

**MILWAUKEE COUNTY
REGISTER OF DEEDS OFFICE**

Inter-Office Communication

Date: June 21, 2011
To: Johnny L. Thomas, Chairman of the Finance and Audit Committee
From: John La Fave, Register of Deeds
Subject: Agency 340 - Register of Deeds Revenue Deficit Informational Report

I hereby report that a deficit greater than \$75,000 in 2011 will occur in Register of Deeds revenue account 3239 - Recording Fees.

The 2011 budgeted amount for Recording Fees is \$2,100,000.
I now project \$1, 875,000 will be collected resulting in a shortfall of \$225,000.

The quantity of year-to-date recordings (Jan.1 -June 17) is 4.7% less than last year's same period.

I project total recordings for 2011 of 125,000 which is 10.7% below the budgeted 140,000.

John La Fave
Register of Deeds

Cc: County Executive Chris Abele
Patrick Farley, Director Department of Administration Services
Cynthia Pahl, Acting Fiscal & Budget Administrator
Josh Fudge, Fiscal Management Analyst

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: July 6, 2011

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

FROM: Pamela Bryant, Interim Fiscal and Budget Administrator, Department of Administrative Services
Mark Grady, Principal Attorney, Corporation Counsel
Jerome Heer, Director of Audits, Audit
Stephen Cady, Fiscal and Budget Analyst, County Board
Dave Anderson, Public Financial Management
Chuck Jarik, Chapman and Cutler LLP

SUBJECT: Comparison of Negotiated and Competitive Bond Sale Methods (Informational Report)

BACKGROUND

At the Finance and Audit Committee meeting of May 19, 2011, Supervisor De Bruin requested that a report be provided for the July cycle that describes the bond sale methods used by the City of Milwaukee and the State of Wisconsin including the reasoning for selecting the specific sale method. In response to this request, the workgroup has investigated the practices of the City and the State. As the attached exhibit and the following discussion indicate, the rationale utilized by the City and the State in determining the appropriate method of bond sales is consistent with the County's practice.

As indicated in the May report (included at the end of this report) from the Department of Administrative Services (DAS), State Statutes require that General Obligation Bonds issued to fund new projects must be sold by a competitive sale. This requirement applies to the County, City and State. All other debt obligations (such as general obligation notes, revenue bonds, and refunding bonds) may be sold on either a competitive or negotiated basis. The practice utilized in determining the method of sale by the City and State is as follows:

CITY OF MILWAUKEE

The City of Milwaukee's practice is to sell its bonds on a competitive basis unless there is a compelling reason to use a negotiated sale. The reasons for this practice include the fact that the City's strong ratings attract favorable bids from a number of different firms; the City will obtain the lowest interest rate available on the day the bonds are sold; and, since the underwriter is determined by the best bid, the selection of the underwriter is transparent to both the market and the public.

A listing of all of the City's recent debt issuances and methods of sale is attached. Since 2009 there have been two instances when the City has negotiated the sale of its debt. The rationale for utilizing a negotiated sale was as follows:

Market conditions. During late 2008 the country faced the worst financial crisis since the great depression. Large underwriting firms and banks were failing and the credit markets were extremely tight. Many underwriting firms were either unwilling or unable to competitively bid on municipal bonds. As a result of this environment, the City determined that it would negotiate its early 2009 bond issues.

Sewer Revenue Bonds. During June of 2011 the City issued its Sewer Revenue Bonds on a negotiated basis. The City chose to sell the bonds on a negotiated basis due to the fact that the bonds 1) contained an advanced refunding component 2) are supported totally by sewer revenues and 3) are not supported by the City's general obligation pledge. A previous competitive sale of its sewer revenue debt resulted in fewer bids than the City normally receives on its general obligation debt. The City would, however, consider issuing this debt on a competitive basis in the future.

Historically the City has always sold its debt on a negotiated basis when it has issued variable rate debt and sometimes when it has refunded debt. The rationale for utilizing a negotiated sale for these financings is as follows:

Variable Rate Debt. The nature of variable rate debt requires that the interest rate be reset on a regular (often weekly) basis. Bondholders have the right to sell their bonds each time the rate is reset. As a result, it is necessary to select an underwriter who can remarket the bonds as often as necessary. It is not practical to competitively bid variable rate debt.

Refunding Bonds. Whenever a municipality issues bonds it establishes a call date for the bonds. A call date is the first date that the municipality can prepay bondholders. If a municipality chooses to refinance its debt 90 days prior to this date or anytime thereafter, the refinancing is considered to be a current refunding. The City will sell bonds used for current refunding on a competitive basis, often combining it with a bond issue financing capital projects.

If a municipality chooses to refinance its debt more than 90 days prior to this date, it must refinance utilizing an advanced refunding. During an advanced refunding the proceeds of a new bond issue are placed in an escrow account until the call date. The escrow pays the debt associated with the old bonds and the municipality pays the debt associated with the new bonds. The amount of savings from an advanced refunding, the size of the debt issue, and the final debt structure can be impacted by maturities of the bonds being refunded, the terms of the new bonds, and the interest earned on the escrow account.

