

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

Date: November 14, 2011

To: Supervisor Lee Holloway, Chairman
Milwaukee County Board of Supervisors

From: Frederick J. Bau,  Labor Relations Specialist
Department of Labor Relations

RE: Ratification of the 2009-2012 Memorandum of Agreement between Milwaukee County and the Milwaukee Deputy Sheriffs' Association

Milwaukee County has reached an understanding with the bargaining team for the Milwaukee Deputy Sheriffs' Association that establishes a memorandum of agreement for 2009-2012.

I am requesting that this item be placed on the agenda for a special joint meeting of Finance and Audit, and the Personnel Committees as an action item. If the Committees' would like to meet in closed session to discuss the changes first, please request that the Committee make appropriate arrangements when noticing the meeting.

The following documents will be provided to the Committees for their review:

- 1) A comparison copy agreed upon language for each MOA. These copies contain both the old and new contract language. The old language will be indicated with "~~strike-through~~" and the new language will be "underlined";
- 2) A Union notification that the MOAs was ratified by the membership;
- 3) A draft Resolution approving the MOAs, this will also be provided electronically to the appropriate committee clerks;
- 4) The Department of Administrative Services (DAS) is preparing a fiscal note, which will be reviewed by the Department of Audit and County Board Staff. The finalized fiscal note will be sent to the Committees by DAS as soon as it is completed.

If you have any questions, please call me at 223-1932.

cc: County Board of Supervisors
Stephen Cady, County Board Staff
Richard Ceschin, County Board Staff
Terrence Cooley, Chief of Staff, County Board
Jerome Heer, Director, Dept. of Audit
Patrick Farley, Director, Department of Administrative Services
Scott Manske, Controller, Department of Administrative Services
Candace Richards, Interim Director of Human Resources
Kimberly Walker, Corporation Counsel
Pamela Bryant, Interim Fiscal & Budget Administrator.
George Aldrich, Chief of Staff, Office of the County Executive
Jodi Mapp, Personnel Committee Clerk
Carol Mueller, Finance and Audit Committee Clerk

bureau and shall remain assigned to the CIB as long as cause does not exist for their reassignment.

DEPUTY SHERIFF II ¹ (Listed by bureau assignment)

Nilsen, Jon	Fischer, Darrell
Wolf, Steven	Burch, Kristina
Kostopulos, Mariellen	Patane, Cheryl
Mohr, Kenneth	Anderson, Brian

(4) ~~Effective January 1, 2007, wages of bargaining unit employees shall be increased by one and one-half percent (1.5%).~~ Effective Pay Period 24, 2012, (October 28, 2012), a four percent (4%) across-the-board base rate of pay increase.

(5) ~~Effective July 1, 2007, wages of bargaining unit employees shall be increased by one and one-half percent (1.5%).~~

(6) ~~Effective January 1, 2008, wages of bargaining unit employees shall be increased by one and one-half percent (1.5%).~~

(7) ~~Effective July 1, 2008, wages of bargaining unit employees shall be increased by one and one-half percent (1.5%).~~

3.06 UNIFORM ALLOWANCE

(1) Uniform allowance shall be paid by separate check to all employees in the bargaining unit as follows:

(a) Uniformed employees shall be furnished with a full uniform at time of hire or as soon thereafter as practicable. The uniformed items furnished shall be in accordance with the regulations of the Sheriff's Department setting forth prescribed minimum equipment for each employee. Any employee whose employment is terminated within two (2) years from the date of hire shall return

¹ Subject to adjustment for oversight of encumbent in such assignment.

1 all uniform items furnished by the County to the Sheriff's
2 Department within seven (7) days of termination.

3 (b) The annual allowance for all employees shall be four hundred
4 twenty five dollars (\$425.00).

5 (2) From January 1, 2012 through December 31, 2012, notwithstanding any
6 other provisions of the MOA no employee shall receive any Uniform
7 Allowance. The intent of this section is to temporarily suspend Uniform
8 Allowance for one (1) year (2012).

9 10 **3.08 HAZARDOUS DUTY ALLOWANCE**

11 (1) In recognition of the fact that employees are required to exercise the
12 authority of their office whether on or off duty, and the fact that in
13 exercising such authority employees may be required to carry an
14 authorized weapon whether on or off duty, each employee shall receive in
15 addition to salary, by separate check, the sum of seven hundred fifty
16 dollars (\$750.00) payable in a lump sum the first payroll period in
17 December. Deputies who are not employed for the entire year shall be
18 paid on a prorated basis for the duration of their employment during the
19 year.

20 (2) From January 1, 2012 through December 31, 2012, notwithstanding any
21 other provisions of the MOA no employee shall receive any Hazardous
22 Duty Allowance. The intent of this section is to temporarily suspend
23 Hazardous Duty Allowance for one (1) year (2012).

24 25 **3.09 TEMPORARY ASSIGNMENTS**

26 (1) Employees may be assigned to perform duties of a higher classification for
27 which they are qualified. When so assigned, the employee shall be paid as
28 though promoted to the higher classification for all hours credited while in
29 such assignment. Employees on an established eligible list for the higher
30 classification under the same appointing authority shall be given the

1 temporary assignment before such assignment is given to any other
2 employees provided that:

3 (a) Such assignment is made in writing on the Temporary Assignment
4 Form; provided, however, that the omission of such written
5 assignment shall not bar a grievance requesting pay for work in the
6 higher classification.

7 (b) Such employee works in the higher classification for not less than
8 three (3) consecutive scheduled working days. Paid time off shall
9 not be included in the computation of the three (3) consecutive
10 scheduled working days but said days shall not be interrupted
11 thereby and

12 (c) Such employee performs the normal duties and assumes the
13 responsibilities of the incumbent of that position during that
14 period.

15 (2) Employees who accrue compensatory time while on temporary assignment
16 shall liquidate such time at the rate of pay of the classification to which
17 assigned at the time of liquidation.

18 (3) The MDSA acknowledges that the Sheriff or his designee has the
19 authority to determine which employees are designated as canine handlers
20 as well as their shift assignments, within the parameters of Section 3.25
21 through 3.28. Care and custody of canines include, but is not limited to,
22 training, administering drugs or medicine for illness, bathing, brushing,
23 exercising, providing water, feeding, grooming, cleaning of the canine's
24 kennel and transport vehicle, cleaning up the canine's waste, transporting
25 the canine to and from work, and other similar, regular activities
26 performed by the employees for the assigned canines, at their homes,
27 away from the worksite, on workdays and off days. The parties agree that
28 the compensation for employees who have custody of and care for canines
29 shall be as follows:

30 (a) Employees shall be scheduled to work seven (7) hour shifts at the
31 worksite and shall be paid one (1) hour of straight time pay,

1 designated as canine time at their regular hourly rate in effect,
2 resulting in being paid for eight (8) hours but only working seven
3 (7) hours at the worksite.

4 (b) Employees shall receive one (1) hour of straight time pay on their
5 off days, resulting in being paid for a total of seven (7) hours of
6 canine time each work week.

7 (c) When employees are using sick, holiday, vacation, personal, and/or
8 compensatory time off, said time-banks will be depleted by seven
9 (7) hours.

10 (d) When employees are required to work overtime at the worksite, the
11 employees shall receive overtime pay after working seven (7)
12 hours.

13 (e) Employees shall receive reimbursement for all mileage driven in
14 their personal vehicle for travel to and from work with their
15 canines, at the IRS mileage rate in effect at the time. The mileage
16 reimbursement shall occur monthly.

17 18 **3.11 EMPLOYEE HEALTH AND DENTAL BENEFITS**

19 (1) ~~Health and Dental Benefits shall be provided for in accordance with the~~
20 ~~terms and conditions of the current Plan Document and the Group~~
21 ~~Administrative Agreement for the Milwaukee County Health Insurance~~
22 ~~Plan or under the terms and conditions of the insurance contracts of those~~
23 ~~Managed Care Organizations (Health Maintenance Organizations or HMO)~~
24 ~~approved by the County. Effective January 1, 2012, all employees will be~~
25 ~~covered by the 2012 Milwaukee County Health Insurance Plan, as outlined~~
26 ~~in the 2012 County Budget and as to be adopted into Chapter 17 of the~~
27 ~~General Ordinances of the County of Milwaukee, §17.14 and any other~~
28 ~~applicable ordinance or section.~~

29 (2) ~~Eligible employees may choose health benefits for themselves and their~~
30 ~~dependents under a Preferred Provider Organization (County Health Plan or~~
31 ~~PPO) or HMO approved by the County.~~

1 (3) — All eligible employees enrolled in the ~~PPO or HMO~~ 2012 Milwaukee
2 County Health Insurance Plan shall pay a monthly amount toward the
3 monthly cost of health insurance as described below:

4 (a) Effective January of 2012 employees enrolled in the ~~PPO~~ 2012
5 Milwaukee County Health Insurance Plan shall pay ~~seventy-five~~
6 ~~dollars (\$75.00)~~ Eighty-five (\$85.00) per month toward the monthly
7 cost of a single plan and ~~one hundred fifty dollars (\$150.00)~~ one
8 hundred seventy (\$170.00) per month toward the monthly cost of a
9 family plan.

10 (b) — ~~Effective July of 2006 employees enrolled in the HMO shall pay~~
11 ~~seventy-five dollars (\$75.00) per month toward the monthly cost of~~
12 ~~a single plan and one hundred fifty dollars (\$150.00) per month~~
13 ~~toward the monthly cost of a family plan.~~

14 (c) — ~~All employees enrolled in the Wheaton Franciscan Direct (HMO)~~
15 ~~shall pay health insurance premiums of \$35.00 per month for single~~
16 ~~plan coverage and \$70.00 per month for family plan coverage~~
17 ~~effective July 1, 2008.~~

18 (d) — ~~All employees enrolled in the Patient Choice HMO shall pay health~~
19 ~~insurance premiums of \$50.00 per month for single plan coverage~~
20 ~~and \$100.00 per month for family plan coverage effective July 1,~~
21 ~~2008.~~

22 (e) — ~~All employees enrolled in the Patient Choice PPO shall pay health~~
23 ~~insurance premiums of \$75.00 per month for single plan coverage~~
24 ~~and \$150.00 per month for family plan coverage effective July 1,~~
25 ~~2008.~~

26 (f) — ~~Each eligible employee enrolled in the WPS Statewide/National~~
27 ~~PPO shall pay health insurance premiums of \$100.00 per month for~~
28 ~~single plan coverage and \$200.00 per month for family plan~~
29 ~~coverage effective July 1, 2008.~~

1 ~~(g) — Employees will be given an open enrollment period following the~~
2 ~~date of the arbitration award. The Association agrees to waive the~~
3 ~~45 (forty five) day notice requirement in section 3.11(7).~~

4 ~~(h) — The appropriate payment shall be made through payroll deductions.~~
5 ~~When there are not enough net earnings to cover such a required~~
6 ~~contribution, and the employee remains eligible to participate in a~~
7 ~~health care plan, the employee must make the payment due within~~
8 ~~ten working days of the pay date such a contribution would have~~
9 ~~been deducted. Failure to make such a payment will cause the~~
10 ~~insurance coverage to be canceled effective the first of the month~~
11 ~~for which the premium has not been paid.~~

12 ~~(i) — The County shall deduct employees' contributions to health~~
13 ~~insurance on a pre-tax basis pursuant to a Section 125 Plan. Other~~
14 ~~benefits may be included in the Section 125 Plan as mutually agreed~~
15 ~~upon by the County and the Association. Such agreement would be~~
16 ~~by collateral agreement to this contract.~~

17 ~~(j) — The County shall establish and administer Flexible Spending~~
18 ~~Accounts (FSA's) for those employees who desire to pre fund their~~
19 ~~health insurance costs as governed by IRS regulations. The County~~
20 ~~retains the right to select a third party administrator.~~

21 (42) In the event an employee who has exhausted accumulated sick leave is
22 placed on leave of absence without pay status on account of illness, the
23 County shall continue to pay the monthly cost or premium for the Health
24 Plan chosen by the employee and in force at the time leave of absence
25 without pay status is requested, if any, less the employee contribution
26 during such leave for a period not to exceed one (1) year. The 1-year
27 period of limitation shall begin to run on the first day of the month
28 following that during which the leave of absence begins. An employee
29 must return to work for a period of sixty (60) calendar days with no
30 absences for illness related to the original illness in order for a new 1-year
31 limitation period to commence.

