



Analysis for \$15/hour for City Employees

City of New Orleans

August 19, 2021

Agenda

- I. Context and Overview
- II. General City Impacts
- III. Firefighter Impacts
- IV. Outsourcing Analysis Framework
- V. Questions

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Context and Overview

Background

The CAO cost analysis was conducted based upon proposed plan play changes developed in conjunction with the Civil Service Department

- Motion M-21-238 requires the Chief Administrative Office conduct a cost analysis of increasing the hiring rate for City employees to at least \$15/hour.
- Cal. Ord. 33,388 requires the Civil Service Department to develop recommendations on amending the Classified Pay Plan for the same purpose.
- To avoid duplication of efforts, the CAO's office closely collaborated with the Civil Service Department to develop a realistic yet cost-effective implementation strategy that accomplishes the policy goals outlined by the Council.



Background

The cost analysis of raising commissioned firefighter salaries is handled separately because there are multiple policy options available for how to implement this pay increase

- The cost analysis is provided in two distinct parts.
- First, there is a joint proposal from the City and Civil Service about how to achieve these policy goals with civilian City employees.
- Secondly, we've provided a number of distinct policy scenarios about how to raise pay for commissioned firefighters.
- Since firefighters receive their compensation from a number of different sources, depending upon the goals of policymakers their pay can be raised in a number of different ways.