If the advance refunding has an escrow that will exist for a short period of time, such as the County's 2011 advanced refunding, the City will sell the bonds on a competitive basis just as it does its current refundings. If the escrow is to remain in existence for a longer period of time, the City will sell the bonds on a negotiated basis. By selling these bonds on a negotiated basis, the City is able to maintain flexibility in determining which maturities of the outstanding bond issue to refund and in timing the sale to insure that the City is able to meet its savings objectives.

With regard to market timing, there is an important distinction between the City's practice and the County's current practice. The determination by the City as to whether to use a negotiated or a competitive sale as well as all steps in the bond sale process (timing of the sale, underwriter selection, award of bids, etc.) has been delegated to an appointed public debt commission. The debt commission is able to meet to authorize the final terms and conditions of a negotiated sale (or to further delegate the authorization to the Comptroller) on any day of the year. This provides the City with approximately 200 days each year when the City can approve the final terms and conditions of a negotiated sale. Under current County practice, the County Board approves final terms and conditions on a regularly scheduled Board meeting date thereby limiting the number of sale days and greatly decreasing the opportunity to utilize a negotiated sale as a method of timing the market.

STATE OF WISCONSIN

The State of Wisconsin selects the method of selling its bond based upon the type of debt issued, the complexity of the debt issuance, and market conditions. For straightforward transactions where the amount and structure of the debt is known and market conditions are normal, the State will issue its debt obligations on a competitive basis. If the issue has a high degree of complexity, needs flexibility as to timing or structure or if there are particularly challenging market conditions, the State will issue its debt on a negotiated basis.

Examples of State debt sold through competitive sales are:

General Obligation Debt. The State sells general obligation debt used to finance capital projects on a competitive basis as a result of the same statutory requirements and utilizing the same rationale as used by the City.

Operating Notes. The State issues notes annually to fund its cash flow. Even though the debt is not general obligation debt, the short term of the notes (less than one year) combined with the State's strong credit results in favorable competitive bids.

Transportation Revenue Bonds. The State issues bonds to finance transportation projects. The repayment of the debt comes from vehicle registration fees. Even though the bonds are not general obligation debt, the vehicle registration fees are considered to be a strong credit and the state will normally issue the debt on a competitive basis.

Examples of State debt sold on a negotiated basis:

Refunding Bonds. Like the City, the State will sell refunding bonds on a negotiated basis. Also, like the City, the State utilizes a negotiated sale in order to have greater flexibility in timing the sale to insure that market conditions will allow the State to meet savings targets. The State can agree to the final terms and conditions of a negotiated sale on any day due to the fact that the bond sale process has been delegated to the capital finance office in the state Department of Administration.

Appropriation Bonds. In 2009 the State issued approximately \$1.5 billion in appropriation bonds. A number of factors led to a determination that a negotiated sale would be the best method for selling the bonds: 1) the bonds are considered to be “story bonds” due to the complexity of the credit features associated with this issue; 2) the size of the issue was very large for the state; 3) the issue was a refunding issue; and 4) the State did not provide its general obligation pledge as security.

cc: County Executive, Chris Abele
Johnny Thomas, Vice Chairman, Committee on Finance and Audits
George Aldrich, Chief of Staff, County Executive’s Office
E. Marie Broussard, Deputy Chief of Staff, County Executive’s Office
Terrence Cooley, Chief of Staff, County Board
Pamela Bryant, Interim Fiscal and Budget Administrator, DAS
Steve Cady, Fiscal and Budget Analyst, County Board
Jerry Heer, Director of Audits, County Board
Mark Grady, Principal Attorney, Corporation Counsel
David Anderson, Public Financial Management
Chuck Jarik, Chapman and Cutler LLP

City of Milwaukee

Date of Issue, Issue Name, Lead Underwriter

General Obligation - Competitive Sale

6/9/2011	\$100,000,000 Cash Flow Notes, 2011 R2	BAML
6/9/2011	\$93,625,000 Notes, 2011 N3	Wells Fargo
6/9/2011	\$28,890,000 Bonds, 2011 B4	Wells Fargo
6/9/2011	\$33,930,000 Taxable Bonds, 2011 T5	Baird
4/15/2010	\$147,000,000 Cash Flow Notes, 2010 R4	JP Morgan
4/15/2010	\$49,420,000 Bonds, 2010 B5	PNC
2/19/2010	\$129,295,000 Notes, 2010 N1	Bardays
2/19/2010	\$8,270,000 Taxable Notes, 2010 T2	Baird
2/19/2010	\$7,970,000 Taxable Bonds, 2010 T3	Baird

