



MEMORANDUM

Administrative and Financial Services Office

To: Honorable Mayor Larry Wolgast
Members of the Topeka City Council
Jim Colson, City Manager

From: Doug Gerber, Director of Administrative and Financial Services

Date: August 18, 2015

Subject: Fiscal Effects of Proposed American Federation of Teachers (AFT) Agreement

Pursuant to KSA 75-4331, the chief financial officer of the City is required to provide to the governing body an analysis of the fiscal effects on the City of proposed agreements between the City and recognized employee organizations. As part of this analysis, we are required to identify the potential impact on the City's aggregate tax levy and its operating expense limitations.

We have reviewed the economic terms of the AFT agreement pending before the City Council and have compared its costs both to the expected costs of the status quo ante agreement in Fiscal Year 2015 and the Adopted Budget for 2016. This bargaining unit has members in all City departments, and its members are paid out of 13 separate funds.

The proposed agreement includes an allowance for individuals meeting the appropriate parameters, an overall "Meets Expectations" or better, to receive a one-step pay matrix increase in 2016 and 2017. For FY16, there will be a 0.5% increase to the pay matrix. Note that during the 2016 budget process, Council authorized adding 4 new AFT Union FTE's (2 Property Maintenance Inspector IIs and 2 Facilities Maintenance Workers), which explains part of the wage increase from 2015 to 2016.*

The agreement also calls for a \$250,000 pool of funds in 2017 to address certain classifications which have been identified as being significantly below the average of comparable positions. This analysis will be complete before the 2017 budget is developed and will be distributed accordingly across positions.

The table below illustrates a basic comparison between the existing agreement and the proposed agreements for 2016-2017 and provides the estimated levy impact if the agreement were to be financed solely with a property tax increase:

2016-2017 Wage Agreement Estimates			
	2015	2016	2017
Wages	7,932,666	8,126,014	8,473,620
Benefits	1,697,785	1,703,357	1,724,364
Total	\$9,630,451	\$9,829,371	\$10,197,984
<i>Increase from Prior Year</i>		\$198,920	\$368,613
<i>% Increase from Prior Year</i>		2.07%	3.75%

0.544 Levy Increase Equivalent

**Note the % increase from 2015 to 2016 would be .52% without the additional positions.*

I have reviewed the economic terms of the AFT agreement pending before the City Council and have compared its costs to both the expected costs of the status quo ante agreement in Fiscal Year 2015 and the recommended budget for Fiscal Year 2016. Based upon this review of the agreement, we believe that the FY16 proposed budget has sufficient resources to accommodate the agreement as presented.

Please let me know if there are questions or concerns about this analysis.