$8,427,694	\$13,195,736	\$15,952,243	\$20,082,297	\$25,752,814	\$2,605,465	\$89,924,700
115	Permanent Salaries	\$221,771	\$446,435	\$705,619	\$841,474	\$1,039,347	\$1,347,466	\$133,404	\$4,735,517
Other	Permanent Salaries	\$1,553,528	\$3,046,855	\$4,752,649	\$5,718,642	\$7,157,028	\$9,181,241	\$911,490	\$32,321,433
<b>Total</b>		<b>\$5,683,753</b>	<b>\$11,920,983</b>	<b>\$18,654,003</b>	<b>\$22,512,359</b>	<b>\$28,278,672</b>	<b>\$36,281,521</b>	<b>\$3,650,359</b>	<b>\$126,981,650</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Longevity	\$0	\$113,800	\$227,600	\$341,400	\$455,200	\$569,000	\$0	\$1,707,000
115	Longevity	\$0	\$15,450	\$30,900	\$46,350	\$61,800	\$77,250	\$0	\$231,750
Other	Longevity	\$0	\$37,250	\$74,500	\$111,750	\$149,000	\$186,250	\$0	\$558,750
<b>Total</b>		<b>\$0</b>	<b>\$166,500</b>	<b>\$333,000</b>	<b>\$499,500</b>	<b>\$666,000</b>	<b>\$832,500</b>	<b>\$0</b>	<b>\$2,497,500</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Other Compensation	\$171,375	\$460,928	\$769,037	\$950,206	\$1,206,179	\$1,542,162	\$171,375	\$5,271,262
115	Other Compensation	\$15,776	\$42,430	\$70,793	\$87,470	\$111,033	\$141,962	\$15,776	\$485,240
Other	Other Compensation	\$90,511	\$243,436	\$406,161	\$501,845	\$637,035	\$814,482	\$90,511	\$2,783,980
<b>Total</b>		<b>\$277,662</b>	<b>\$746,794</b>	<b>\$1,245,991</b>	<b>\$1,539,521</b>	<b>\$1,954,247</b>	<b>\$2,498,606</b>	<b>\$277,662</b>	<b>\$8,540,482</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Healthcare Trust Fund	\$0	\$2,092,793	\$2,167,626	\$2,234,726	\$2,270,976	\$2,326,966	\$0	\$11,093,086
115	Healthcare Trust Fund	\$0	\$107,447	\$111,465	\$115,065	\$117,113	\$119,916	\$0	\$571,005
Other	Healthcare Trust Fund	\$0	\$730,793	\$758,551	\$782,868	\$796,194	\$816,719	\$0	\$3,885,126
<b>Total</b>		<b>\$0</b>	<b>\$2,931,034</b>	<b>\$3,037,642</b>	<b>\$3,132,658</b>	<b>\$3,184,283</b>	<b>\$3,263,601</b>	<b>\$0</b>	<b>\$15,549,218</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Benefit Fund Contribution	\$0	\$267,658	\$339,034	\$410,410	\$481,785	\$553,161	\$0	\$2,052,048
115	Benefit Fund Contribution	\$0	\$13,705	\$17,359	\$21,014	\$24,668	\$28,323	\$0	\$105,068
Other	Benefit Fund Contribution	\$0	\$93,637	\$118,607	\$143,577	\$168,547	\$193,517	\$0	\$717,884
<b>Total</b>		<b>\$0</b>	<b>\$375,000</b>	<b>\$475,000</b>	<b>\$575,000</b>	<b>\$675,000</b>	<b>\$775,000</b>	<b>\$0</b>	<b>\$2,875,000</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Social Security	\$305,987	\$666,647	\$1,047,358	\$1,267,684	\$1,596,636	\$2,047,123	\$208,263	\$7,139,697