General Obligation - Negotiated Sale

2/20/2009	\$93,180,000 Notes, 2009 N1	Morgan Stanley
2/20/2009	\$17,450,000 Refunding Bonds, 2009 B2	Morgan Stanley

Non-General Obligation - Negotiated Sale

6/9/2011	\$52,565,000 Sewer Revenue Bonds, 2011 S1	Cabrera
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State of Wisconsin

Date of Issue, Issue Name, Lead Underwriter

General Obligation - Competitive Sale

2/2/2011	\$428,740,000 Bonds, 2011 Series A	JP Morgan
9/2/2010	\$465,420,000 Bonds, Series C and D	JP Morgan/Bardays
4/7/2010	\$322,630,000 Bonds, Series A and B	Citi
9/3/2009	\$423,090,000 Bonds, Series C and D	BAML/Wachovia
6/18/2009	\$101,975,000 Bonds, A and B	BAML/Bardays

Non-General Obligation - Competitive Sale

12/9/2010	\$200,000,000 Transportation Rev Bonds, 2010 Series A and B	JP Morgan
8/31/2010	\$21,205,000 Master Lease Certif of Participation, 2010B	JP Morgan
7/1/2010	\$800,000,000 Operating Notes, 2010	JP Morgan
7/1/2009	\$800,000,000 Operating Notes, 2009	Bardays

General Obligation Refunding Issues - Negotiated Sale

6/2/2011	\$275,375,000 Refunding Bonds, 2011 Series 1	Citi
4/14/2011	\$225,510,000 Refunding Notes, 2011 Series 1	Citi
3/3/2010	\$201,165,000 Refunding Bonds, Series 1	BAML
9/15/2009	\$54,355,000 Refunding Bonds, Series 1	Samuel Ramirez

Non-General Obligation - Negotiated Sale

11/18/2010	\$153,050,000 Clean Water Rev, 2010 Series 4 and 5	JP Morgan
2/25/2010	\$131,175,000 Clean Water Rev, 2010 Series 1, 2, 3	Morgan Stanley
10/1/2009	\$165,000,000 Transportation Rev Bonds, 2009 Series A and B	Morgan Stanley
4/8/2009	\$1,529,065,000 Gen Fund Appropriation Bonds, 2009 Series A	Bardays

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE: May 10, 2011

TO: Chris Abele, County Executive
Supervisor John Thomas, Chairman, Committee on Finance and Audit

FROM: Pamela Bryant, Capital Finance Manager

SUBJECT: **Comparison of Negotiated and Competitive Bond Sale Methods**

On March 10, 2011, the Finance and Audit Committee directed the Department of Administrative Services, County Board Staff, Audit, along with the County's Bond Counsel and Financial Advisor to study the merits of a negotiated sale instead of a competitive bid process and provide the findings at the May 2011 meeting.

DEFINITIONS

The two methods of selling municipal bonds are through competitive sale (public sale) and negotiated sale (private sale).

Competitive Bond Sale Method

In a competitive sale, bonds are advertised for sale in trade publications and web sites. A notice of sale that includes the terms of the sale and a Preliminary Official Statement providing additional details about the County are made available to all interested underwriting firms. Based upon this information, any underwriting firm may bid on the bonds at the designated date and time. The bonds are awarded to the bidder with the lowest true interest rate.

Negotiate Bond Sale Method

In a negotiated sale, an underwriter is selected through a request for proposal process to purchase the bonds. Upon selection, the underwriter sells the bonds to its clients based on negotiated terms to meet the needs of its clients and the issuer. There is also a pre-sale process that provides an opportunity to determine client's interest in the sale prior to establishing final terms and bond pricing.

SALE METHOD COMPARISON

Wisconsin State Statute 67.08(2), states that, with some exceptions, bonds are to be sold publicly. A public sale is a competitively sold bond sale. A private sale is a negotiated bond sale. Refunding bonds and revenue bonds can be sold through either a competitive or negotiated bond sale method. Wisconsin State Statutes does not specifically state that promissory notes are to be sold competitively; therefore, they are sold through both the competitive and negotiated bond sale method.

Competitive bond sales offer several advantages over negotiated sales. For general obligation debt, the competitive sale typically assures the lowest interest rates available on the day in which the bonds are bid. While underwriting firms may attempt to secure the best interest rates for the issuer, different firms have different perceptions of the market and cater to various investing clients. This results in different preferences for maturities and yields, which contribute to the variety of the bids received competitively and increases the likelihood that the winning bidder will be the lowest possible bid for the sale. The bids are received electronically and the bidders are unable to view each others bids until the bidding time has expired. This process ensures the objectivity of a competitive sale.

In accordance with Wisconsin State Statutes, Milwaukee County utilizes the competitive bond sale method for its general obligation bond sales. Airport Revenue Bond sales, which are more complicated, are sold on a negotiated basis. Underwriters would be unwilling to purchase the bonds without a thorough understanding of the revenue sources, bond covenants, lease arrangements and feasibility analysis associated with the bonds. In addition, the underwriter's clients tend to respond best to negotiated sales for revenue bond issues knowing that the underwriting firm has undertaken the due diligence necessary to understand the bonds.