- 1 ~~(5) — Where both husband and wife are employed by the County, either the~~
2 ~~husband or the wife shall be entitled to one family plan. Further, if the~~
3 ~~husband elects to be the named insured, the wife shall be a dependent under~~
4 ~~the husband's plan, or if the wife elects to be the named insured, the~~
5 ~~husband shall be a dependent under the wife's plan. Should neither party~~
6 ~~make an election the County reserves the right to enroll the less senior~~
7 ~~employee in the plan of the more senior employee. Should one spouse~~
8 ~~retire with health insurance coverage at no cost to the retiree, the employed~~
9 ~~spouse shall continue as a dependent on the retiree's policy, which shall be~~
10 ~~the dominant policy.~~
- 11 (63) Coverage of enrolled employees shall be in accordance with the monthly
12 enrollment cycle administered by the County.
- 13 (74) Eligible employees may continue to apply to change their health plan to one
14 of the options available to employees on an annual basis. This open
15 enrollment shall be held at a date to be determined by the County and
16 announced at least forty-five (45) days in advance.
- 17 ~~(8) — The County shall have the right to require employees to sign an~~
18 ~~authorization enabling non-County employees to audit medical and dental~~
19 ~~records. Information obtained as a result of such audits shall not be~~
20 ~~released to the County with employee names unless necessary for billing,~~
21 ~~collection, or payment of claims.~~
- 22 ~~(9) — The County reserves the right to terminate its contracts with its health plans~~
23 ~~and enter into a contract with any other administrator. — The County may~~
24 ~~terminate its contract with its current health plan administrator and enter~~
25 ~~into a replacement contract with any other qualified administrator or~~
26 ~~establish a self-administered plan provided:~~
- 27 ~~(a) — That the cost of any replacement program shall be no greater to~~
28 ~~individual group members than provided in par. (3) above~~
29 ~~immediately prior to making any change.~~

1 (b) — That the coverages and benefits of such replacement program shall
2 remain the same as the written Plan Document currently in effect for
3 employees and retirees.

4 (c) — Prior to a substitution of a Third Party Administrator (TPA)
5 or implementing a self-administered plan, the County agrees to
6 provide the Association with a full 60 days to review any new plan
7 and/or TPA.

8 (10) — The County reserves the right to establish a network of Preferred Providers.
9 The network shall consist of hospitals, physicians, and other health care
10 providers selected by the County. The County reserves the right to add,
11 modify or delete any and all providers under the Preferred Provider
12 Network.

13 (11) Upon the death of any retiree, only those survivors eligible for health
14 insurance benefits prior to such retiree's death shall retain continued
15 eligibility for the Employee Health Insurance Program.

16 (12) Employees hired prior to July 1, 1995, upon retirement shall be allowed to
17 continue in the County Group Health Benefit Program and the County shall
18 pay the full monthly cost of providing such coverage, in accordance with
19 Chapter 17 of the General Ordinances of the County of Milwaukee, §17.14
20 and any other applicable ordinance or section. To be eligible for this
21 benefit, an employee must have fifteen (15) years or more of creditable
22 service as a County employee. Employees hired on and after July 1, 1995
23 may upon retirement opt to continue their membership in the County Group
24 Health Benefit Program upon payment of the full monthly cost.

25 (13) — All eligible employees enrolled in the PPO shall have a deductible equal to
26 the following:

27 (a) — The in-network deductible shall be one hundred fifty dollars
28 (\$150.00) per insured, per calendar year; four hundred fifty dollars
29 (\$450.00) per family, per calendar year.

1 (b) — ~~The out of network deductible shall be four hundred dollars~~
2 ~~(\$400.00) per insured, per calendar year; one thousand two hundred~~
3 ~~dollars (\$1,200.00) per family, per calendar year.~~

4 (14) — ~~All eligible employees and/or their dependents enrolled in the PPO shall be~~
5 ~~subject to a twenty dollar (\$20.00) in-network office visit co-payment or a~~
6 ~~forty dollar (\$40.00) out-of-network office visit co-payment for all illness~~
7 ~~or injury related office visits. The office visit co-payment shall not apply to~~
8 ~~in-network preventative care, which includes prenatal, baby wellness, and~~
9 ~~physicals, as determined by the plan.~~

10 (15) — ~~All eligible employees and/or their dependents enrolled in the PPO shall be~~
11 ~~subject to a co-insurance co-payment after application of the deductible~~
12 ~~and/or office visit co-payment.~~

13 (a) — ~~The in-network co-insurance co-payment shall be equal to ten~~
14 ~~percent (10.00%) of all charges subject to the applicable out-of-~~
15 ~~pocket maximum;~~

16 (b) — ~~The out-of-network co-insurance co-payment shall be equal to~~
17 ~~twenty percent (20.00%) of all charges subject to the applicable out-~~
18 ~~of-pocket maximum;~~

19 (16) — ~~All eligible employees enrolled in the PPO shall be subject to the following~~
20 ~~out-of-pocket expenses including any applicable deductible and percent co-~~
21 ~~payments to a calendar year maximum of~~

22 (a) — ~~one thousand five hundred dollars (\$1,500.00) in-network under a~~
23 ~~single plan.~~

24 (b) — ~~two thousand five hundred dollars (\$2,500.00) out-of-network under~~
25 ~~a single plan.~~

26 (c) — ~~three thousand dollars (\$3,000.00) in-network under a family plan.~~

27 (d) — ~~five thousand dollars (\$5,000.00) out-of-network under a family~~
28 ~~plan.~~

29 (e) — ~~Office visit co-payments are not limited and do not count toward the~~
30 ~~calendar year out-of-pocket maximum(s).~~

1 (f) — Charges that are over usual and customary do not count toward the
2 calendar year out of pocket maximum(s).

3 (g) — Prescription drug co-payments do not count toward the calendar
4 year out of pocket maximum(s).

5 (h) — Other medical benefits not described in 16 (e), (f), and (g) shall be
6 paid by the County at one hundred percent (100.0)% after the
7 calendar year out of pocket maximum(s) has been satisfied.

8 (17) — All eligible employees and/or their dependents enrolled in the PPO shall
9 pay a fifty dollar (\$50.00) emergency room co-payment in-network or out-
10 of-network. The co-payment shall be waived if the employee and/or their
11 dependents are admitted directly to the hospital from the emergency room.
12 In-network and out of network deductibles and co-insurance percentages
13 apply.

14 (18) — All eligible employees enrolled in the PPO or HMO shall pay the following
15 for a thirty (30) day prescription drug supply at a participating pharmacy:

16 (a) — Five dollar (\$5.00) co-payment for all generic drugs.

17 (b) — Twenty dollar (\$20.00) co-payment for all brand name drugs on the
18 formulary list.

19 (c) — Forty dollar (\$40.00) co-payment for all non-formulary brand name
20 drugs.

21 (d) — Non-legend drugs may be covered at the five dollar (\$5.00) generic
22 co-payment level at the discretion of the plan.

23 (e) — The plan shall determine all management protocols.

24 (19) — All eligible employees and/or their dependents enrolled in the HMO shall
25 be subject to a ten dollar (\$10.00) office visit co-payment for all illness or
26 injury related office visits. The office visit co-payment shall not apply to
27 preventative care, which includes prenatal, baby wellness, and physicals, as
28 determined by the plan.

29 (20) — All eligible employees and/or their dependents enrolled in the HMO shall
30 pay a one hundred dollar (\$100.00) co-payment for each in-patient

1 hospitalization. There is a maximum of five (5) co-payments per person,
2 per calendar year.

3 ~~(21) All eligible employees and/or their dependents enrolled in the HMO shall~~
4 ~~pay fifty percent (50.0%) co-insurance on all durable medical equipment to~~
5 ~~a maximum of fifty dollars (\$50.00) per appliance or piece of equipment.~~

6 ~~(22) All eligible employees and/or their dependents enrolled in the HMO shall~~
7 ~~pay a fifty dollar (\$50.00) emergency room co-payment (facility only). The~~
8 ~~co-payment shall be waived if the employee and/or their dependents are~~
9 ~~admitted to the hospital directly from the emergency room.~~

10 ~~(23) All eligible employees and/or their dependents Benefits for the in-patient~~
11 ~~and out-patient treatment of mental and nervous disorders, alcohol and~~
12 ~~other drug abuse (AODA) are as follows:~~

13 ~~(a) If the employee and the dependent use an in-patient PPO facility,~~
14 ~~benefits are payable at eighty percent (80.0%) of the contracted rate~~
15 ~~for thirty (30) days as long as the PPO approves both the medical~~
16 ~~necessity and appropriateness of such hospitalization.~~

17 ~~(b) If the employee and the dependent use a non-PPO facility, benefits~~
18 ~~are payable at fifty percent (50.0%) of the contracted rate for a~~
19 ~~maximum of thirty (30) days. The hospitalization is still subject to~~
20 ~~utilization review for medical necessity and medical~~
21 ~~appropriateness.~~

22 ~~(c) The first two (2) visits of outpatient treatment by network providers~~
23 ~~will be reimbursed at one hundred percent (100.0%) with no~~
24 ~~utilization review required. Up to twenty-five (25) further visits for~~
25 ~~outpatient treatment when authorized by the PPO, will be~~
26 ~~reimbursed at ninety-five percent (95.0%) of the PPO contracted~~
27 ~~rate. In addition, when authorized by the PPO, up to thirty (30)~~
28 ~~days per calendar year, per insured, of day treatment or partial~~
29 ~~hospitalization shall be paid at ninety-five percent (95.0%) of the~~
30 ~~contracted rate for all authorized stays at PPO facilities.~~

1 ~~(d) — The first fifteen (15) visits of out-patient treatment authorized by the~~
2 ~~PPO but not provided by a PPO provider shall be paid at fifty~~
3 ~~percent (50.0%) of the contracted rate for all medically necessary~~
4 ~~and appropriate treatment as determined by the PPO. When~~
5 ~~authorized by the PPO, up to thirty (30) days per calendar year, per~~
6 ~~insured, of day treatment or partial hospitalization shall be paid at~~
7 ~~fifty percent (50.0%) of the contracted rate for all authorized stays~~
8 ~~at non-PPO facilities.~~

9 (247) Each calendar year, the County shall pay a cash incentive of five hundred
10 dollars (\$500.00) per contract (single or family plan) to each eligible
11 employee who elects to dis-enroll or not to enroll in a Milwaukee County
12 Health Plan. Any employee who is hired on and after January 1, 1994 and
13 who would be eligible to enroll in health insurance under the present
14 County guidelines who chooses not to enroll in a Milwaukee County health
15 plan shall also receive five hundred dollars (\$500.00). Proof of coverage in
16 a non-Milwaukee County group health insurance plan must be provided in
17 order to qualify for the five hundred dollars (\$500.00) payment. Such proof
18 shall consist of a current health enrollment card.

19 (a) The five hundred dollars (\$500.00) shall be paid on an after tax
20 basis. When administratively possible, the County may convert the
21 five hundred dollars (\$500.00) payment to a pre-tax credit which the
22 employee may use as a credit towards any employee benefit
23 available within a flexible benefits plan.

24 (b) The five hundred dollars (\$500.00) payment shall be paid on an
25 annual basis by payroll check no later than April 1st of any given
26 year to qualified employees on the County payroll as of January 1st.
27 An employee who loses his/her non-Milwaukee County group
28 health insurance coverage may elect to re-join the Milwaukee
29 County Conventional Health Plan. The employee would not be able
30 to re-join an HMO until the next open enrollment period. The five
31 hundred dollars (\$500.00) payment must be repaid in full to the

1 County prior to coverage commencing. Should an employee re-join
2 a health plan he/she would not be eligible to opt out of the plan in a
3 subsequent calendar year.