115	Social Security	\$17,816	\$36,665	\$58,231	\$69,671	\$86,279	\$111,707	\$11,188	\$391,557
Other	Social Security	\$123,303	\$246,772	\$386,911	\$466,537	\$584,555	\$749,679	\$75,150	\$2,632,906
<b>Total</b>		<b>\$447,106</b>	<b>\$950,083</b>	<b>\$1,492,500</b>	<b>\$1,803,891</b>	<b>\$2,267,469</b>	<b>\$2,908,510</b>	<b>\$294,602</b>	<b>\$10,164,160</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Retirement Contribution	\$0	\$685,411	\$1,512,407	\$2,384,319	\$2,896,967	\$3,652,937	\$466,509	\$11,598,550
115	Retirement Contribution	\$0	\$39,908	\$84,725	\$135,628	\$163,850	\$203,646	\$25,062	\$652,819
Other	Retirement Contribution	\$0	\$276,199	\$559,027	\$879,196	\$1,063,816	\$1,334,435	\$168,336	\$4,281,008
<b>Total</b>		<b>\$0</b>	<b>\$1,001,518</b>	<b>\$2,156,158</b>	<b>\$3,399,143</b>	<b>\$4,124,632</b>	<b>\$5,191,018</b>	<b>\$659,907</b>	<b>\$16,532,377</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Other Costs	\$563,212	\$646,353	\$652,088	\$654,725	\$658,527	\$663,867	\$0	\$3,838,771
115	Other Costs	\$28,837	\$33,094	\$33,388	\$33,523	\$33,718	\$33,991	\$0	\$196,551
Other	Other Costs	\$197,033	\$226,119	\$228,125	\$229,047	\$230,378	\$232,246	\$0	\$1,342,947
<b>Total</b>		<b>\$789,083</b>	<b>\$905,566</b>	<b>\$913,601</b>	<b>\$917,295</b>	<b>\$922,622</b>	<b>\$930,104</b>	<b>\$0</b>	<b>\$5,378,270</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Savings	-\$306,286	-\$513,479	-\$546,964	-\$556,412	-\$566,847	-\$578,584	\$0	-\$3,068,571
115	Savings	-\$15,682	-\$26,291	-\$28,005	-\$28,489	-\$29,023	-\$29,624	\$0	-\$157,116
Other	Savings	-\$107,151	-\$179,634	-\$191,349	-\$194,654	-\$198,304	-\$202,411	\$0	-\$1,073,502
<b>Total</b>		<b>-\$429,119</b>	<b>-\$719,404</b>	<b>-\$766,318</b>	<b>-\$779,555</b>	<b>-\$794,174</b>	<b>-\$810,619</b>	<b>\$0</b>	<b>-\$4,299,190</b>
Fund	Category	2019	2020	2021	2022	2023	2024	Retro	Total
001	Total	\$4,642,742	\$12,847,804	\$19,363,921	\$23,639,299	\$29,081,718	\$36,529,446	\$3,451,612	\$129,556,542
115	Total	\$268,518	\$708,843	\$1,084,474	\$1,321,706	\$1,608,784	\$2,034,637	\$185,431	\$7,212,393
Other	Total	\$1,857,225	\$4,721,425	\$7,093,182	\$8,638,808	\$10,588,247	\$13,306,158	\$1,245,487	\$47,450,532
<b>Total</b>		<b>\$6,768,485</b>	<b>\$18,278,072</b>	<b>\$27,541,577</b>	<b>\$33,599,813</b>	<b>\$41,278,749</b>	<b>\$51,870,242</b>	<b>\$4,882,529</b>	<b>\$184,219,467</b>

By comparison, the County Executive fiscal impact statement (FIS) includes the following estimated costs.

	2019	2020	2021	2022	2023	5-Year Total
Cost	5,050,988	15,798,358	24,325,096	29,633,629	36,702,559	111,510,631
Savings	429,119	719,404	766,318	779,555	794,174	3,488,570
Net	4,621,869	15,078,954	23,558,779	28,854,074	35,908,384	108,022,060

The projection includes a five-year cost as is standard for a county FIS. Our analysis extends through 2024, which is the last year of the agreement. When we compare the five-year period in our analysis to that of the County Executive's Budget Office, BRO estimates a cost of \$127.5 million (2019-2023) compared to \$108 million. The \$19.4 million difference is an average of \$3.9 million each year from 2019 to 2023, which is not unreasonable given the number of assumptions required, the length of the agreement, and the complexity of the contract.

The step movement clause elongates the salary schedule from step S to 12 to step S to 15, but with annual steps instead of every 18 months. In the following example, the County would have saved \$14,515 for a Grade 17 employee over the first 16 years if salary rates were not increased. Due to the increases provided, the County will have an additional cost of \$84,412 for that employee for the first 17 years and \$8,259 each year thereafter.

Grade 17 Hired before January 1st										
2013-2016 Salary Schedule				2017-2024 Salary Schedule at 2019 Rates				With % Increases		
Year	Step	Biweekly	Annual	Year	Step	Biweekly	Annual	Annual Savings	Annual	Annual Cost
1	S	\$1,542	\$40,246	1	S	\$1,542	\$40,246	\$0	\$41,252	\$1,006
2	1	\$1,695	\$42,266	2	1	\$1,619	\$41,258	-\$1,008	\$42,647	\$381
3	2	\$1,848	\$46,259	3	2	\$1,695	\$43,255	-\$3,004	\$45,681	-\$578
4	3	\$1,904	\$48,233	4	3	\$1,848	\$46,257	-\$1,976	\$49,464	\$1,231
5	4	\$1,966	\$48,972	5	4	\$1,876	\$48,602	-\$370	\$53,486	\$4,514
6	5	\$2,025	\$49,694	6	5	\$1,904	\$49,335	-\$359	\$55,515	\$5,821
7	6	\$2,086	\$51,313	7	6	\$1,966	\$50,513	-\$800	\$56,888	\$5,576
8	7	\$2,152	\$52,091	8	7	\$1,995	\$51,697	-\$394	\$58,222	\$6,131
9	8	\$2,219	\$52,853	9	8	\$2,025	\$52,467	-\$386	\$59,089	\$6,237
10	9	\$2,288	\$54,445	10	9	\$2,086	\$53,658	-\$787	\$60,430	\$5,986
11	10	\$2,356	\$56,167	11	10	\$2,152	\$55,316	-\$851	\$62,298	\$6,130
12	11	\$2,431	\$57,916	12	11	\$2,219	\$57,052	-\$864	\$64,253	\$6,337
13	12	\$2,507	\$59,717	13	12	\$2,288	\$58,827	-\$890	\$66,252	\$6,535
14			\$61,492	14	13	\$2,356	\$60,614	-\$877	\$68,265	\$6,773
15			\$63,449	15	14	\$2,431	\$62,482	-\$968	\$70,368	\$6,919
16			\$65,433	16	15	\$2,507	\$64,452	-\$980	\$72,588	\$7,155
17			\$65,433	17			\$65,433	\$0	\$73,692	\$8,259
<b>Total</b>								<b>-\$14,515</b>	<b>Total</b>	<b>\$84,412</b>

There is also a cost because approximately 950 employees hired after the 2013-2016 contract that were receiving steps every 18 months will be given additional steps, as if they had received step increases every 12 months.

This analysis does not include Exempts (BU 21), BOE (BU 24), or Confidential (BU 30) employees, although these employees are also extended the same wage increases as AME employees. The Executive fiscal for these employees is shown below. The five-year cost (2019-2023) and total contract cost (2019-2024), which are difficult to read, are \$16,164,596 and \$23,269,111, respectively.

	2019	2020	2021	2022	2023	2024	Total
Cost	724,168	2,085,081	3,558,526	4,498,566	5,667,617	7,190,453	23,724,411
Savings	45,371	76,133	81,131	82,575	84,153	85,938	455,800
Net	678,798	2,008,948	3,477,395	4,415,991	5,583,464	7,104,515	23,268,611