Some of the industry reasons for using the negotiated bond sale method are the poor credit quality, unusually large issue size, new issuer to the bond market, unusual financing terms, innovative structure or security, and market volatility. The County has followed this logic for deciding when to use the negotiated bond sale method. In addition to the County's Airport Revenue Bond issues, the County sold the pension obligation bonds on a negotiated basis because the financing was an exceptionally large size issue for the County (\$400 million), there was an unusual structure and there was market volatility. Therefore, the County, as has every other large issuer of pension obligation bonds, decided to use the negotiated bond sale method to sell these bonds.

RECOMMENDATION

This is an informational report.



Pamela Bryant, Capital Finance Manager

cc: County Executive Chris Abele
Chairman Lee Holloway, Milwaukee County Board of Supervisors
George Aldrich, Chief of Staff, County Executive's Office
E. Marie Broussard, Deputy Chief of Staff, County Executive's Office
Terrence Cooley, Chief of Staff, County Board
Steve Cady, County Board Fiscal and Budget Analyst

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

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DATE: July 5, 2011

TO: Supervisor Johnny L. Thomas, Chair, Finance and Audit Committee
Supervisor Joe Sanfelippo, Chair, Personnel Committee

FROM: Patrick Farley, Director of Administrative Services

SUBJECT: Report on Vacant and Funded Positions

Issue

Board Resolution 08-231 approved in June 2008 requires the Director of Administrative Services (DAS) to provide an annual report itemizing vacant and funded positions in each department. This report must also specify the reason that funded vacancies have not been filled.

Background

DAS distributed a list of vacant and funded positions as of May 5, 2011 to each department and asked department staff to indicate the reason for the vacancy. Seasonal, pool and intern positions were not included in the analysis. Vacant funded positions that are being used to offset the salary expense of a filled, unfunded position are also excluded from the totals.

As of May 5, 2011, there were 727.5 full time equivalent (FTE) funded and vacant positions. This total represents 13.6% of funded FTE. This compares to 520 vacant and funded positions as of April, 2010 (9.5% of total). The attached tables provide summary and detailed information regarding funded and vacant positions.

Overview of Vacant and Funded Positions

Some highlights of the findings are:

- The 2011 Adopted Budget includes an adjustment to salary expenses to account for vacancy and turnover (V&T). This adjustment equates to 262.0 FTE, or 4.7% of total salary expense.
- Of the 727.5 vacant and funded positions, currently departments are holding 108.0 (15% of the total) vacant in order to manage departmental budgets and meet V&T amounts.
- Many funded and vacant positions are a result of retirements. Staff of the DAS - Employee Benefits estimate that the number of County employees who will retire in 2011 will increase by 100% over 2010. Between January and April of 2011, 168 employees retired from County service.
- 56.2% of the positions identified as vacant and funded are in the process of hiring (either recently filled, hiring in process, or on continuous recruitment). Departments are planning to fill another 98.6 positions, or 14% of the total, later in the year.
- In Highway Maintenance, 14.88 FTE of funded and vacant positions are temporary assignments for winter work that are currently vacant. An additional 15.0 FTE are positions for the workers that move between Highway Maintenance and Parks (six of these employees are currently occupying positions in the Parks Department).
- In Family Care, 14.0 FTE funded positions are vacant because the Department plans to abolish them in 2012 due to enrollment caps imposed by the 2011-2013 State Budget.
- In BHD, 160.0 of 185.0 vacant funded positions are either on continuous recruitment or hiring is in process. Of these positions, 93 are either RNs or Nursing Assistants.

- In the Sheriff's Office, 46.5 FTEs are being held vacant for purposes of budget management. Hiring is in process for an additional 95.0 positions. This is consistent with a budgeted V&T in the Sheriff's Office of 90.35 FTEs.
- DAS - Fiscal, with input from the departments, provides quarterly financial reports to the Finance and Audit Committee. These reports are based on department's projections of revenues and expenditures for the remainder of the year, and incorporate salary savings that are generated from vacant and funded positions, furlough savings and other factors.

Addressing Funded Vacancies: DAS – Human Resources Recruitment Efforts

Certain classifications, particularly in BHD and the Sheriff's Office, have a persistently high vacancy rate. DAS – Human Resources (HR) has placed many of those classifications on continuous recruitment and works with departments to address compensation or other reasons for ongoing vacancies.

Recruitment is one means of addressing vacancies, however an inability to retain employees also contributes to a high vacancy rate. Compensation is one, but not the only, factor that departments should consider in employee retention efforts.

Recommendation

This is an informational report. No action is necessary.