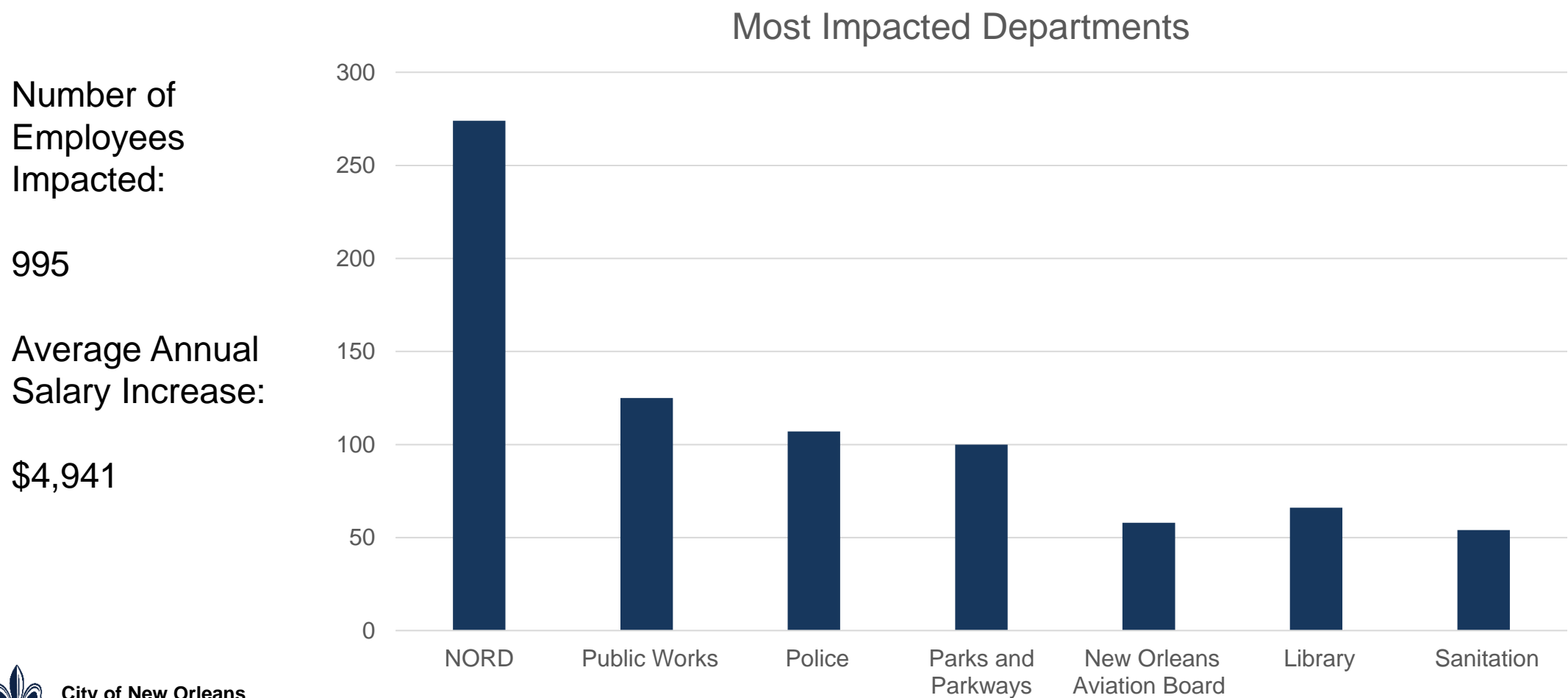


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General City Impacts

Non-NOFD Overview

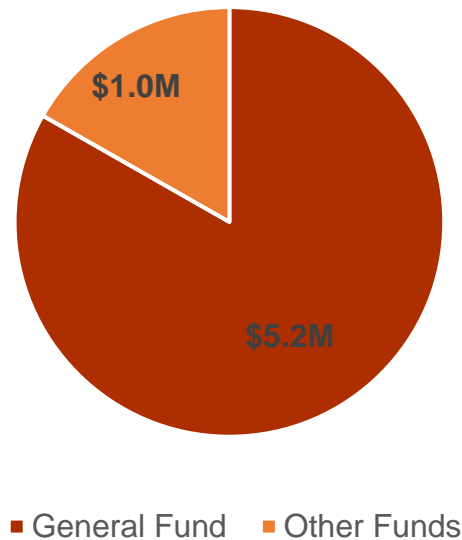
Currently, 687 employees are in job classes with a hiring rate under \$15 per hour and a further 308 employees are in classes impacted by compression. Some of these employees are seasonal.



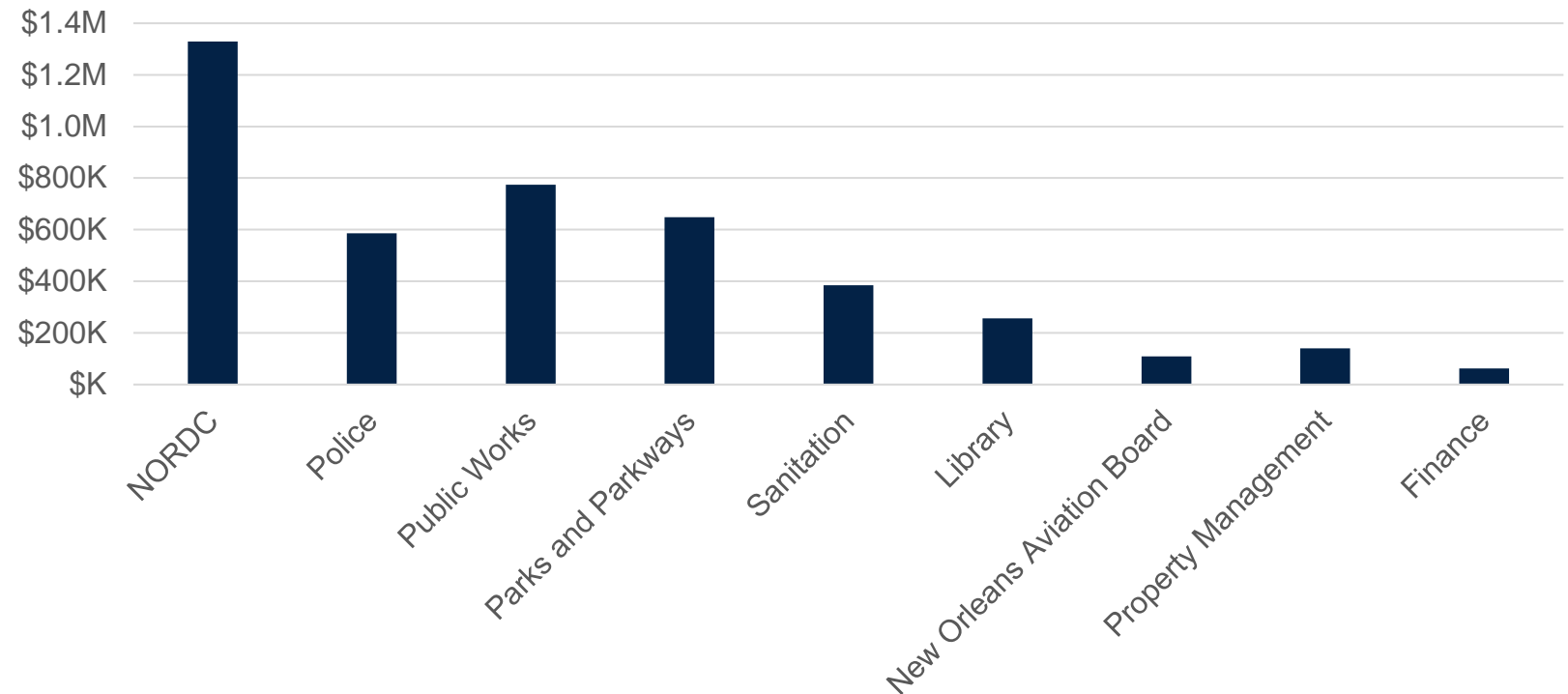
Overall Non-NOFD Costs

We expect non-NOFD related costs to equal approximately \$6.2M, of which \$5.2M is General Fund.

Funds Impacted

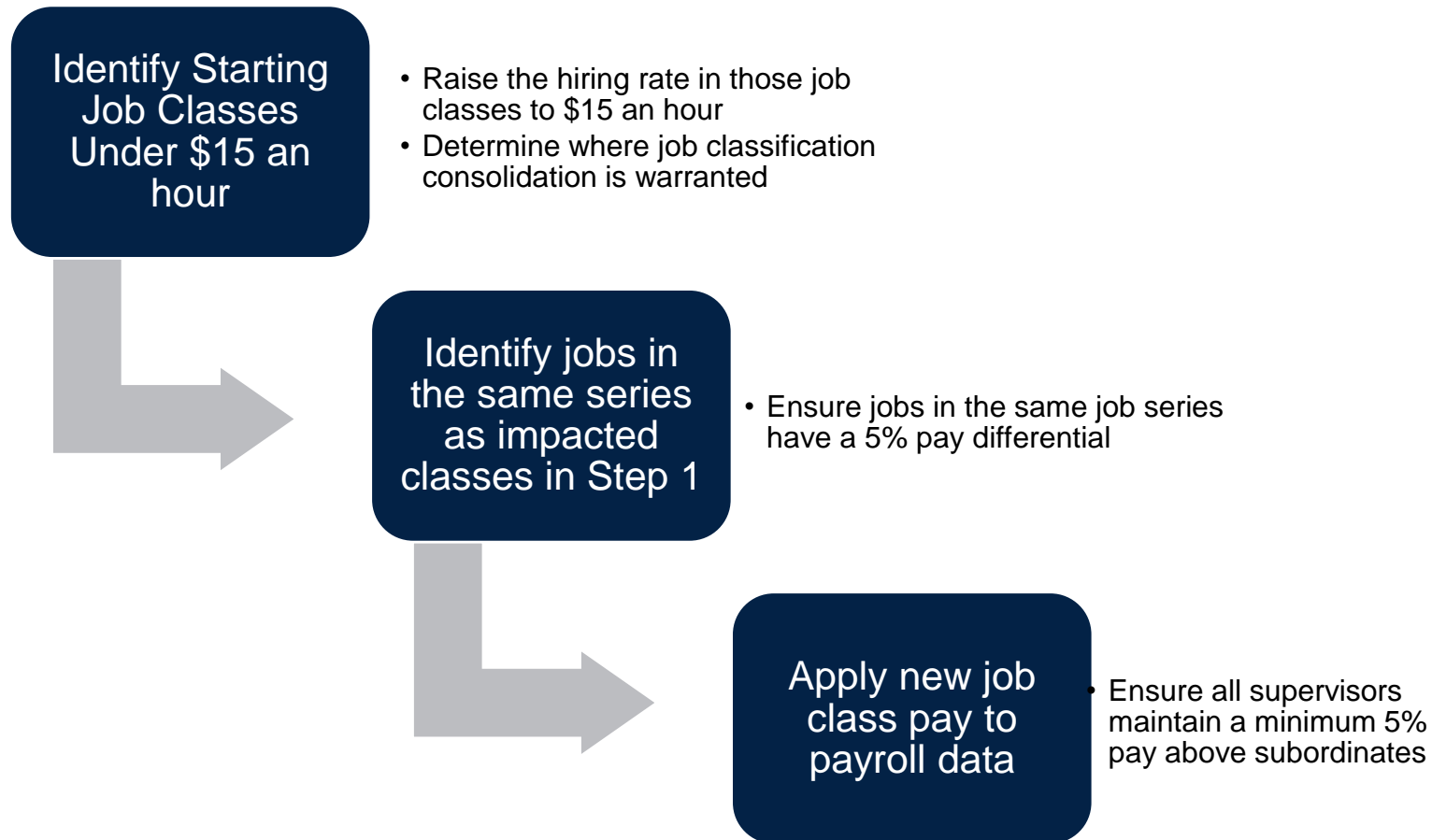


Total Wage Increases by Department



Methodology

Increasing minimum wages and adjusting for compression issues.



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Firefighter Impacts

Firefighter Pay: Calculating Hourly Wage

Firefighters are compensated from a variety of sources including a base salary, a special millage pay, and supplemental pay from the State.

Scenario	Description	Estimated Annual Cost
Scenario 1	Uses only base salary to calculate hourly wage.	\$9.8M
Scenario 2	Uses only base salary to calculate hourly wage and gives Firefighter 1s a 5% hourly raise over recruits.	\$11.3M
Scenario 3	Includes millage pay and base salary as a basis for hourly wage.	\$3.9M
Scenario 4	Includes millage pay, supplemental pay, and base salary in calculating hourly wage.*	\$280,000

*Scenario 4 requires implementing a local supplemental pay pursuant to LA R.S. 40:1666.1(3)(a)

Firefighters: Current Hiring Pay Rates

Firefighter compression rates are largely controlled by Louisiana Revised Statute 33:1992 which outlines the minimum pay differentials between classified fire positions.

Position	Base Hourly	With Millage	With Supplemental	With Millage and Supplemental
Recruit	\$12.89	Not eligible	Not Eligible	\$12.89
Firefighter 1	\$11.29	\$13.17	\$13.47*	\$15.35
Fire Apparatus Operator	\$12.48	\$14.35	\$14.65	\$16.53
Fire Captain	\$14.48	\$16.35	\$16.65	\$18.54

**Firefighters become eligible for state supplemental pay after one year of service inclusive of their service as a recruit.*

NOFD Commissioned

Fire personnel are eligible for millage pay when promoted to Firefighter 1 after academy graduation and are eligible for state supplemental pay after one year of service

Base
Wages
\$39,840

Overtime
\$15,411

Millage
\$5,260

State Supp.
\$6,000

Uniform
Allowance
\$750

**Average
Compensation for
Firefighter 1 in 2020**

\$67,261



Firefighters: Scenario 1

Scenario 1 uses only base salary to calculate hourly wage.

Position	Base Hourly	With Millage	With Supplemental	With Millage and Supplemental
Recruit	\$15.15	Not eligible	Not Eligible	\$15.15
Firefighter 1	\$15.02	\$16.93	\$17.20*	\$19.10
Fire Apparatus Operator	\$16.59	\$18.50	\$18.77	\$20.68
Fire Captain	\$19.26	\$21.17	\$21.44	\$23.35

Total Expected Fiscal Impact:

\$9.8M

**Firefighters become eligible for state supplemental pay after one year of service inclusive of their service as a recruit.*

Firefighters: Scenario 2

Scenario 2 only uses base salary to calculate hourly wage. Scenario 2 also gives Firefighter 1s a 5% hourly wage increase upon graduation from the academy.

Position	Base Hourly	With Millage	With Supplemental	With Millage and Supplemental
Recruit	\$15.15	Not eligible	Not Eligible	\$15.15
Firefighter 1	\$15.99	\$17.87	\$18.16*	\$20.05
Fire Apparatus Operator	\$17.66	\$19.54	\$19.83	\$21.72
Fire Captain	\$19.99	\$21.88	\$22.17	\$24.05

Total Expected Fiscal Impact:

\$11.3M

**Firefighters become eligible for state supplemental pay after one year of service inclusive of their service as a recruit.*

Firefighters: Scenario 3

Scenario 3 combines millage pay and base salary to calculate hourly wage.

Position	Base Hourly	With Millage	With Supplemental	With Millage and Supplemental
Recruit	\$15.92	Not eligible	Not Eligible	\$15.92
Firefighter 1	\$13.11	\$15.00	\$15.28*	\$17.17
Fire Apparatus Operator	\$14.48	\$16.36	\$16.65	\$18.54
Fire Captain	\$16.80	\$18.69	\$18.98	\$20.86

Total Expected Fiscal Impact:

\$3.9M

**Firefighters become eligible for state supplemental pay after one year of service inclusive of their service as a recruit.*

Firefighters: Scenario 4

Scenario 4 uses millage pay, supplemental pay, and base salary to calculate hourly wage.

Position	Base Hourly	With Millage	With Supplemental	With Millage and Supplemental
Recruit	\$15.15	Not eligible	Not Eligible	\$15.15
Firefighter 1	\$11.29	\$13.17	\$13.47*	\$15.35
Fire Apparatus Operator	\$12.48	\$14.35	\$14.65	\$16.53
Fire Captain	\$14.48	\$16.35	\$16.65	\$18.54

Total Expected Fiscal Impact:

\$280,000

**This plan assumes implementation of a City supplemental pay for all Firefighter 1s not eligible for State Supplemental Pay pursuant to LA R.S. 40:1666.1(3)(a).*

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Outsourcing Analysis Framework

Factors for Assessing Staffing and Contracting

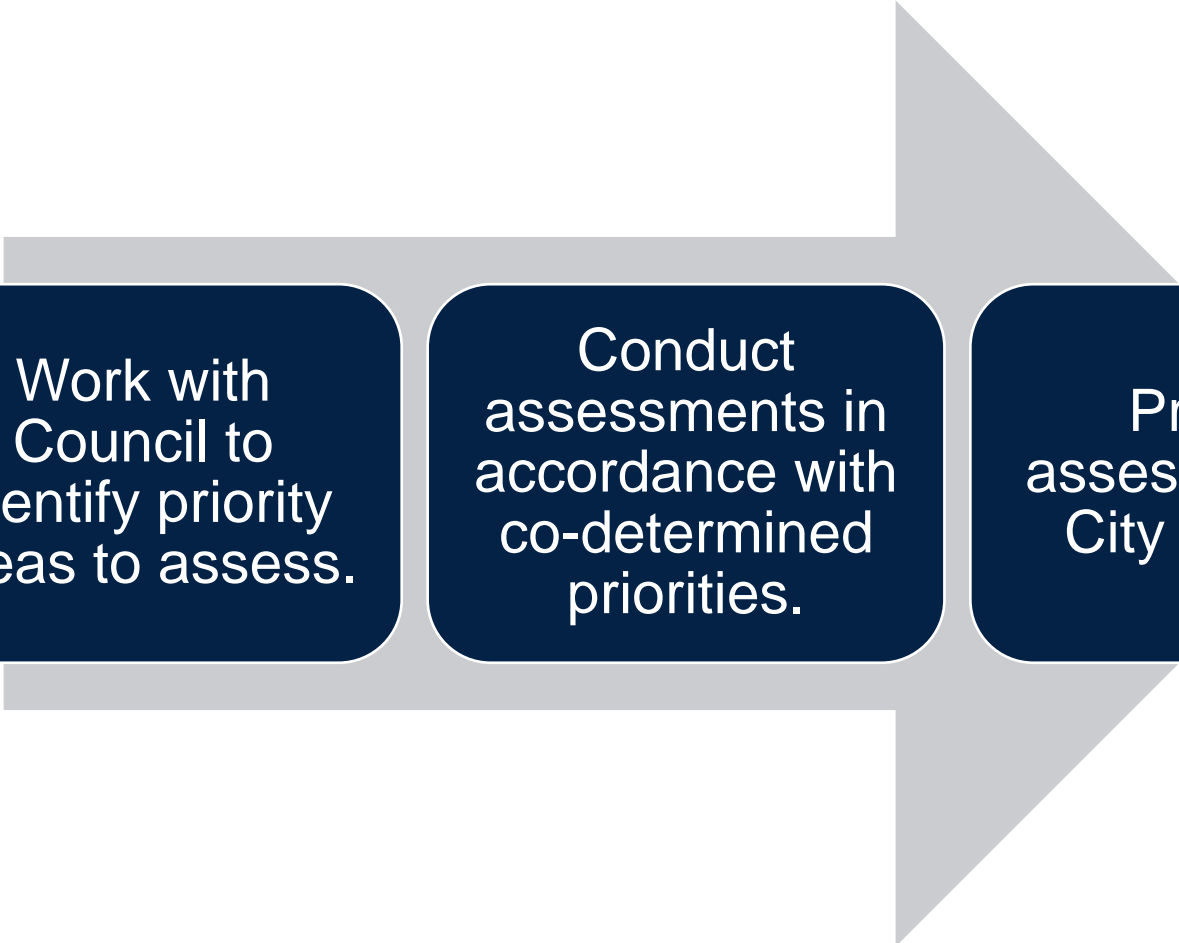
M-21-238 asked the Administration to assess “whether departments benefit by increasing staffing to rely less on contractors or whether using more contracted labor is beneficial.”

Such an analysis would need to include review of the following variables:

- Cost Savings and Pricing
 - The cost of contracting plus monitoring vs. internal cost of labor
- Resources and Technology
 - Vendors may have specialized equipment or proprietary knowledge
- Volatility of Demand for Service
 - Contracting can help match service demand if that demand varies seasonally
- Communication/Type of Work
 - Positions interacting with members of the public weigh towards being internal

Next Steps

The Administration was not able to adequately assess current staffing and contracting levels citywide in the time period given, but could assess specific services given additional time



Work with
Council to
identify priority
areas to assess.

Conduct
assessments in
accordance with
co-determined
priorities.

Present
assessments to
City Council.



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Questions?