4 ~~(25) The County shall implement a disease management program. Such program~~
5 ~~shall be designed to enhance the medical outcome of a chronic illness~~
6 ~~through education, treatment, and appropriate care. Participation in the~~
7 ~~program by the patient shall be strictly voluntary, and the patient can~~
8 ~~determine their individual level of involvement. Chronic illness shall be~~
9 ~~managed through a variety of interventions, including but not limited to~~
10 ~~contacts with patient and physician, health assessments, education~~
11 ~~materials, and referrals. The County shall determine all aspects of the~~
12 ~~disease management program.~~

13 (8) Effective January 2012, active employees with health care benefits (those
14 who pay monthly health care premiums) will receive an automatic
15 contribution to a Flexible Spending Account (FSA) of \$500 for single,
16 \$1,000 for a two-member family, and \$1,500 for family plans. Unused FSA
17 monies at the end of the year will flow back to Milwaukee County.

18 ~~(269)~~ The County shall provide a Dental Insurance Plan equal to and no less
19 than is currently available to employees. Bargaining unit employees hired
20 on or after February 28, 1991 and each eligible employee enrolled in the
21 Milwaukee County Dental Benefit Plan shall pay two dollars (\$2.00) per
22 month toward the cost of a single plan, or six dollars (\$6.00) per month
23 toward the cost of a family plan. Employees may opt not to enroll in the
24 Dental Plan.

26 3.20 CONTRIBUTION TO RETIREMENT SYSTEM

27 (1) For all employees who are members of the Employees' Retirement System
28 as of January 1, 1971, the County shall contribute a sum equal to eight
29 percent (8%) of each employee's earnings computed for pension purposes
30 into such account on behalf of each such employee. All such sums
31 contributed, in addition to the contributions previously made by the

1 employee, shall be credited to the employee's individual account and be
2 subject to the provisions of the pension system as it relates to the payment
3 of such sums to such employees upon separation from service. The
4 provisions of this paragraph shall not apply to employees in the bargaining
5 unit in the following classes who were not members of the Employees'
6 Retirement System on or before December 12, 1967, or whose date of hire
7 is later than December 23, 1967:

- 8 (a) Emergency appointment, full time
- 9 (b) Emergency appointment, part time
- 10 (c) Regular appointment, seasonal
- 11 (d) Temporary appointment, seasonal
- 12 (e) Emergency appointment, seasonal

13 (2) Mandatory employee contributions.

14 (a) Each employee of the Employees' Retirement System, shall
15 contribute to the retirement system a percentage of the "Member's
16 Compensation" according to (b). "Member Compensation" shall
17 include all salaries and wages of the member, except for the
18 following: overtime earned and paid; any expiring time paid such
19 as overtime, and holiday; and injury time paid; and any
20 supplemental time paid such as vacation or earned retirement.

21 (b) Contribution percentage: The percentage shall be as follows:
22 Effective January 1, 2012, a six point five nine percent (6.59%)
23 employee contribution to the Employees' Retirement System.

24 (10) Effective as soon as administratively practicable after the
25 ratification/adoption of this agreement, Milwaukee County will add one
26 (1) member to the Milwaukee County ERS Board. The new member will
27 be a member of the Milwaukee Deputy Sheriffs' Association.

28
29 **3.21 RETIREMENT BENEFITS**

30 (1) The retirement allowance for all employees retiring on and after January 1,
31 1976, except as noted in (2) and (3) below, shall be computed at the rate of

1 two and one half percent (2.5%) for each year of service multiplied by the
2 final average salary of such employee as defined in Ch. 201, C.G.O., and
3 in accordance with all of the rules and regulations set forth therein.

4 (2) For employees hired on and after January 1, 1982, the provisions of Ch.
5 201, C.G.O., Employee Retirement System, shall be modified as follows:

6 (a) Any employee whose last period of continuous membership began
7 on or after January 1, 1982, shall not be eligible for a deferred
8 vested pension if his employment is terminated prior to his
9 completion of ten (10) years of service.

10 (b) Final average salary means the average annual earnable
11 compensation for the five consecutive years of service during
12 which the employee's earnable compensation was the highest or, if
13 he should have less than five years of service, then his average
14 annual earnable compensation during such period of service.

15 (3) For employees hired on and after July 1, 1995, the provisions of Ch. 201,
16 C.G.O. Employees' Retirement System, shall be modified as follows: An
17 employee who meets the requirements for a normal pension shall receive
18 an amount equal to two percent (2%) of his final average salary multiplied
19 by the number of years of service.

20 (4) Effective January 1, 1986, employees who are granted an accidental
21 disability pension as that term is defined in Section 201.24(5.3) of the
22 County General Ordinances will have their health insurance paid by
23 Milwaukee County regardless of length of service, except Milwaukee
24 County shall pay the full cost of the basic health plan or the full premium
25 of an HMO whichever is the least expensive for employees with less than
26 fifteen (15) years of service.

27 (5) For employees hired after November 12, 1987, overtime shall not be
28 included in the computation of Final Average Salary.

29 (6) Employees retiring on and after July 31, 1989 shall be entitled to pension
30 service credit for military service under Section 201.24 II (10) of the
31 Employees' Retirement System as amended by the County Board of
32 Supervisors through File No. 85-583(a), notwithstanding the effective date

1 indicated in the amendment.

- 2 (7) Deputy Sheriffs I, Deputy Sheriffs I (Bilingual)(Spanish), and Deputy
3 Sheriff Sergeant shall be eligible to retire without penalty: at age fifty
4 seven (57) regardless of their number of years of service, or at age fifty
5 five (55) with at least fifteen (15) years of creditable pension service.
- 6 (8) Employees who became Deputy Sheriffs I, Deputy Sheriffs I (Bilingual)
7 (Spanish), and Deputy Sheriff Sergeants prior to January 1, 1994 shall be
8 eligible to retire without penalty when the total of their age and years of
9 creditable pension service equals or exceeds seventy-five (75).
- 10 (9) Employees who meet the minimum requirements for retirement and who
11 retire on and after January 1, 1994 shall receive additional pension service
12 credit for each hour of sick allowance balance they have at the time of
13 retirement. This additional pension service credit shall not be used to
14 meet the minimum retirement requirements nor shall this additional
15 pension service credit be used to compute the fifteen (15) years of
16 creditable pension service as provided for in 17.14(7)(h) C.G.O. This
17 section shall not apply to any employee selecting a deferred retirement.
- 18 (10) Any member of the MDSA, who as of November 1, 2011, does not meet
19 either the age, or the age and length of service requirement to retire, and
20 who files an application for retirement benefits between November 01,
21 2011 and December 31, 2011, and completes their last day of active
22 service as a county employee no later than December 31, 2011, shall be
23 eligible for:
- 24 (a) The addition to the employee's age of the amount of time that is
25 necessary in order for the employee to meet the normal retirement
26 age requirement or, if applicable to the employee, the Rule of 75
27 provision for retirement benefits, but in no event more than five (5)
28 years

29
30 **3.30 LAYOFF AND RECALL**

- 1 (1) Whenever the County reduces the number of County employees
2 represented by the Association in any position in the classified service, the
3 Sheriff shall notify the Director of Human Resources of the number of
4 employees to be laid off, including titles of positions, upon the form
5 prescribed and furnished by the Department of Human Resources. The
6 Director of Human Resources, upon receipt of the notice from the Sheriff,
7 shall give to the Sheriff the names and addresses of the initial employees
8 who should be laid off in accordance with these provisions:
- 9 (a) The order of layoff shall be as follows:
- 10 1. Employees on Emergency Appointment;
 - 11 2. Employees on Temporary Appointment;
 - 12 3. Employees on Regular Appointment, beginning with the
13 employee with the least seniority in the affected
14 classification.
- 15 (b) The affected employee may, at his option, displace the least senior
16 employee holding a position in the next lower classification,
17 providing he is more senior than the employee he is displacing.
- 18 (c) This displacement into a lesser classification shall be followed
19 beginning with the highest classification affected, including
20 sergeant, and continuing to the lowest classification affected,
21 unless the affected employee decides not to initiate his option and
22 leaves the County service.
- 23 (d) When the County lays off deputy sheriffs in any rank or
24 classification represented by the Association, the order of layoffs
25 shall be based on rank seniority.²
- 26 (e) An employee who elects to take a position in a lower classification
27 displacing an employee with the least seniority in such lower
28 classification shall be paid at the maximum of the pay range to
29 which such lower classification is allocated, provided that such rate

² Language from Case 265, No. 41540, A-5401 Decision of Dennis P. McGilligan, Arbitrator.

1 is not higher than the rate he was receiving in the classification
2 from which he was displaced.

3 (f) Displacement and recall as contemplated herein shall be restricted
4 to vertical movement only within those classifications represented
5 by the Association.

6 (g) When the County increases the number of employees in any
7 classification, an employee having accepted a voluntary reduction
8 to a lower classification shall be reinstated to the position from
9 which he left, as if he were recalled from layoff. If more than one
10 employee is affected, reinstatement shall be by application of
11 seniority in reverse order of displacement. Any employee who is
12 laid off under these provisions and rehired for the same work
13 within ~~two years~~ six (6) years and one (1) day of the date of such
14 layoff shall be reinstated to the same relative position and pay
15 range within the department at the same step in the pay range
16 which he held at the time of layoff and at a rate currently being
17 paid to that classification at the time of recall. Seniority shall be
18 broken if an employee:

- 19 1. Retires;
- 20 2. Resigns from County service;
- 21 3. Is discharged and the discharge is not reversed;
- 22 4. Is not recalled from layoff for a period of two years. This
23 provision shall not apply to an employee not reinstated to a
24 position from which he was displaced to a lower
25 classification in the event he is not returned to the higher
26 position within a two-year period.
- 27 5. Does not return at the expiration of a leave of absence.

28 (h) An employee's refusal to accept the position in a lower
29 classification shall not be construed as a termination but rather
30 such employee shall be placed on the appropriate reinstatement list
31 as though laid off in accordance with these provisions.

1 (i) Whenever a member of the bargaining unit is promoted to a
2 classification outside of the unit in order to fill a position for an
3 indeterminate period of time, he shall, upon discontinuation of the
4 program to which he was assigned, be returned to the unit in the
5 same rank he held prior to such temporary assignment and without
6 loss of seniority for any purpose.

7 (j) An employee who has retained his/her membership in the
8 Retirement System who is recalled from layoff from the
9 appropriate reinstatement list shall return at the pension rate in
10 effect at the time of layoff.

11 (2) Milwaukee County will layoff no more than sixty-one (61) MDSA
12 positions during the time period December 1, 2011, and December 31,
13 2012. Milwaukee County agrees that for every dollar reduction in total
14 compensation and benefit costs for MDSA members that result from this
15 agreement with the MDSA, Milwaukee County will authorize a
16 proportional number of whole deputy sheriff positions to be funded in the
17 2012 adopted budget for the Sheriff's Office. Milwaukee County further
18 agrees that for every MDSA member who retires in 2011, Milwaukee
19 County will guarantee one less layoff of MDSA members.

21 **3.37 DIRECT PAYROLL DEPOSIT**

22 Effective as soon as administratively practicable after the execution of a successor
23 agreement all employees in the bargaining unit shall utilize The Milwaukee County
24 Direct Deposit Program.

26 **4.03 ASSOCIATION OFFICE SPACE**

27 The County agrees to provide office space to the Association and to allow the
28 Association to use members' departmental mailboxes for th distribution of Association
29 correspondence.

31 **5.01 GRIEVANCE PROCEDURE**

- 1 (1) APPLICATION: The grievance procedure shall not be used to change
2 existing wage schedules, hours of work, working conditions, fringe
3 benefits, and position classifications established by ordinances and rules
4 which are matters processed under other existing procedures. Any
5 disputes that arise between the Association and the County including
6 employee grievances shall be resolved under this section. Only matters
7 involving the interpretation, application or enforcement of rules,
8 regulations or the terms of this Agreement shall constitute a grievance.
- 9 (2) REPRESENTATIVES: An employee may be represented at any step in
10 the procedure by Association representatives (not to exceed two) of his/her
11 choice. However, representative status shall be limited at all steps of the
12 procedure to those persons officially identified as representatives of the
13 Association. The Association shall maintain on file with the County a
14 listing of such Association officials.
- 15 (3) TIME OF HANDLING: Whenever practical, grievances will be handled
16 during the regularly scheduled working hours of the parties involved. The
17 Association and the County shall mutually agree to a time and place for
18 hearing the grievance.
- 19 (4) TIME LIMITATIONS: If it is impossible to comply with the time limits
20 specified in this procedure, for any reason, these limits may be extended
21 by mutual consent in writing. If any extension is not agreed upon by the
22 parties within the time limits herein provided or a reply to the grievance is
23 not received within time limits provided herein, the grievance ~~may~~ shall be
24 appealed directly to the next step of the procedure. “Working days” shall
25 be defined as Monday through Friday excluding Saturdays, Sundays, and
26 holidays set forth in Section 3.15(3).
- 27 (5) SETTLEMENT OF GRIEVANCES: Any grievance shall be considered
28 settled at the completion of any step in the procedure if the Association
29 and the County are mutually satisfied. Dissatisfaction is implied in
30 recourse from one step to the next.
- 31 (6) FORMS: There are two separate forms used in processing a grievance:

1 (a) Grievance Initiation Form;

2 (b) Grievance Disposition Form;

3 Five (5) copies of all grievance forms are to be prepared, two of which are
4 to be retained by the person originating the form. The remaining copies shall be
5 served upon the other person involved in the procedure at that step, who shall
6 distribute them in such manner as the department head shall direct. The
7 department head shall furnish one copy to the Department of Labor Relations.
8 The forms are available in the Sheriff's Department, as well as the office of the
9 Department of Human Resources, and shall be readily available to all employees.

10 (c) Procedure To Be Followed When Initiating A Written Grievance:

11 1. The employee alone or with his/her Association
12 Representative shall cite the precise rule, regulation or
13 contract provision that was alleged to have been violated at
14 the first step of the grievance procedure.

15 2. The employee alone or with his/her Association
16 Representative shall in writing provide his/her immediate
17 supervisor designated to hear grievances an explanation as
18 to when, where, what, who, and why the employee believes
19 that his/her contractual rights have allegedly been violated.
20 The written Grievance Initiation Form shall contain the
21 date or time that the employee alleges that his/her
22 contractual rights have been violated.

23 3. The employee alone or with his/her Association
24 Representative shall detail, in writing, the relief the
25 employee is requesting.

26 4. If more space is required than is provided for on the
27 Grievance Initiation Form in order to comply with the
28 provisions of this section, the employee shall be permitted
29 to submit written attachments to said form.

- 1 5. The Grievance Initiation Form shall be prepared by the
2 employee or with his/her Association Representative in a
3 manner that is neat, clear, and discernible. The grievant(s)
4 must sign the grievance. Failure of the grievant(s) to sign
5 the grievance shall bar the grievance from being processed.
- 6 6. If the employee alone or with his/her Association
7 Representative fails to follow section 5.01(6)(c) 1,2,3,4, or
8 5, the employee's immediate supervisor designated to hear
9 grievances may return the Grievance Initiation Form to the
10 employee for corrections. If the employee fails to make the
11 corrections within 15 days of such return, the grievance
12 shall be barred.
- 13 7. The procedure outlined in 5.01(6)(c) 1,2,3,4,5 and 6 is to
14 clarify the procedure to be followed. These procedures are
15 to assist the employee, the Association and management in
16 the resolution of grievances at their lowest level of the
17 grievance procedure.

18
19 (7) STEPS IN THE PROCEDURE

20 (a) STEP 1

- 21 1. The employee alone or with his/her representative shall
22 explain the grievance verbally to the person designated to
23 respond to employee grievances in his/her department.
- 24 2. The person designated in Par. 1. shall within three (3)
25 working days verbally inform the employee of his/her
26 decision on the grievance presented.
- 27 3. If the supervisor's decision resolves the grievance, the
28 decision shall be reduced to writing on a Grievance
29 Disposition Form within five (5) working days from the
30 date of the verbal decision and a copy of said disposition

1 shall be immediately forwarded to the Director of Labor
2 Relations.

3 (b) STEP 2

- 4 1. If the grievance is not settled at the first step, the employee
5 alone or with his/her representative shall prepare the
6 grievance in writing on the Grievance Initiation Form and
7 shall present such form to the person designated in Step 1
8 to initial as confirmation of his/her verbal response. The
9 employee alone or with his/her representative shall fill out
10 the Grievance Initiation Form pursuant to Section 5.01
11 (6)(c) 1,2,3,4,5,6,7, of this Agreement.
- 12 2. The employee or his/her representative after receiving
13 confirmation shall forward the grievance to his/her
14 appointing authority or the person designated by him/her to
15 receive grievances within fifteen (15) working days of the
16 verbal decision. Failure of the person designated or the
17 appointing authority to provide confirmation shall not
18 impede the timeliness of the appeal.
- 19 3. The person designated in Step 2, paragraph 2, will schedule
20 a hearing with the person concerned and within fifteen (15)
21 working days from date of service of the Grievance
22 Initiation Form, the Hearing Officer shall inform the
23 aggrieved employee, the Director of Labor Relations, and
24 the Association in writing of his/her decision.
- 25 4. Those grievances, which would become moot if
26 unanswered before the expiration of the established time
27 limits will be answered as soon as possible after the
28 conclusion of the hearing.
- 29 5. The second step of the grievance procedure may be waived
30 by mutual consent of the Association and the Director of
31 Labor Relations. If the grievance is not resolved at Step 2

1 as provided, the Association shall appeal such grievance
2 within thirty (30) working days from the date of the second
3 step grievance disposition to Step 3.

4 (c) STEP 3

- 5 1. The Director of Labor Relations or his/her designee shall
6 attempt to resolve all grievances timely appealed to the
7 third step. The Director of Labor Relations or his/her
8 designee shall respond in writing to the Association within
9 thirty (30) working days from the date of receipt by the
10 Director of Labor Relations of the Step 2 appeal.
- 11 2. In the event the Director of Labor Relations or his/her
12 designee and the appropriate Association representative
13 mutually agree to a resolve of the dispute it shall be
14 reduced to writing and binding upon all parties and shall
15 serve as a bar to further appeal.
- 16 3. The Step 3 of the grievance procedure shall be limited to
17 the Director of Labor Relations or his/her designee and the
18 appropriate Association representative and one of his/her
19 designee, an Attorney for the Association and
20 representatives of the Sheriff designated to respond to
21 employee grievances. The number of representatives at
22 any Step 3 hearing may be modified by mutual consent of
23 the parties.
- 24 4. The first and second step hearing officers shall forward a
25 copy of the disposition to the Department of Labor Relation
26 at the same time they notify the grievants of their
27 disposition.

- 28 (8) Grievances designated for arbitration shall be appealed to the Wisconsin
29 Employment Relations Commission within thirty (30) calendar days of the
30 date of the written response from Step 3. The Association shall, in
31 writing, notify the Director of Labor Relations or his/her designee within

1 forty-eight (48) hours prior to the arbitration hearing the names of the
2 employees the Association wishes to have released for the arbitration
3 hearing. The release of said employees shall be subject to review by the
4 Director of Labor Relations or his/her designee and shall be subject to
5 mutual agreement of both the Association and the Director of Labor
6 Relations or his/her designee. The release of employees shall not be
7 unreasonably denied.

8 (9) No grievance shall be initiated after the expiration of (60) calendar days
9 from the date of the grievable event, or the date on which the employee
10 becomes aware, or should have become aware, that a grievable event
11 occurred, whichever is later. This clause shall not limit retroactive
12 payment of economic benefits for which it has been determined the
13 County is liable nor would it prohibit a prospective adjustment of an
14 ongoing situation.

15 (10) Representation at hearings on group grievances shall be limited to two (2)
16 employees from among the group, except in those cases where the
17 Association and the department involved agree that the circumstances of
18 the grievance are such as would justify participation by a larger number.
19 One employee of the group shall be designated as the grievant to whom
20 the Grievance Disposition Forms shall be forwarded.

21 (11) At each successive step of the grievance procedure, the subject matter
22 treated and the grievance disposition shall be limited to those precise
23 issues arising out of the original grievance as filed.

24 (12) In those cases in which an employee elects not to be represented by
25 Association spokesmen, the grievance shall not be resolved in a manner
26 inconsistent with the existing collective agreement.

27 (13) A copy of all grievance dispositions shall be promptly forwarded to the
28 appropriate Association representative.

29
30 **5.07 PAID RELEASE TIME**

- 1 (1) The purpose of this Section is to provide for paid release time for the
2 President of the MDSA during the normal workweek (Monday-Friday)
3 and during the normal workday (first shift)
- 4 (2) The MDSA acknowledges that the Sheriff or his designee has the
5 authority to determine for Deputy Sheriffs, including the President of the
6 MDSA, their bureau/division assignments, and shift assignments, within
7 the parameters of sections 3.25 through 3.28 of the current memorandum
8 of Agreement.
- 9 (3) That the Office of the Sheriff will provide that the President of MDSA will be
10 granted a designated period of time during which he/she can conduct union
11 business on each scheduled work day that falls on a Monday through Friday.
- 12 (4) The following specifics will control the use of the release time:
- 13 (a) On each weekday the President of the Association is scheduled for
14 regular duty on the day shift he shall be scheduled to work six (6)
15 hour shifts at the worksite and shall be paid two (2) hours of straight
16 time pay, designated as MDSA release time, at the regular hourly
17 rate of pay in effect, resulting in his being paid for eight (8) hours but
18 only working six (6) hours at the worksite;
- 19 (b) The person holding the Office of President of the MDSA will be
20 entitled to an assignment selected by the Sheriff, on first shift,
21 regardless of his seniority;
- 22 (c) The release time will be for the purpose of conducting non-political
23 union business including, but not limited to, representing MDSA
24 members in disciplinary matters; attending public meetings that
25 directly relate to collective bargaining; and general contract
26 administration;
- 27 (d) The release time will occur at the end of the regularly scheduled shift
28 and will not be unreasonably denied;
- 29 (e) In the event the President is required to continue working beyond the
30 regular departure time for more than thirty (30) minutes he will be
31 given an additional two (2) hours off with pay on his next regularly
32 scheduled work day;

- 45 (12) Providing for all members of the Milwaukee Deputy Sheriffs' Association shall
46 utilize the Milwaukee County Direct Deposit Program.
- 47 (13) Agreeing that Milwaukee County will layoff no more than sixty-one (61) DSA
48 positions for the duration of the Agreement. Milwaukee County agrees that for
49 every dollar reduction in total compensation and benefit costs for DSA members
50 that result from this agreement with the DSA, Milwaukee County will authorize a
51 proportional number of whole deputy sheriff positions to be funded in the 2012
52 adopted budget for the Sheriff's Office. Milwaukee County further agrees that for
53 every DSA member who retires in 2011, Milwaukee County will guarantee one
54 less layoff of DSA members.
- 55 (15) Providing for new language in the Layoff and Recall section of the contract to
56 read as follows "...Any employee who is laid off under these provisions and
57 rehired for the same work within **six (6) years and one (1) day** of the date of
58 such layoff shall be reinstated..."
- 59 (16) Providing to codify into the contract "paid release time" that was already agreed
60 to by the Sheriff and the DSA.
- 61 (17) Providing to codify into the contract "Temporary Assignment-Canine Officer" that
62 was already agreed to by the Sheriff and the DSA.
63 .
64

65 WHEREAS, such agreement was ratified by the membership of the Milwaukee
66 Deputy Sheriffs' Association on November 06, 2011; and
67

68 WHEREAS, the Committee on Finance and Audit, on November XX, 2011,
69 recommended approval (vote X-X) of the Milwaukee Deputy Sheriffs' Association
70 agreement; and
71

72 WHEREAS, the Committee on Personnel, on November ZZ, 2011,
73 recommended approval (vote X-X) of the Milwaukee Deputy Sheriffs' Association
74 agreement; now, therefore,
75

76 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby
77 approves the agreement on wages, benefits and conditions of employment with the
78 Milwaukee Deputy Sheriffs' Association, which is incorporated herein by reference to
79 this File No. 11-XXX, and hereby authorizes and directs the County Executive and the
80 County Clerk to execute the agreement; and
81

82 BE IT FURTHER RESOLVED that the Director of the Department of
83 Administration is hereby authorized and directed to prepare and submit appropriation
84 transfer requests reflecting this agreement at a later date, if necessary.



Milwaukee Deputy Sheriffs' Association

821 W. State Street, Room 408, Milwaukee, Wisconsin 53233 • (414) 276-5222 • Fax (414) 276-5295

November 10, 2011

RECEIVED
2011 NOV 11 AM 10:12
MILWAUKEE COUNTY
LABOR RELATIONS

Mr. Fred Bau
Milwaukee County Labor Relations
901 North 9th Street
Milwaukee, WI 53233

Re: Ratification of Voluntary Agreement

Mr. Fred Bau:

I am writing this letter to confirm that on Sunday, November 6, 2011 the members of the Milwaukee Deputy Sheriffs' Association voted on the tentative agreement for a successor collective bargaining agreement negotiated between Milwaukee County Labor Relations and the MDSA Bargaining Committee.

We submitted the labor contract that the bargaining committee negotiated with Milwaukee County to the members of the MDSA immediately after receiving the final draft from you on Friday afternoon. A majority of active members who voted accepted this contract. There were a total of 318 votes cast by printed ballot, with a final vote of 167 for, 150 against, and 1 abstention.

As a result, the members of the MDSA ratified the agreement reached between the MDSA Bargaining Committee and Milwaukee County.

Thank you.

Sincerely,

Roy M. Felber

pc: Attorney Graham P. Wiemer



GFOA Recommended Practice

Evaluating Use of Early Retirement Incentives - 2004

Background. Governments occasionally offer early retirement incentives (ERIs)¹ to employees as a strategy to reduce payroll costs or stimulate short-term turnover among staff. ERIs are temporary, offered during a window that usually covers a period of months. They increase the economic value of the standard retirement benefit. Historically, ERIs rarely have succeeded, since costs are often greater than initially anticipated by the government offering the incentive, and savings are lower than projected.

Recommendation. GFOA recommends that governments exercise extreme caution if considering ERIs. Governments should take several actions prior to the decision to offer an ERI in terms of (1) goal-setting, (2) cost/benefit analysis, and (3) budgetary analysis. Governments should also develop an implementation plan.

1. Goal-Setting for ERIs

Governments should be explicit in setting documented goals for the ERI. Goals can be financial in nature, such as realizing permanent efficiencies in staffing or achieving budgetary objectives. ERIs can also be designed to achieve human resource goals, such as creating vacancies that allow for additional promotion opportunities and allowing management to bring in new staff. Any ERI goals should not conflict with other retirement plan goals (e.g., features to reduce turnover or increase retention).

An explicit statement of goals is needed to judge the ultimate success of the initiative and to develop performance measures. Further, having a statement of goals promotes transparency. Inappropriate goals such as rewarding a select group of staff should be explicitly rejected. Potential conflicts of interest among decision-makers who design an ERI should be monitored closely, since any self-dealing is costly and could harm the long-term credibility of the government entity.

2. Cost/benefit analysis

In judging whether an ERI should be offered, governments should assess the potential costs and benefits of ERI proposals, and the cost/benefit analysis should be linked to the goals of the ERI.

¹ The scope of this recommended practice does not cover deferred retirement option plans (DROP) or partial lump-sum option plans (PLOP), which often promote employee retention. The CORBA Committee may address this issue separately.

For example, if a government sets a financial goal of obtaining long-term staffing efficiencies, then an independent cost/benefit analysis should determine whether the ERI will actually bring about such staffing efficiencies.

A cost/benefit analysis should be comprehensive. It should take into account direct and indirect impacts, such as the impact on the government for providing retiree health care and additional contractor costs. In addition, it should take into account the effect upon both the plan sponsor and the pension fund (if the pension fund is a separate organization). Governments should retain an actuary to assist in conducting a cost/benefit analysis.

Material changes to the ERI proposal during the legislative process should trigger adjustments to the cost/benefit and budgetary analyses.

Regarding financially-driven ERIs, a cost/benefit analysis should compare long-term benefits and costs against the “default” scenario of a hiring freeze. Most financially-driven ERIs project financial benefits based on payroll savings related to staff departures. However, any such savings should be discounted, because a hiring freeze also creates payroll savings (owing to the normal rate of staff departures). Thus, the ERI benefit is limited to the marginal increase in staff departures attributable to the ERI. Governments that attribute all staff departures to an ERI would over-state the ERI benefit, thus distorting the cost/benefit analysis.

Financially-driven ERIs may also obtain savings by replacing highly compensated staff with lower-paid staff. Analysis of such ERIs must take into account the fact that newly hired staff tend to experience faster salary increases than other employees.

If early retirement incentives are offered, they should be offered very infrequently and without a predictable schedule to avoid the expectation that another ERI will be offered. Such an expectation would distort normal employee retirement patterns.

The incremental costs of an ERI should be amortized over a short-term payback period, such as three to five years. This payback period should match the period in which the savings are realized. To calculate the incremental costs of an ERI, governments should conduct an actuarial analysis that discloses the present value of the liabilities associated with an ERI. Governments that have over-funded pension plans should avoid allocating any actuarial surplus to finance the incremental costs of the ERI.

3. Budgetary considerations

In order to develop accurate budgetary estimates for the ERI, it is necessary to estimate the incremental cost of the ERI, which will vary according to the level of employee participation. Any budgetary analysis should project multiple scenarios for employee participation levels.

A budgetary analysis should be comprehensive. It should take into account direct and indirect impacts, such as the impact on the government for providing retiree health care and additional contractor costs.

Because a collective bargaining agreement may affect potential ERI costs and benefits, it should be reviewed prior to developing budgetary estimates.

4. Implementation considerations

If implementing an ERI, at a minimum, governments should take into account the following points:

- A communication plan is desirable to help employees understand the ERI in the context of overall retirement planning;
- It may be necessary to gain input from collective bargaining units;
- Governments should consider the impact upon service delivery after employees retire, with identification of critical personnel whose services must be maintained;
- The duration of the window should take into account the ability of retirement staff to manage retirement application workloads, among other factors; and
- Performance measures should be used to ensure ERI goals are met. For financially-driven ERIs, governments should track and report direct and indirect costs and benefits to determine if goals are met, such as for vacancies and contract costs.

References:

A Primer on Early Retirement Incentives, GFOA, 2004.

Approved by the GFOA Executive Board, October 15, 2004.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

(ITEM) From Department of Labor Relations, submitting documents relating to the tentative agreement with the Milwaukee Deputy Sheriffs' Association, by recommending adoption of the following:

A RESOLUTION

WHEREAS, the negotiation staff of the Personnel Committee of the Milwaukee County Board of Supervisors and the Milwaukee Deputy Sheriffs' Association, have reached agreements on all issues relating to wages, hours, and conditions of employment for employees in the bargaining unit represented by the Milwaukee Deputy Sheriffs' Association, and for the period January 1, 2009 through December 31, 2012, modifying the previous agreement in the following respects:

- (1) Providing for the termination of the Agreement on December 31, 2012.
- (2) Providing for a 4% across the board increase effective October 28, 2012.
- (3) Providing only during the calendar year 2012, all step increases provided for in Chapter 17 of the Milwaukee County General Ordinances are eliminated for a twelve (12) month period.
- (4) Providing only during the calendar year 2012 no uniform allowance and hazardous duty pay will be paid to any Deputy Sheriffs' Association member.
- (5) Providing for, effective January 1, 2012, all Deputy Sheriffs' Association members will be covered by the 2012 Milwaukee County Health Insurance Plan.
- (6) Providing for, effective January 1, 2012, monthly contributions for the 2012 Milwaukee County Health Insurance Plan will be \$85 for single coverage and \$170 for family coverage for all Deputy Sheriffs' Association members.
- (7) Providing for, effective January 1, 2012, all Deputy Sheriffs' Association members will pay a 6.59% employee contribution to the Employees' Retirement System.
- (8) Providing for as soon as administratively practicable after the ratification of the agreement, Milwaukee County will add one (1) member to the Milwaukee County ERS Board. The new member will be a member of the Milwaukee Deputy Sheriffs' Association.
- (9) Providing for a "retirement window" in which members of the Milwaukee Deputy Sheriffs' Association could receive up to five years, age only, added to the requirements needed to retirement for those who retire between November 1, 2011 and December 31, 2011.
- (10) Providing for the Milwaukee Deputy Sheriffs' Association ability to use Mailboxes in the Office of the Sheriff for Association correspondence.
- (11) Providing for a change in the grievance procedures that if time limitations extensions are not agreed to by both parties the grievance **shall** be appealed directly to the next step of the procedure.

- 45 (12) Providing for all members of the Milwaukee Deputy Sheriffs' Association shall
46 utilize the Milwaukee County Direct Deposit Program.
- 47 (13) Agreeing that Milwaukee County will layoff no more than sixty-one (61) DSA
48 positions for the duration of the Agreement. Milwaukee County agrees that for
49 every dollar reduction in total compensation and benefit costs for DSA members
50 that result from this agreement with the DSA, Milwaukee County will authorize a
51 proportional number of whole deputy sheriff positions to be funded in the 2012
52 adopted budget for the Sheriff's Office. Milwaukee County further agrees that for
53 every DSA member who retires in 2011, Milwaukee County will guarantee one
54 less layoff of DSA members.
- 55 (15) Providing for new language in the Layoff and Recall section of the contract to
56 read as follows "...Any employee who is laid off under these provisions and
57 rehired for the same work within **six (6) years and one (1) day** of the date of
58 such layoff shall be reinstated..."
- 59 (16) Providing to codify into the contract "paid release time" that was already agreed
60 to by the Sheriff and the DSA.
- 61 (17) Providing to codify into the contract "Temporary Assignment-Canine Officer" that
62 was already agreed to by the Sheriff and the DSA.
63 .
64

65 WHEREAS, such agreement was ratified by the membership of the Milwaukee
66 Deputy Sheriffs' Association on November 06, 2011; and
67

68 WHEREAS, the Committee on Finance and Audit, on November XX, 2011,
69 recommended approval (vote X-X) of the Milwaukee Deputy Sheriffs' Association
70 agreement; and
71

72 WHEREAS, the Committee on Personnel, on November ZZ, 2011,
73 recommended approval (vote X-X) of the Milwaukee Deputy Sheriffs' Association
74 agreement; now, therefore,
75

76 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby
77 approves the agreement on wages, benefits and conditions of employment with the
78 Milwaukee Deputy Sheriffs' Association, which is incorporated herein by reference to
79 this File No. 11-XXX, and hereby authorizes and directs the County Executive and the
80 County Clerk to execute the agreement; and
81

82 BE IT FURTHER RESOLVED that the Director of the Department of
83 Administration is hereby authorized and directed to prepare and submit appropriation
84 transfer requests reflecting this agreement at a later date, if necessary.

November 14, 2011

Supervisor Paul M. Cesarz
Chairman
Pension Study Commission
901 N. 9th St.
Milwaukee, WI 53233

Re: Actuary's Review of Milwaukee Deputy Sheriffs' Association Voluntary Settlement Proposal Retirement Window

Dear Supervisor Cesarz:

As requested, we have analyzed the actuarial impact on the Milwaukee County Employees' Retirement System (ERS) of Retirement Window proposed in the Milwaukee Deputy Sheriffs' Association (DSA) Voluntary Settlement Proposal (VSP).

Actuarial Analysis

The VSP stipulates that any member of the DSA, who as of November 1, 2011, does not meet either the age, or the age and length of service requirement to retire, and who files an application for retirement benefits between November 1, 2011 and December 31, 2011, and completes their last day of active service as a county employee no later than December 31, 2011, shall be eligible for the addition to the employee's age of the amount of time that is necessary in order for the employee to meet the normal retirement age requirement or, if applicable to the employee, the Rule of 75 for retirement benefits, but in no event more than five (5) years. We will refer to this proposed provision as the Window throughout this analysis.

If enacted, the Window will increase projected benefits to be paid out of the ERS. There are two primary sources of the additional benefits paid out of the ERS System due to the window. First, the benefit enhancements used to incent the member to retire, relaxing the retirement eligibility by five years, add costs to the Retirement System. Members that elect the Window will receive benefits for up to five years longer than if the Window were not enacted. Second, we anticipate that members will retire earlier than assumed in the annual valuation. For purposes of the annual valuation, we do not anticipate that all members will retire at the earliest retirement date, but rather DSA members are anticipated to retire on average one and a half to two years after earliest retirement eligibility. When valuing the window we do assume that all members will retire by December 31, 2011 the earliest retirement date. These additional costs from benefits being paid earlier than anticipated are a significant portion of the increase in liability.

While there will be an increase in the liability of ERS, the cost of benefits accruing during the year, or normal cost, will be eliminated. The normal cost is eliminated because the DSA members who elect the window will no longer accrue benefits under the ERS.

With the assistance of county staff, we have identified 46 DSA members that would be eligible for the window. These 46 members have an average age and service of 50.2 and 20.6 years respectively. We have estimated the increase in actuarial accrued liability (AAL) if all 46 members elect the Window will increase from \$14,635,893 to \$19,923,680, or \$5,287,787. The elimination in normal cost that results is

\$423,123. The impact on the County contribution is the sum of the amortization of the increase in actuarial accrued liability of \$5,287,787 and the elimination of the normal cost of \$423,123. The following chart summarizes the impact in contribution under various amortization periods.

Estimated First Year VSP Costs under Alternative Amortization Policies				
	Amortization Period for Increase in Actuarial accrued liability due to VSP			
	3 years	5 years	15 Years	30 Years
Increase in AAL Contribution	1,985,170	1,241,390	504,282	329,997
Normal Cost Savings	(423,123)	(423,123)	(423,123)	(423,123)
Net Change in Contribution	1,562,047	818,267	81,159	(93,126)

As noted, the costs above are first year costs. The increase in AAL contribution amount is the first year amount; future AAL contribution payments will increase from the first year amount by 3.5% each year throughout the course of the amortization period. The amortization period is the period of years over which the additional \$5,287,787 in AAL is paid off. Under the three year amortization period, the \$5,287,787 is paid off in 3 years; under the 5 year period, 5, and so on. As such, the increase in AAL contribution can be thought of as a mortgage.

Unlike the AAL contribution, the normal cost savings may not be realized over the amortization period listed. The normal cost savings will decrease over time to the extent that new DSA members are hired to replace members who elect the window. In the extreme case, if all members that elect the window are immediately replaced, there is effectively no normal cost savings. At the other extreme, if the DSA members that elect the window are never replaced, the normal cost savings are permanent.

The net change in contribution is the sum of the increase in AAL contribution offset by the normal cost savings. The current funding policy for the ERS includes a provision for amortizing unfunded liabilities over a thirty year period. Assuming no change in policy, unfunded liabilities generated by the window will be amortized over the current policy of 30 years. This will result in a net *decrease* in contributions of \$93,126 in the first year of the window despite a marked increase in the liabilities of the ERS. Intuitively contributions to the ERS should increase as a result of the window. As such we recommend that a period no greater than 15 years be adopted in conjunction with the window. Furthermore, the costs associated with the window should be amortized over a period over which salary savings generated by the window are realized. This means that consideration should be given to amortizing the costs associated with the window over the same number of years in which salary savings are expected – which is generally considered to be 3 to 5 years. However, if the County’s intention is to make these salary savings permanent, which indicates that salary savings will exceed the 3 to 5 year period, a longer period could be considered and we recommend that a 15 year period be adopted. Shorter periods are recommended if salary savings are not permanent. Regardless of the amortization period chosen for amortizing the cost of the Window, the amortization for all other unfunded actuarial accrued liabilities can remain the same.

It should be noted that the above costs have been developed assuming that all 46 eligible DSA members will elect the Window. The number of DSA members that elect the Window cannot be estimated with any level of certainty. That being said, to estimate the impact on the ERS of one-half of the membership electing the Window, it is reasonable to multiply the results of our analysis by one-half.

Supervisor Paul M. Cesarz
Chairman
Pension Study Commission
November 14, 2011
Page 3

For purposes of this analysis, we have only isolated the potential impact on the Retirement System. The impact on other benefit programs has not been included in this analysis and should be developed to determine the overall impact on the County of the Window.

The GFOA has a Recommended Practice regarding Early Retirement Incentives that we encourage the appropriate staff to read. We have attached a copy of the recommended practice to the cover email.

Unless otherwise noted, this analysis is based on the actuarial assumptions and methods used to prepare the January 1, 2011 actuarial valuation. The results shown in this report reflect what the January 1, 2011 actuarial valuation would have shown had the Window been implemented and all 46 members elected the window.

The undersigned is a Member of the American Academy of Actuaries and meets the Academy's Qualification Standards to issue this Statement of Actuarial Opinion.

Please call if you have any questions.

Sincerely,



Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

LFL:pl
19150/C7284RET01-DSA-Review-Retirement-Window.doc

cc: Mark Grady

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : November 15, 2011

TO : Supervisor Lee Holloway, Chairman
Milwaukee County Board of Supervisors

FROM : Steve Cady, Fiscal & Budget Analyst, County Board
Jerome J. Heer, Director of Audits

SUBJECT : Fiscal Note Review for the 2009-2012 Contract between Milwaukee County and the Deputy Sheriffs Association

We have reviewed the fiscal note prepared by the Department of Administrative Services regarding the 2009 - 2012 tentative agreement between County of Milwaukee and Deputy Sheriffs Association.

We agree with the assumptions, methodologies and conclusions presented in the fiscal note. It should be noted that, unlike many other labor contract fiscal notes, there are many assumptions that could alter the actual impact of the proposed agreement. This includes the actual number of deputy sheriff positions that would take advantage of the pension benefit window, the resolution of the 2012 Adopted Budget for the Office of the Sheriff, and the Sheriff's implementation of any proposed labor agreement. A portion of this fiscal note relies upon the calculations provided by Buck Consultants, the County's actuary. We have relied on the actuary's numbers as presented in a separate communication dated November 14, 2011.

If you have any questions, do not hesitate to call us.



Steve Cady
Fiscal & Budget Analyst



Jerome J. Heer
Director of Audits

cc: Chris Abele, County Executive
Candace Richards, Director, DAS – Human Resources Division
Fred Bau, DAS – Labor Relations
Patrick Farley, Director, Department of Administrative Services
Carol Mueller, Finance and Audit Committee Clerk, County Board Staff
Pamela Bryant, Interim Fiscal & Budget Administrator
Scott Manske, Controller, Department of Administrative Services
Richard Ceschin, Research Analyst, County Board Staff
Jodi Mapp, Committee Clerk - Personnel

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

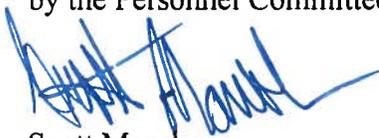
DATE : November 15, 2011

TO : Supervisor Lee Holloway, County Board Chairman
Milwaukee County Board of Supervisors

FROM : Scott Manske, Controller

SUBJECT : Fiscal Note on the Memorandum of Agreement for the 2009-2012 Contract between Milwaukee County and the Milwaukee Deputy Sheriff's Association

Attached to this memo is the fiscal note on the above-mentioned contract that will be considered by the Personnel Committee and Finance and Audit Committee on November 16, 2011.



Scott Manske
Controller

Attachment

cc: Chris Abele, County Executive
Candace Richards, Interim Director, DAS – Human Resources Division
Fred Bau, DAS – Labor Relations
Terrence Cooley, Chief of Staff, County Board
Patrick Farley, Director, Department of Administrative Services
Jerome Heer, Director of Audits
Pamela Bryant, Interim DAS - Fiscal and Budget Administrator
Jodi Mapp, Personnel Committee Clerk
Carol Mueller, Finance and Audit Committee Clerk, County Board Staff
Stephen Cady, Fiscal and Budget Analyst, County Board Staff
Rick Ceschin, Senior Research Analyst, County Board Staff
George Aldrich, Chief of Staff, Office of County Executive

FISCAL NOTE

The following provides a summary of the **fiscal impact of the proposed Deputy Sheriff's Association contract agreement for the years 2009 - 2012.** The summary compares the fiscal impact of the County proposal and the Deputy Sheriff's Association ("DSA Union") proposal. The following is an estimate of the fiscal impact of each proposal based upon current personnel and anticipated step changes. The actual fiscal impact may be greater than or less than the impact that is estimated below.

The following table presents the key wage and benefit elements of the proposed contract:

Table 1: Wage and Benefit Proposals			
DSA Offer 11/08/2011: Deputy Sheriff Contract 2009 - 2012			
		Union Offer	
Offer Received		November 4, 2012	
Period Covered by Contract		2009 - 2012	
Item	Wage Rate Increases:		
1	2009, 2010, 2011	0.00%	
2	January 1, 2012	0.00%	
3	October 28, 2012 PPD 24	4.00%	
4	Step Increases	Eliminate for 2012	
5	Uniform Allowance	No payment for 2012	
6	Hazardous Duty Pay	No payment for 2012	
7	Pension Contribution	6.59%	
8	Pension Board Member	Require DSA Pension Member	
9	Window for Pension Plan	Up to 5-Years of Age Only	
10	Layoffs of Members	Layoffs up to 61 Members	
11	Health Care Change	Adopt County Plan	
12	Employee Contributions to Health Insurance Premiums:	Effective 1/1/2012	
		Single	Family
	PPO Plan	\$ 85	\$ 170
	Current Contribution Rates:	Effective 1/1/2008	
		Single	Family
	PPO Plan	\$ 75	\$ 150
	HMO Plan	35	70

The following tables present the fiscal impact summary by year:

Table 2B: Fiscal Impact by Year					
DSA Offer 11/08/2011: Deputy Sheriff Contract 2009 - 2012					
Item		2009	2010	2011	2012
Wages					
1	2009, 2010, 2011 - 0.0%	\$ -	\$ -	\$ -	\$ -
2	January 1, 2012 - 0.0%	-	-	-	-
3	October 28, 2012 - 4.0%	-	-	-	106,800
4	Step Increases Frozen	-	-	-	(254,900)
	Sub-Total Wages	-	-	-	(148,100)
	FICA 7.65 %	-	-	-	(11,300)
	Pension 13.18%	-	-	-	(19,500)
	Sub-Total Wages and FICA	-	-	-	(178,900)
5	Uniform Allowance - None for 2012	-	-	-	(153,400)
6	Hazardous Duty Pay - None for 2012	-	-	-	(270,800)
7	Pension Contribution - 6.59%	-	-	-	(1,398,900)
8	Pension Board Member	-	-	-	-
9	Window for Pension Plan - 5 Years	-	-	-	504,300
10	Layoffs of Members - See Note Below	-	-	-	-
11	Health Care Change	-	-	-	-
	Same as other County employees for 2012	-	-	-	(750,100)
12	Contributions to Health Insurance				
	PPO - Change to \$75 Single \$170 Family	-	-	-	(279,700)
	HMO - Plan eliminated for 2012	-	-	-	-
		-	-	-	-
		-	-	-	-
	Total Wage and Benefit Change	\$ -	\$ -	\$ -	\$ (2,527,500)
Amounts Used in Calculations:					
	Number of Positions	361.0	361.0	361.0	361.0
	Full-time equivalents	361.0	361.0	361.0	361.0
	Total calculated wages	\$ 23,139,887	\$ 23,139,887	\$ 23,139,887	\$ 22,991,787
	Average wage rate/hour	\$ 30.82	\$ 30.82	\$ 30.82	\$ 30.62
	Total base wages	\$ 23,139,887	\$ 23,139,887	\$ 23,139,887	\$ 23,139,887
	Annual Lift Pcntg Wages on base wage	0.00%	0.00%	0.00%	-0.64%
	Cumulative Lift Pcntg Wages on base wage	0.00%	0.00%	0.00%	-0.64%
	Annual Lift Pcntg All Costs on base wage	0.00%	0.00%	0.00%	-10.92%
	Cumulative Lift Pcntg All Costs on base wage	0.00%	0.00%	0.00%	-10.92%

Footnote on Layoffs of Members
 The Union in their latest offer is requesting a maximum layoff of 61 members for 2012. The Budget for 2012 has a provision to layoff approximately 117 members. The cost per member including benefits is \$95,000. The cost of 117 members is \$11,115,000. The net budgeted savings for laid off members for 2012 is \$61,500, or \$7.2 million for 117 proposed layoffs.

Footnote on Retiree and Active Health Care Savings:
 In August 2011, the County made a change to the health care benefits of active DSA members and retired DSA members. These changes mainly impacted the PPO plan of the participants, since the changes were only to take health care changes to the 2010 budget of the County. The changes were made as a result of a change in the State Statute which would no longer allow DSA members to negotiate the design of health care plans. The DSA union has since grieved the changes that were made in August 2011. There is disagreement regarding the fiscal impact the unions agreement to this change has on this fiscal note. This fiscal note assumes that there is an exposure for the health changes made in 2011 for DSA. Savings for Retirees is not included in this fiscal note. The savings for 2012 for the DSA retirees is approximately \$1.0 million.

CHANGES IN PROPOSED CONTRACT:

Following are the changes that are in the tentative contract agreement for DSA Union:

1. Overall Issue Regarding Proposed Contract –

The County has been negotiating with the DSA union to reach agreement on a contract for 2009, 2010, 2011 and, now, 2012. The proposed DSA contract is intended to complete negotiations on prior years, plus deal with issues related to the 2012 budget year. The proposed 2012 County budget may require the layoff of anywhere from 92 to 117 DSA Union positions, depending on the final approved budget. Currently, there are 361 active DSA union members.

The calculation of the fiscal impact summary by year and the changes in the proposed contract is based on all 361 DSA members. The Budgetary Fiscal Impact for 2012 is based on the current budget proposal to layoff 92 employees, using the County Board approved budget for 2012. This is compared against the proposed contract which would limit the number of layoffs to sixty-one (61), by using contract savings to add back positions, and adding back positions based on contract savings.

The final section of this fiscal note provides a view of 2013 based on layoffs, retirements and the ending of certain one-time savings provisions contained in the contract. This schedule should give you an impact of the contract on years beyond the contract.

A stipulation has to be made that these are only fiscal estimates. The reality of what may occur will likely be different than what is noted here. The fiscal impact will eventually be determined by the final 2012 budget, the Sheriff's implementation of the 2012 budget, actual retirements, and any administrative or legislation matters that have to be undertaken to implement the 2012 budget and DSA contract.

2. Wage rate increases – The tentative agreement calls for a wage increase of 4% in pay period 24 of 2012 (October 28, 2012):

Item	Date Effective	Percent Increase
3	October 28, 2012	4.0%

For purposes of this fiscal note, the only wage increase is at the end of the contract period. The proposed wage increase will have little impact on the 2012 budget (\$71,000), since it is only for three pay periods. However, in 2013 the full impact will be seen since it will be for twenty-six pay periods. The last wage increases given to the Deputy Sheriff's were in the 2007 and 2008 contract, which were as follows: 1.5% effective January 1, 2007, 1.5% on July 1, 2007, 1.5% on January 1, 2008, and 1.5% on July 1, 2008. Non-represented employees did not receive any wage increases for 2009 or 2010, but did receive a 2011 wage increase of 1% at mid-year and 1% at the end of 2011. However, non-represented employees were subject to furlough days in 2009 and 2010, plus increased costs for health and pension benefits, which the Deputy Sheriff Association members were not subject to. Other non-represented employees did not

receive wage increases during a similar period, and certain members were subject to furlough days in 2009 (2 days), 2010 (26 days), and 2011 (13 days).

The wage costs do not include the cost of step increases.

3. Elimination of Step Increases for a One-Year Period

The proposed agreement calls for the following changes:

Item	Date Effective	Drop Steps	Annual Savings 2012
4	January 1, 2012	For one year, members shall not receive a step increase	(\$254,900)

There are 117 represented members that could be getting step increases for 2012. These members would be delayed from step increases for a one year period, which would provide savings of \$254,900. The step increase is \$0.97 per hour or 3.5% over average wage rates.

4. Uniform Allowance is eliminated for 2012 only.

Item	Date Effective	Description	Annual Savings 2012
5	January 1, 2012	Eliminate Uniform Allowance for 2012 only	(\$153,400)

Members are eligible for a uniform allowance each year of \$425 per person. The bonus is only eliminated for 2012 only.

5. Hazardous Duty Pay is eliminated for 2012 only.

Item	Date Effective	Description	Annual Savings 2012
6	January 1, 2012	Eliminate Hazardous Duty Pay for 2012 only	(\$270,800)

Members are eligible for a hazardous duty payment in November of each year of \$750 per person. The bonus is only eliminated for 2012 only.

6. Change in health care contributions for 2012

Item	Date Effective	Description	Annual Savings 2012
11	January 1, 2012	Change Medical and Drug Benefits for members	(\$750,100)

The proposed agreement calls for the changes described in the addendum at the end of the fiscal note. The changes proposed for 2012 will provide savings in medical and drug benefits. The savings are included in the 2012 budget as originally submitted by the County Executive and as modified by the County Board.

The State Budget for 2011 – 2013 provided that the County would no longer have to bargain health care benefits for represented employees. As a result, the 2012 budget will modify the health care benefits for most represented employees. An additional provision was included in the State Budget which would prohibit public safety employees from bargaining the design and selection of health care coverage plans by the municipal employer. The County made changes in August 2011 to change the plan design of represented public safety employees to the County’s 2010 health coverage provisions. The DSA union filed a grievance for this change in health care benefits, by claiming that their interpretation of the statute would not allow the health plan provisions to change. By agreeing to this provision in the contract, the DSA union would have the same health benefits as all other employees for 2012, without a grievance. As to 2011, the union has **not** indicated if it will drop its grievance for the implementation of the health care changes in August 2011. This fiscal note assumes that the union will drop the 2011 health care change grievance. In addition, this fiscal note assumes the County Board health care changes, as noted in the last pages of the fiscal note.

<u>Proposed Change to Active Health Plan</u>	<u>Cost Savings</u>
Increase Out of Pocket Maximums	
Increase PPO and HMO Emergency Room Co-pay	
Increase In-Network deductible to \$500/ \$1000/ \$1500 for PPO plan, Increase Out-Network deductible for PPO to \$1000/\$2000/\$3000,	
Limit health plan options for Milwaukee County employees to a PPO, and therefore eliminate the HMO	
Increase PPO Office Visit Co-Pay to \$30/ \$60 (amount was \$20/ \$40)	
Total of all Medical Plan Changes	(\$883,400)
Increase Prescription Drug Co-Pay \$10/\$30/ \$50 (current plan is \$5/ \$20/ \$40), plus change mail order co-pay	(\$263,700)
Provide for a Flexible Spending Account contribution to employees of \$500, \$1,000, \$1,500, depending on single, two-member, and family.	\$397,000
Total	(\$750,100)

There are currently 35 members who are in the County PPO plan and 272 members who are in the HMO plan. A cost estimate for this change was based on a report received from an outside actuary for purposes of the preparation of the 2012 budget. This estimate uses the 2010 costs and the factors provided by the outside actuary for each of the items noted above. The changes mirror the changes made for the non-represented employees proposed for 2012. In 2011, the active non-represented employees received a Flexible Spending Account (FSA) contribution of \$500, \$1,000, or \$1,500 depending on single, couple, or family. This same provision is provided here for the Deputy Sheriffs Union. If no agreement is reached with the DSA union for 2013 prior to the end of 2012, the DSA members will continue under the 2012 health plan provisions.

7. Change in Employee Premium Contribution for Health Care:

Item	Date Effective	Description	Annual Savings 2012
12	January 1, 2012	Change premiums	(\$259,300)

Table 1 is self-explanatory with regards to the changes in health care contributions by employees of the union. The new rates are an increase for HMO members and a decrease for PPO members. All members will now be paying \$85 single and \$170 family.

8. Pension Contribution

The tentative agreement proposes the following pension plan contribution:

Item	Effective Date	Pension Plan	Annual Cost Impact 2011
7	1/1/2012	Provide for an employee contribution to the ERS pension plan. (6.59% of wages)	(\$1,398,900)

The employee contribution is based on an actuarial analysis of the current Annual Required Contribution, as it relates to the protective services of Milwaukee County (Deputy Sheriffs Union and Firefighters). The current wages of the employees were multiplied by 6.59% using the contribution factor. Non-represented and certain represented employees are currently paying 4.70%, based on the provisions of the 2011-2013 State Budget. The State Budget required that employees contribute one-half of the actuarially required contribution. Protective Services contribution rates are higher than other employee groups due to the fact that they have higher benefit levels for the pension plan.

9. Add one member to the County ERS Board.

Item	Date Effective	Description	Annual Savings 2012
8	January 1, 2012	Add one-member to ERS Pension Board	Unknown

Membership on the County ERS Pension Board is made by appointments and by elections. Currently, three active employee members are elected to the Pension Board based upon at-large elections. Total membership on the pension board is 9. This membership consists of three (3) active employees, one (1) retired employee, three (3) appointed by the County Executive and two (2) appointed by the County Board Chairman. The addition of one DSA member would bring the total ERS board membership to 10. DSA members represent 9% of the active ERS member. Active members, including the DSA member, would represent 40% of the voting membership of the ERS board after this change. The inclusion of a guaranteed member from the DSA on the ERS board, is currently not provided to any other represented employee group.

10. Pension Plan Window

The tentative agreement proposes the following pension change:

Item	Effective Date	Pension Plan	Annual Cost Impact 2011
9	12/31/2011	Provide for the addition of up to five years of age for employees in order to allow them to qualify for retirement in 2011. Total possible members - 67.	Depends on number of members who participate.

The proposed contract provides for the addition to an employee’s age of the amount of time that is necessary in order for the employee to meet the normal retirement age requirement or, if applicable to the employee, the Rule of 75 provision for retirement benefits, but in no event more than five (5) years. Any member who accepts this provision must retire by December 31, 2011. There are currently 21 members that are eligible to retire from Milwaukee County either by age or the Rule of 75. The Deputy Sheriffs Union members can retire at age 57. Including this new provision in the contract would make an additional 46 people eligible to retire, the majority of whom would be able to retire under the Rule of 75.

The cost of this provision is related to the pension benefits that are paid out to members earlier than originally anticipated by the actuarial analysis. If an employee, who accepts this provision, retires five years earlier than the current actuarial analysis had anticipated, the County actuarial liability will increase by the additional payments over those five years. If all 46 individuals would retire from Milwaukee County, the pension liability would increase by \$5.3 million or \$115,000 per retiree.

The offset to this cost is that the County avoids the normal cost payments for these individuals and additional years of service credit. If these retired positions are not replaced the normal cost will be decreased for the County. The normal cost for these 46 employees is \$423,123 per year, per the Buck Actuarial report.

The cost to the County for 2012, if all 46 people retire, would be an increased pension liability of \$504,000 per year. Offsetting this cost, based on the budgetary layoffs, or reductions in DSA positions, would be a reduction in the normal cost of \$423,123. For 2012, the net cost would be \$81,159.

The following table shows the impact of the 46 retirements over a 15 year amortization; as recommended in the Buck actuarial report. The first column is the amortization of the actuarial liability of \$5,287,787 over a fifteen year period. The second column continues the savings for the normal cost for all fifteen years, based on an assumption that these positions will never be replaced.

Amortization Table for DSA Contract Proposal		
Based on Buck Analysis		
Total Possible Retirements		67
Retirements affecting Liability		46
Change in Pension Liability		\$ 5,287,787
Amortization Period		15 Years
<u>Year</u>	<u>Amortization of Additional Liability - Cost</u>	<u>Normal Cost - Retirements/ No Replacement - Savings</u>
2012	\$ 504,300	\$ (423,100)
2013	521,900	(440,000)
2014	540,200	(444,400)
2015	559,100	(448,900)
2016	578,700	(453,400)
2017	598,900	(457,900)
2018	619,900	(462,500)
2019	641,600	(467,100)
2020	664,000	(471,800)
2021	687,300	(476,500)
2022	711,300	(481,300)
2023	736,200	(486,100)
2024	762,000	(490,900)
2025	788,700	(495,900)
2026	816,300	(500,800)
Based on 15 Years	\$ 9,730,400	\$ (7,000,600)
Net Cost Retirements and Vacant Positions		\$ 2,729,800

Many of these employees are eligible for post-retirement health care through Milwaukee County. The employees, who retire earlier, will be able to begin to receive post-retirement health care. The fiscal note does not include a cost for the post-retirement health care for these employees, based on an earlier retirement date.

Budgetary Fiscal Impact

The proposed DSA contract is intended to complete negotiations on prior years, plus deal with issues related to the 2012 budget year. The proposed 2012 County budget may require the layoff of anywhere from 92 to 117 DSA Union positions, depending on the final approved budget. Currently, there are 361 active DSA union members

The Contract proposes to allow the lay-off of a maximum of sixty-one (61) union members. The number of lay-offs would be reduced by any members who retire from the County, prior to year end. To encourage retirements, the proposed contract provides a window to allow members who are near to retirement to retire in 2011, instead of a future year. The contract also provides that for 2012, any savings generated by the proposed contract will be used to add-back jobs to the 2012 budget.

The table is based on the 2012 adopted budget by the County Board, before any vetoes from the County Executive, or their action by the County Board. Lines 1 – 9 are based on **no** DSA contract being approved. Lines 10- 22 are based on a DSA contract being approved, including an assumption for retirements and add backs of positions. The top and bottom should be equal in the total columns. The Budget Offsets represent the budget appropriations included in the budget for hourly employees, corrections officers or outside contracts based on the actions taken in the budget.

DSA Contract for 2009 - 2012						
Current 2012 Budget for Deputy Sheriffs Association members						
	Active Positions	Salaries and Overtime	Active Benefits	Budget Offsets	Total	
1 2012 Status prior to any changes	361	\$ 23,139,900	\$ 13,678,200		\$ 36,818,100	
2						
3 Layoff of Positions	-117	(7,499,600)	(4,433,100)	4,732,700	(7,200,000)	
4 includes position savings less alternative costs						
5 Net Positions	244	15,640,300	9,245,100	4,732,700	29,618,100	
6						
7 Budget Amendment	25	1,602,500	947,200	(1,349,700)	1,200,000	
8 Budget Status after County Board	269	\$ 17,242,800	\$ 10,192,300	\$ 3,383,000	\$ 30,818,100	
9 Savings from Layoffs	-92	\$ (5,897,100)	\$ (3,485,900)	\$ 3,383,000	\$ (6,000,000)	
Proposed Budget for 2012 based on DSA Union Contract						
	Active Positions	Salaries and Overtime	Active Benefits	Budget Offsets	Total	
10 Proposed Contract Changes	361	\$ 106,800	\$ (2,862,600)		\$ (2,755,800)	
Active Positions						
12 Current Positions	361	23,139,900	13,678,200	-	36,818,100	
13 Layoffs Proposed	(92)	(5,897,100)	(3,485,900)	3,383,000	(6,000,000)	
14 Positions Saved Contract	37	2,371,700	1,401,900	(1,496,700)	2,276,900	
15 Contract Savings	306	90,500	(2,426,500)		(2,336,000)	
16 Retirements Liab net Normal Cost)	30		36,400		36,400	
17 Net Cost of Active Positions	306	19,705,000	9,204,100	1,886,300	30,795,400	
Layoff Positions						
18 Proposed Layoffs	(92)	(5,897,100)	(3,485,900)	3,383,000	(6,000,000)	
19 Positions Saved by Contract	37	2,371,700	1,401,900	(1,496,700)	2,276,900	
20 Contract Savings		90,500	(2,426,500)	-	(2,336,000)	
21 Retirements	30	-	36,400	-	36,400	
22 Net Layoffs and Cost/ (Savings)	(25)	(3,434,900)	(4,474,100)	1,886,300	(6,022,700)	
Line 22 includes savings from layoffs and retirements of thirty positions						

Wage and Benefit Lift for 2013

The following table projects the cumulative dollar change and percentage lift in costs for the proposed contract. It includes costs for 2012, as previously shown in the other schedules; however the schedule looks at the impact of the contract on the 2013 budget. The 2013 budget year is included to illustrate the full impact of the proposed contract. The last two columns show the cost impact to the County based on a lower number of active employees in 2013, and an estimated number of active employees who would take the early retirement in 2011. The first column represents the costs if there were still 361 active employees and eligible active employees would take the retirement window.

Table 4: 2009 - 2010 Cumulative Lift for 2013							
DSA Offer 11/08/2011: Deputy Sheriff Contract 2009 - 2012							
<i>As if all costs were annualized</i>							
Item			Union Offer				Cum Lift %
			Cumulative Total Lift	Cumulative Lift %	Cost/ (Svgs) Per Active	Remaining Active	
Continuing Costs Increase (Decrease) Over Prior Year							
Wages							
1	2009, 2010, 2011 - 0.0%	\$ -	0.00%	\$ -		\$ -	
2	January 1, 2012 -- 0.0%	-	0.00%	-			
3	October 1, 2012 -- 4.0%	925,600	4.00%	2,564	306	784,600	4.00%
4	Step Increases Frozen	-	0.00%	-		-	*
	Sub-Total Wages	925,600	4.00%	2,564		784,600	
	FICA 7.65 %	70,800	0.31%	200	306	60,000	
	Pension 13.18%	122,000	0.53%	300	306	103,400	
	Sub-Total Wages and FICA	\$ 1,118,400	4.83%	\$ 3,064		\$ 948,000	4.83%
5	Uniform Allowance	-	0.00%	-		-	
6	Hazardous Duty Pay	-	0.00%	-		-	
7	Pension Contribution - 4.70% / 6.59%	(1,398,900)	-6.05%	(3,875)	306	(1,185,800)	-6.05%
8	Pension Board Member	-		-	Retirees	-	
9	Window for Pension Plan - 3 yr / 5 yr Normal Cost	504,300	2.18%	7,527	30	225,800	1.15%
10	Layoffs of Members	-	0.00%	-		-	
11	Health Care Change	-	0.00%	-		-	
	Same as other County employees for 2012	(750,100)	-3.24%	(2,078)	306	(635,800)	-3.24%
12	Contributions to Health Insurance						
	PPO - Change to \$75 Single \$170 Family	(279,700)	-1.21%	(775)	306	(237,100)	-1.21%
	HMO - Plan eliminated for 2012	-				-	
	Total Wage and Benefit Change	\$ (806,000)	-3.48%			\$ (884,900)	-4.51%
Lift as a Percentage of Base Wages							
	Annual Lift Percentage		-0.87%				-1.13%
	Cumulative Lift Percentage		-3.48%				-4.51%
	Base Wages	\$ 23,139,887		64,099	306	19,614,400	

Administrative Costs Associated with Implementing this Contract

To implement this contract, personnel in the Department of Administrative Services and IMSD will have to input the rate changes into the Ceridian HPW System. For wage rates, and health plan changes, the implementation will require internal time and effort. Health Plan Changes will be effectuated during the annual open enrollment process. The number of personnel hours to complete this task has not been determined yet, but other projects may be delayed to implement this contract.

The above information was prepared by the Department of Administrative Services and will be reviewed by the Department of Audit and County Board Fiscal and Budget Analyst. A separate report will be issued by them based upon their review.

The following health care changes were made for DSA employees between the 2010 plan provisions that the members were subject to, to the proposed 2012 budget provisions.

Area	HMO Health Plan 2010	PPO Health Plan 2010	PPO Health Plan 2012
Deductible - In-Network - Preferred Providers	None	<u>\$250 per person to a family maximum of \$750</u>	<u>\$500 per person, \$1,000 couple to a family maximum of \$1,500</u>
			(increase of \$250 Single and \$750 Family)
Deductible - Out-of-Network - All Other Providers	None	<u>\$500 per person to a family maximum of \$1,500</u>	<u>\$1,000 per person, \$2,000 couple, to a family maximum of \$3,000</u>
			Increase of \$500 Single and \$1,500 Family
Co- Insurance - In-Network - Inpatient/ Outpatient Services	Health Plan covers 100% of eligible expenses after any copays and deductibles	Health Plan covers 90% of eligible expenses after any copays and deductibles (unchanged from current plan)	In-Network: Health Plan covers 80% of eligible expenses after any copays and deductibles (unchanged from current plan)
			(In-Network percentage decreases to 80%. Employee now responsible for 20%, up to a max. of Out-of-Pocket)
Co-Insurance Out-of-Network Inpatient/ Outpatient Services	Health Plan covers 100% of eligible expenses after any copays and deductibles	Out-of-Network: Health Plan covers 70% of eligible expenses after any copays and deductibles.	Out-of-Network: Health Plan covers 60% of eligible expenses after any copays and deductibles.
			(Out-of-network previously covered at 70%. Employee now responsible for a 40% of out-of-network expenses.)

Area	HMO Health Plan 2010	PPO Health Plan 2010	PPO Health Plan 2012
Emergency Room	\$100 Copay per visit	\$100 Copay	\$200 Copay per visit <i>(increase of \$100 per visit)</i>
Out-of-Pocket Maximums (In-Network)	Not Applicable	In-Network: \$2,000 per person to a family maximum of \$3,500	In-Network: \$2,500 per person to a family maximum of \$5,000. <i>(Increase of \$500 single and \$1,500 Family.)</i>
Out of Pocket Maximums (Out-of-Network)	<i>(no change)</i>	Out-of-Network: \$3,500 per person to a family maximum of \$6,000	Out-of-Network: \$6,000 per person to a family maximum of \$12,000 <i>(increase of \$2,500 for singles and \$6,000 for a family)</i>
Mental Health /Substance Abuse – Outpatient Services	\$10 Copay <i>(coverage levels required by the Mental Health Parity Act now apply)</i>	Network: \$20 Copay Out-of-Network: \$40 Copay	<i>(no change from current plan)</i> <i>(no change from current plan)</i>
Mental Health / Substance Abuse – Inpatient Services	Network: 100%	Network: 90% Out-of-Network: 80%	Network: 90% Out-of-Network: 70%
Office Visit - In-Network	No Charge	\$20 Copay per visit	\$30 Copay <i>(increase of \$10 per visit)</i>
Office Visit - Out-of-Network		\$40 Copay per visit	\$60 Copay <i>(increase of \$20 per visit)</i>

Area	HMO Health Plan 2010	PPO Health Plan 2010	PPO Health Plan 2012
Prescription Drug Co-Pay - Generic Preferred Non-Preferred Diabetic Retail Pick-up Mail Order	\$5 per prescription \$20 per prescription \$40 per prescription \$0 per prescription 1 Co-Pay/ 90 Day mandatory mail	\$5 per prescription \$20 per prescription \$40 per prescription \$0 per prescription 1 Co-Pay/ 90 Day mandatory mail	\$10 per prescription \$30 per prescription \$50 per prescription \$0 per prescription Limited to 30 day supply 2 Co-Pay/ 90 Day mandatory mail <i>(increase of \$5 per generic, \$10 preferred, \$10 Non-preferred, and increase Mail Order to 2x co-pay for 90 day supply, and limit retail to 30 day supply)</i>
FSA Contribution by County			Provide for a Flexible Spending Account contribution to employees of \$500, \$1,000, \$1,500, depending on single, two-member, and family.