Cc: Chris Abele, County Executive
Supervisor Lee Holloway, Chairman, County Board
Steve Cady, Fiscal & Budget Analyst, County Board
Rick Ceschin, Senior Research Analyst, County Board
Candace Richards, Interim Director, DAS - Human Resources

Table 1: 2011 Budgeted FTEs and Funded Vacancies as of May 5, 2011

Agency	Agency Name	Total FTE	Vacancies as a % of		
			Vacant Positions	Funded Department Total FTEs	% of Countywide Funded Vacancies
100	County Board	58.48	5.50	9.4%	0.8%
101	Department of Audit	16.00	2.00	12.5%	0.3%
102	Veteran's Services	6.00	1.00	16.7%	0.1%
104	County Board - Comm Business Dev Partners	6.00	0.00	0.0%	0.0%
105	DAS - Procurement	5.50	0.00	0.0%	0.0%
106	DAS - Employee Benefits	22.97	4.00	17.4%	0.5%
107	DAS - Labor Relations	2.75	1.00	36.4%	0.1%
108	DAS - Office for Persons with Disabilities	4.08	1.00	24.5%	0.1%
110	County Executive	9.00	3.00	33.3%	0.4%
111	Civil Service Commission	5.00	0.00	0.0%	0.0%
112	Personnel Review Board	7.25	1.00	13.8%	0.1%
113	Corporation Counsel	19.70	5.00	25.4%	0.7%
114	DAS - Human Resources	14.15	5.00	35.3%	0.7%
115	DAS - Fiscal Affairs	42.73	12.00	28.1%	1.6%
116	DAS - Information Management Services	61.32	11.00	17.9%	1.5%
117	DAS - Risk Management	5.05	0.00	0.0%	0.0%
198	Ethics Board	0.75	0.00	0.0%	0.0%
200	Combined Court Related Operations	284.91	23.50	8.2%	3.2%
243	Department of Child Support Enforcement	150.50	19.00	12.6%	2.6%
301	Election Commission	6.50	0.00	0.0%	0.0%
309	County Treasurer	8.50	1.00	11.8%	0.1%
327	County Clerk	7.12	1.00	14.0%	0.1%
340	Register of Deeds	35.67	5.00	14.0%	0.7%
400	Sheriff	1,385.93	156.50	11.3%	21.5%
450	District Attorney	155.12	17.50	11.3%	2.4%
490	Medical Examiner	27.45	3.00	10.9%	0.4%
504	Airport	271.72	40.10	14.8%	5.5%
507	Transportation Services	14.54	8.00	55.0%	1.1%
508	Architectural, Engineering & Environmental Svcs	35.22	3.00	8.5%	0.4%
510	Highway Maintenance	125.14	30.88	24.7%	4.2%
530	Fleet Management	34.64	5.00	14.4%	0.7%
570	Facilities Management	85.01	19.00	22.4%	2.6%
580	Director's Office	13.21	1.00	7.6%	0.1%
630	DHHS - Behavioral Health Division	843.74	185.00	21.9%	25.4%
790	Department on Aging	77.04	16.00	20.8%	2.2%
799	Department of Family Care	79.05	21.00	26.6%	2.9%
800	Dept of Health & Human Svcs	663.11	65.00	9.8%	8.9%
900	Parks, Recreation & Culture	487.23	37.00	7.6%	5.1%
950	Zoological Department	257.49	18.50	7.2%	2.5%
991	UW Extension Service	0.75	0.00	0.0%	0.0%
Grand Total		5,336.31	727.48	13.6%	100.0%

Table 2. Justification for Funded Vacancies

Budget Management	108.00	14.8%
Hiring in Process	265.00	36.4%
On continuous recruitment	111.00	15.3%
Organizational needs have changed	56.00	7.7%
Plan to fill later in the year	98.60	13.6%
Recently Filled	32.50	4.5%
Other	56.38	7.8%
	727.48	100.0%

Table 3. Funded Vacancies by High Org and Reason for Vacancy

1000 - County Board	5.50
Budget Management	1.00
Organizational needs have changed	1.00
Plan to fill later in the year	2.50
Recently Filled	1.00
1001 - Audit	2.00
Plan to fill later in the year	2.00
1011 - CEX	3.00
Plan to fill later in the year	3.00
1019 - DAS OPD	1.00
Hiring in Process	1.00
1021 - Veteran's Services	1.00
Plan to fill later in the year	1.00
1120 - PRB/Ethics	1.00
Organizational needs have changed	1.00
1130 - Corporation Counsel	5.00
Plan to fill later in the year	4.00
Recently Filled	1.00
1135 - Labor Relations	1.00
Plan to fill later in the year	1.00
1140 - DAS HR	5.00
Organizational needs have changed	1.00
Plan to fill later in the year	4.00
1151 - DAS Fiscal	12.00
Budget Management	2.00
Hiring in Process	3.00
Organizational needs have changed	1.00
Plan to fill later in the year	6.00
1160 - DAS IMSD	11.00
Hiring in Process	5.00
Other (Explain)	1.00
Plan to fill later in the year	5.00
1188 - DAS Benefits	4.00
Hiring in Process	2.00

Organizational needs have changed	1.00
Plan to fill later in the year	1.00
2000 - Courts	23.50
Hiring in Process	19.00
Plan to fill later in the year	2.50
Recently Filled	2.00
2430 - Child Support	19.00
Hiring in Process	19.00
3090 - Treasurer	1.00
Organizational needs have changed	1.00
3270 - County Clerk	1.00
Plan to fill later in the year	1.00
3400 - Register of Deeds	5.00
Budget Management	1.00
Hiring in Process	4.00
4000 - Sheriff	156.50
Budget Management	46.50
Hiring in Process	95.00
Organizational needs have changed	14.00
Plan to fill later in the year	1.00
4500 - District Attorney	17.50
Budget Management	10.00
Hiring in Process	1.00
Organizational needs have changed	1.00
Other (Explain)	3.50
Recently Filled	2.00
4900 - Medical Examiner	3.00
Budget Management	1.00
Hiring in Process	1.00
Other (Explain)	1.00
5040 - DTPW Airport	40.10
Budget Management	2.00
Hiring in Process	16.00
On continuous recruitment	1.00
Other (Explain)	3.00
Plan to fill later in the year	6.60
Recently Filled	11.50

5070 - DTPW Transportation	8.00
Hiring in Process	1.00
Organizational needs have changed	4.00
Plan to fill later in the year	3.00
5080 - DTPW A&E	3.00
Hiring in Process	1.00
Plan to fill later in the year	2.00
5100 - DTPW Highway Maintenance	30.88
Organizational needs have changed	1.00
Other (Explain)	29.88
5300 - DTPW Fleet	5.00
Hiring in Process	4.00
Organizational needs have changed	1.00
5700 - DTPW Facilities	19.00
Budget Management	7.00
Hiring in Process	1.00
Other (Explain)	2.00
Plan to fill later in the year	9.00
5800 - DTPW Director's Office	1.00
Hiring in Process	1.00
6300 - BHD	185.00
Budget Management	10.00
Hiring in Process	50.00
On continuous recruitment	110.00
Organizational needs have changed	3.00
Other (Explain)	8.00
Plan to fill later in the year	4.00
7900 - Aging	16.00
Hiring in Process	2.00
Organizational needs have changed	11.00
Plan to fill later in the year	2.00
Recently Filled	1.00
7990 - Family Care	21.00
Hiring in Process	2.00
Organizational needs have changed	14.00
Plan to fill later in the year	5.00
8000 - DHHS	65.00
Budget Management	14.00

Hiring in Process	19.00
Organizational needs have changed	1.00
Other (Explain)	6.00
Plan to fill later in the year	18.00
Recently Filled	7.00
9000 - Parks	37.00
Budget Management	3.00
Hiring in Process	10.00
Other (Explain)	2.00
Plan to fill later in the year	15.00
Recently Filled	7.00
9500 - Zoo	18.50
Budget Management	10.50
Hiring in Process	8.00
Grand Total	727.48

CHRIS ABELE, MILWAUKEE COUNTY EXECUTIVE
SUE BLACK, DIRECTOR OF PARKS, RECREATION AND CULTURE

Date: July 8, 2011

To: Chairman Lee Holloway, Milwaukee County Board of Supervisors

From: Sue Black, Director, Department of Parks, Recreation and Culture

Subject: Abolish One Office Assistant 3 and Create One Clerical Specialist NR - Parks

POLICY

The Parks Director respectfully requests the abolishment of one vacant Office Assistant III position (Title code 001390) and the creation of one Clerical Specialist NR - Parks.

BACKGROUND

The Parks Director is requesting that a position of Office Assistant III within the Department of Parks, Recreation and Culture's (DPRC's) Human Resources (HR) department, be abolished and a new position of Clerical Specialist NR – Parks be created and the appropriate title and title code be assigned to reflect its non-bargaining unit status, i.e. supervisory or confidential. The function and duties of the Clerical Specialist NR – Parks position clearly meets the criteria for exclusion of this position in classified service, as defined by the WERC in Chapter 324 of the Wisconsin Human Resources Handbook. In support of our request for this newly created position, we offer the following justification.

The Clerical Specialist NR – Parks is a confidential position. This is the only clerical position within the HR function of DPRC. As such, this employee has unlimited access and is privy to confidential matters affecting the employer-employee relationship within DPRC. This knowledge would encompass areas covering contemplated DPRC restructuring, individual personnel actions, potential or actual administration of discipline, layoffs, collective bargaining, contract bargaining, contract administration, litigation and all similar matters pertaining to labor relations and grievance handling within DPRC. In short, this position is privy to all management strategy information regarding employment relations in DPRC. Again, there are no other similar human resources positions contained in any bargaining unit, either in or out of Milwaukee County.

Attached please find the appropriate fiscal note for your consideration.

RECOMMENDATION

The Parks Director respectfully requests that one vacant Office Assistant III position (Title code 001390) be abolished and one Clerical Specialist NR – Parks be created.

Prepared by: Paul Kuglitsch, Contract Services Officer/DPRC

Recommended by:

Approved by:

James Keegan, Chief of Administration
and External Affairs

Sue Black, Parks Director

cc: County Executive Chris Abele
George Aldrich, Chief of Staff, County Executive's Office
Terrence Cooley, Chief of Staff, County Board
Supv. Joe Sanfelippo, Chairman, Personnel Committee
Supv. Mark Borkowski, Vice-Chair, Personnel Committee
Sarah Jankowski, Fiscal Mgt. Analyst, Admin & Fiscal Affairs/DAS
Jodi Mapp, Personnel Committee Clerk
Rick Ceschin, Research Analyst, County Board

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 06/06/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Abolish a Position of Office Assistant 3 and Create a Clerical Specialist NR - Parks.

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input checked="" type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input checked="" type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	-4087	-5449
	Revenue		
	Net Cost	-4087	-5449
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Parks Director is requesting the abolishment of an Office Assistant 3 position and the creation of a Clerical Specialist NR - Parks position. This position will assume responsibilities in Human Resources.

B. The direct savings associated with this action will be \$4087 in 2011 (3/4 year assumed) and \$5449 for 2012 for salary and social security. The most recent occupant of the Office Assistant 3 position was a 12, Step 5 at an hourly rate of \$17.7536 for an annual salary of \$37,070. At pay rate of 05P the Parks Department is requesting an annual salary of \$32,008. The incremental salary savings for 2011 would be \$3,796 for 3/4 year. The incremental salary save for 2012 would be \$5,062.

C. The additional savings of \$4,087 in 2011 and the subsequent expense years will be an offset to other position actions being requested within Parks.

Department/Prepared By James Keegan, Chief of Administration and External Affairs

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

**-COUNTY OF MILWAUKEE-
INTEROFFICE COMMUNICATION**

DATE : June 22, 2011

TO : Supervisor Lee Holloway, Chairman, Board of Supervisors

FROM : Cynthia Pahl, Interim Assistant Fiscal and Budget Administrator, Department of Administrative Services

SUBJECT : Department of Parks, Recreation and Culture Request to Abolish 1.0 FTE Office Assistant 3 position and Create 1.0 FTE Clerical Specialist HR NR

REQUEST

The Department of Parks, Recreation and Culture has requested the abolishment of 1.0 FTE Office Assistant 3 position and the creation of 1.0 FTE Clerical Specialist HR NR.

BACKGROUND/ANALYSIS

The Parks Department currently has 1.0 FTE Office Assistant 3 to assist with human resource functions. This position is currently vacant. The duties of this position require the employee to work with confidential information including, but not limited to, personnel actions, layoffs and grievance procedures. The Office Assistant 3 position is a represented position. The Department is requesting this position be abolished and replaced with a Clerical Specialist HR NR position in order to more accurately reflect the confidential nature of the position.

The current pay range of the Office Assistant 3 position is from \$32,771 - \$36,927. The pay range of the newly created position of Clerical Specialist HR NR is from \$30,647 - \$39,300. Assuming the new position is filled at Step 1 the Department will see initial salary and benefit savings.

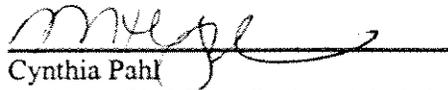
FISCAL NOTE

This abolish/create request will result in a net annual salary, social security and benefit savings of \$2,699.¹ Assuming that employees start in pay period 16 of the current year, savings achieved in 2011 would be \$1,142.

RECOMMENDATION

The Department of Administrative Services, Fiscal Affairs (DAS) recommends the abolishment of 1.0 FTE Office Assistant 3 and the creation of 1.0 FTE Clerical Specialist HR NR.

¹ This was calculated using the 2011 benefit rate. The salaries of the existing and new position were calculated based on the assumption that the employee would start at step 1 of the pay range.



Cynthia Pahl
Assistant Fiscal and Budget Administrator, Department of Administrative Services

Pc: Patrick Farley, Director, Department of Administrative Services
George Aldrich, Chief of Staff, County Executive's Office
Candace Richards, Director of Human Resources
Terry Cooley, Chief of Staff, Board of Supervisors
Lori Brown, Human Resource Coordinator, Parks
Stephen Cady, Fiscal and Budget Analyst, County Board
James Tate, Human Resources Analyst, DAS-HR

1 From the Committee on, Reporting on:

2

3

File No.

4

5 (ITEM NO.) A resolution requesting the abolishment of 1.0 FTE Office Assistant 3 and the
6 creation of 1.0 FTE Clerical Specialist HR NR in the Department of Parks, Recreation and
7 Culture effective July 28, 2011:

8

9

A RESOLUTION

10

11 WHEREAS, the Department of Parks, Recreation and Culture requests the
12 abolishment of 1.0 FTE Office Assistant 3 and the creation of 1.0 FTE Clerical Specialist HR
13 NR; and

14

15 WHEREAS, the Office Assistant 3 position works on confidential matters in the
16 Human Resource Division of the Parks Department and is currently a represented position;
17 and

18

19 WHEREAS, the Office Assistant 3 position is currently vacant; and

20

21 WHEREAS, the creation of a Clerical Specialist HR NR position is needed to more
22 accurately reflect the confidential nature of duties required of the position; and

23

24 WHEREAS, the Department of Administrative Services, Fiscal Affairs recommends
25 that the following request effective July 28, 2011 be approved: abolish 1.0 FTE vacant
26 Office Assistant 3 (TC 01390, PR 12) and create 1.0 FTE Clerical Specialist HR NR (TC
27 00032, PR 5PM); and

28

29 BE IT RESOLVED, that the following position actions are approved, for the
30 Department of Parks, Recreation and Culture effective July 28, 2011

31

<u>Action</u>	<u>Title</u>	<u>No. of Positions</u>	<u>Pay Range</u>
32 Abolish	Office Assistant 3	1.0	12
34 Create	Clerical Specialist HR NR	1.0	5PM

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 6/22/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request to Abolish 1.0 FTE Office Assistant 3 and create 1.0 FTE Clerical Specialist HR NR.

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	-1,142	-2,699
	Revenue	0	0
	Net Cost	-1,142	-2,699
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

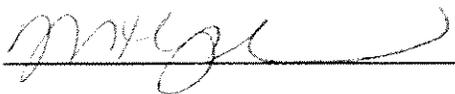
DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. The Parks Department is requesting the abolishment of 1.0 FTE Office Assistant 3 position and the creation of 1.0 FTE Clerical Specialist HR NR.
- B. The proposed action would generate salary, social security and benefit savings in 2011 of approximately \$1,142 and annual savings of \$2,699.
- C. The pay ranges for both positions are similar. The calculation assumed that the new position would be filled at Step 1, which results in a savings for the Department.
- D. The fiscal impact was calculated based on using step 1 for both salaries and using the current benefit rates. The 2012 full year savings assumes the same salary and benefit rate as 2011.

Department/Prepared By Sarah Jankowski/DAS Fiscal

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

COUNTY OF MILWAUKEE
DAS – Division of Human Resources
INTER-OFFICE COMMUNICATION

DATE : June 24, 2011

TO : Committee on Personnel

FROM : Candace Richards, Interim Director of Human Resources



SUBJECT : **Creation Recommended by Finance Committee**

A review of the duties to be assigned to the new position requested by the Department of Parks and Recreation has resulted in the following recommendation:

Org. Unit	Title Code	No. of Positions	Recommended Title	Pay Range	Min/Max of Pay Range
9000	00032	1	Clerical Specialist HR NR	5PM	\$30,647 - \$ 39,300

CHRIS ABELE, MILWAUKEE COUNTY EXECUTIVE
SUE BLACK, DIRECTOR OF PARKS, RECREATION AND CULTURE

Date: July 13, 2011

To: Chairman Lee Holloway, Milwaukee County Board of Supervisors

From: Sue Black, Director, Department of Parks, Recreation and Culture

Subject: Request to Create 8.0 Seasonal Park Patrol Positions (Title Code 40651) (01)

POLICY

The Department of Parks, Recreation and Culture (DPRC) respectfully requests the creation of 8.0 Seasonal Park Patrol positions to supplement the existing 12.0 Seasonal Park Patrol positions.

BACKGROUND

DPRC currently has 12.0 Seasonal Park positions. DPRC is requesting 8.0 additional Seasonal Park Patrol positions to allow for the hiring of additional staff. No increase in funding is needed.

RECOMMENDATION

The Parks Director respectfully requests the creation of 8.0 Seasonal Park Patrol positions to supplement the existing 12.0 Seasonal Park Patrol positions.

Prepared by: Paul Kuglitsch, Contract Services Officer/DPRC

Recommended by:

Approved by:

James Keegan, Chief of Administration and
External Affairs

Sue Black, Parks Director

cc: County Executive Chris Abele
George Aldrich, Chief of Staff, County Executive's Office
Terrence Cooley, Chief of Staff, County Board
Supv. Joe Sanfelippo, Chairman, Personnel Committee
Supv. Mark Borkowski, Vice-Chair, Personnel Committee
Sarah Jankowski, Fiscal Mgt. Analyst, Admin & Fiscal Affairs/DAS
Jodi Mapp, Personnel Committee Clerk
Rick Ceschin, Research Analyst, County Board

**-COUNTY OF MILWAUKEE-
INTEROFFICE COMMUNICATION**

DATE : July 5, 2011

TO : Supervisor Lee Holloway, Chairman, Board of Supervisors

FROM : