



Milwaukee County

Office of the Comptroller

Audit Services Division

Jennifer Folliard, Director of Audits

Date: August 13, 2020
To: Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board
From: Jennifer Folliard, Director of Audits
Subject: Status Report - Minimum Wage Ordinance Memo (File No. 18-50)

Background

In March 2014, the Milwaukee County Board of Supervisors created Chapter 111 of the Milwaukee County Code of Ordinances which established a Minimum Wage Ordinance (MWO). Chapter 111 applied to both County employees and certain contractors doing business with Milwaukee County. Chapter 111 provided the framework for County departments to follow when contracting for services covered by the MWO and for subsequent contract monitoring.

Our office issued a memo in December of 2017 which was a three year review of the Minimum Wage program. The associated resolution indicating concurrence with the report recommendations was adopted by the County Board in February 2018.

Subsequent to the adoption of the resolution, 2017 Wisconsin Act 327, based upon Assembly Bill 748 was signed and became effective on April 18, 2018. It repealed Wis. Stat. 104.001(3), which permitted a local government (county, city, village or town) to enact and enforce ordinances mandating a minimum wage for its own employees and employees performing work under a contract for provision of services or funded by financial assistance from the local governmental entity. Act 327 prohibits Milwaukee County from entering into any new contracts requiring compliance with the minimum wage. It does not negate existing contracts with that requirement. As a result, we will continue to report annually on MWO compliance for existing contracts subject to the MWO provision. This report covers calendar year 2019.

Existing compliance with Chapter 111 from January to December of 2020

While the state legislation effectively disallows any new contracts to require compliance with Chapter 111, we have continued to require submittal of payroll information to our office for those County

contracts which contained a minimum wage requirement prior to the implementation of Act 327 in April 2018.

There were 11 contracts in 2019 that required payroll submittal for 423 employees. The table below lists the contracts. We found all vendors to be in compliance with the ordinance.

Active MWO contracts with Type of Service and Average number of Total Employees per month			
Vendor	Department	Type of Service	Employees
Mid America MCTS	MCTS	Housekeeping	11
Allied Barton - Coggs	DAS	Security	11
Aramark	HOC	Food Services	16
Zimmerman	MCTS	Printing Services	16
WCS	HOC	Purchase of Service	21
Allied Barton - MCTS	MCTS	Security	34
G4S	Sheriff	Secure Transportation	25
Interflight Parking	Airport	Concession - GMIA parking	74
First Transit	MCTS	Paratransit Transportation	92
Transit Express	MCTS	Paratransit Transportation	116
Service Systems Associates	Zoo	Concession	7
TOTAL			423

Calculation of the Minimum Wage Ordinance Rates

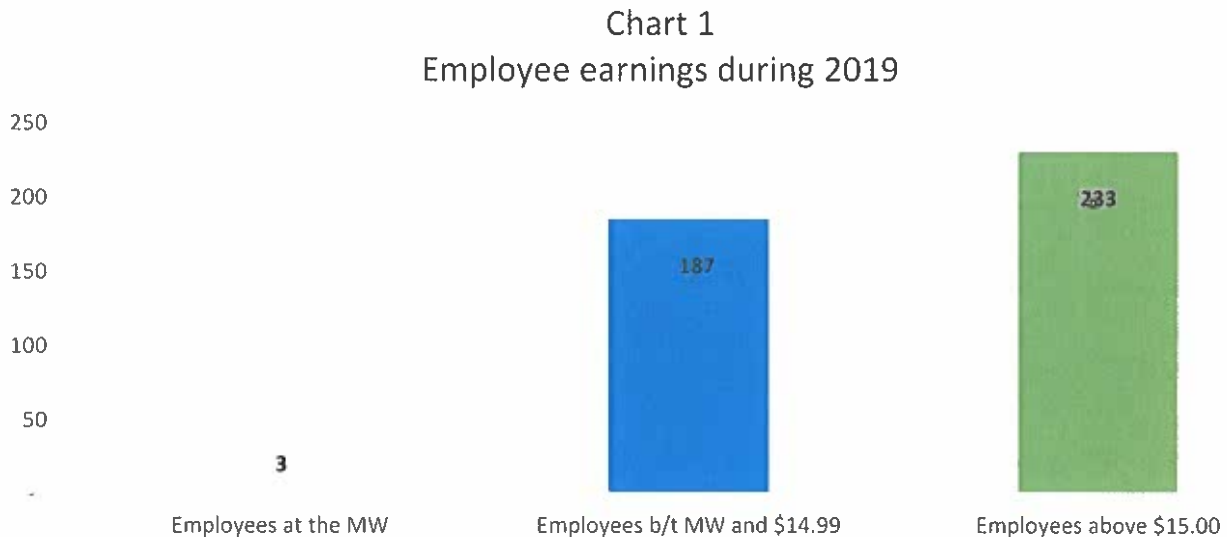
In 2014 the Minimum Wage Ordinance designated the minimum wage for Milwaukee County as equal to 100% of the national poverty income level for a family of four as established annually by the U.S. Department of Health and Human Services. The Milwaukee County Minimum Wage hourly rate is determined by dividing the annual income by 2,080. This rate is currently in effect for any contract executed prior to November 3, 2016.

County Board File No. 16-609 approved on November 3, 2016 made two modifications to the Minimum Wage Ordinance. First was the alteration of the effective date for concession contracts at the Airport from January 1, 2017 to November 3, 2016. In addition the Ordinance changed the methodology for the calculation of the Milwaukee County Minimum Wage to fixed rates established per year until January 31, 2022 for any new contracts. Effective January 31, 2022, and every January 31 thereafter, the rate shall be determined by the Department of Administrative Services, increased

to reflect the rate of inflation for the previous calendar year, as calculated to the nearest cent, provided that in no case shall the wage be set at a level below the wage for the previous year.

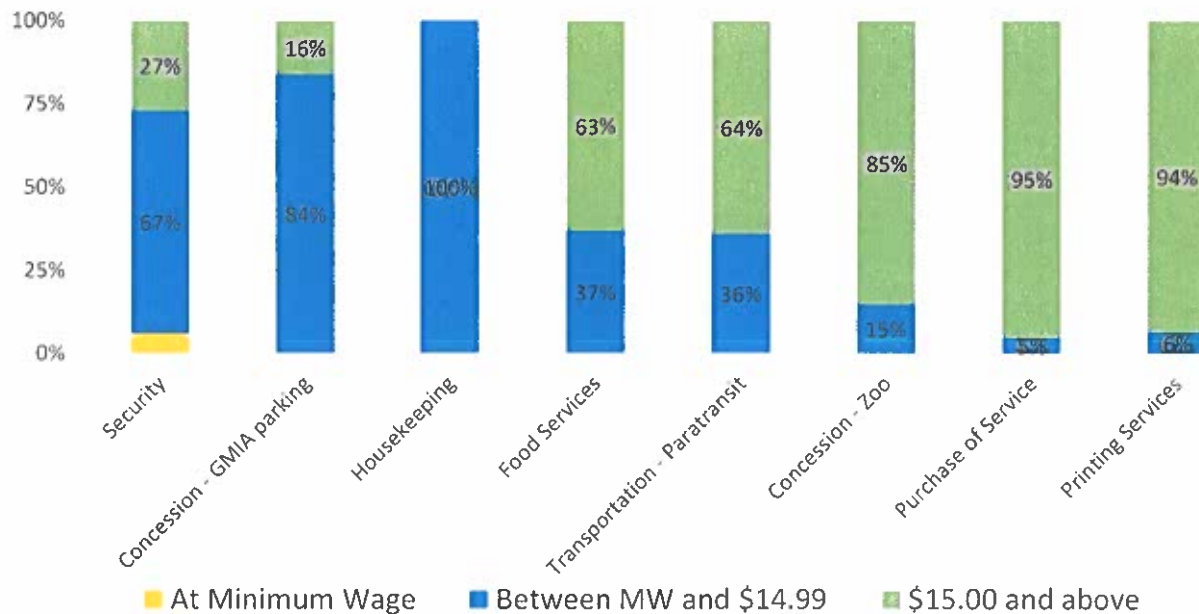
However, given the State legislative changes, rates for existing contracts are frozen at the amount as of April 2018 which was \$12.07 based upon the DHHS rate calculation and \$13.01 based upon the Adopted fixed rates. Appendix 1 contains a table displaying the rates beginning in 2014.

We reviewed the payroll data for employees on a quarterly basis for 2019 and found that the majority of staff earned above the required minimum wage. We also display in a separate category those employees earning \$15.00 or more per hour as that was the maximum minimum wage set by the County Board to be in effect as of January 1, 2021. Chart 1 displays the average number of employees earning at the three levels.



We also examined the payroll data by service area to show any trends in payroll. The following table depicts the split of employee wages by: at minimum wage, between minimum wage and \$15.00 and wages in excess of \$15.00. Chart 2 shows the breakdown by service area for the three levels.

Chart 2
Distribution of Wage Rates by Service Area



This status report is informational and due to the continued monitoring of contracts with minimum wage requirement, we plan to provide a status report in first quarter of 2021 containing wage data from 2020.

Jennifer Folliard

Jennifer Folliard, Director
JLF/MRP

- cc: Scott B. Manske, CPA, Milwaukee County Comptroller
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 Patrick Lee, Director, DAS-Procurement Division
 Stephen Cady, Research & Policy Director, Office of the Comptroller
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APPENDIX 1

Minimum Wage Rates for Milwaukee County Contracts Before and After November 3, 2016				
	MW rates for contract executed BEFORE November 3, 2016		MW rates for contract executed ON or AFTER November 3, 2016	
Year	Effective Date	Hourly Rate	Effective Date	Hourly Rate
2014	6/1/2014	\$11.47	N/A	N/A
2015	3/1/2015	\$11.66	N/A	N/A
2016	3/1/2016	\$11.68	11/3/2016	\$11.68
2017	3/1/2017	\$11.82	1/1/2017	\$12.35
2018	3/1/2018	\$12.07	1/1/2018	\$13.01
2019	3/1/2019	\$12.38	1/1/2019	\$13.67
2020	3/1/2020	Unknown	1/1/2020	\$14.34
2021	3/1/2021	Unknown	1/1/2021	\$15.00