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FROM	NAME & TITLE	Robert Cenname, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Resolution 20-0250R – Paying DPW Workers What They Deserve		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

November 10, 2020

The Department of Finance is herein reporting on City Council Resolution 20-0250R, Paying DPW Workers What They Deserve, the purpose of which is to give temporary Department of Public Works (DPW) Bureau of Solid Waste (BSW) employees assigned to Mixed Refuse Collection a minimum \$4 per hour raise immediately and renegotiate contracts of permanent employees to include a minimum \$4 per hour raise.

Background

Classification and compensation of employees is an executive function, managed by the Department of Human Resources in consultation with the Department of Finance. Compensation is constructed to provide competitive wages while also balancing citywide fiscal constraints. The City has taken a number of steps to improve pay for Solid Waste employees.

First, Solid Waste workers represented by American Federation of State, County and Municipal Employees (AFSCME) Local 44 received pay increases in Fiscal 2019 (2%), Fiscal 2020 (2%), and Fiscal 2021 (3%). Those increases were the result of a collectively bargained contract between the City and AFSCME. In addition, through that process the City provided additional increases for CDL Driver and Laborer classifications base salaries in Fiscal 2020, at an additional recurring cost of \$1.8 million dollars per year. All of these costs were included in those years' Adopted Budget.

Second, During COVID-19, BSW employees have received an additional \$100 per week of hazard pay since March 2020 due to the increased risk of exposure to COVID-19 as they perform essential duties. These costs are expected to total approximately \$2.1 million at its conclusion on December 31, 2020. These costs are supported by CARES Act Funding, a one-time federal grant.

Most recently, in November 2020, the Board of Estimates approved three additional actions on pay: thirty new full-time positions for temporary Solid Waste workers, an increase in the starting salary for CDL Drivers, and a one-time payment for all sanitation workers and drivers at DPW. These actions are projected to cost an additional \$2.1 million on a recurring basis, plus \$143,000 for the one-time payments. There is no identified funding source for these actions.

Other Considerations

Increasing wages to the extent proposed in this resolution can have the unintended effect of leading to wage compression. In order to maintain the salary differential between more skilled and long-tenured employees in other classifications and supervisors, additional increases would likely be necessary, thereby creating a cascading effect on classifications at an additional cost to the City. In addition, increasing wages

outside of a collectively-bargained contract often leads to similar demands from other unions, leading to additional costs.

Financially, the City is in the midst of an emergency due to the effects of COVID-19. The City ended Fiscal 2020 in a net \$14.3M deficit position in the General Fund. For Fiscal 2021, revenues were written down by \$103 million to reflect lower receipts during the pandemic and it is not clear when they will recover. Expenses have increased due to the additional costs of the response to the pandemic and one-time aid provided by the federal government will soon expire.

Conclusion

The Department of Finance will attend the hearing for this Resolution and respond to any fiscal inquiries.

cc: Henry Raymond
Matthew Stegman
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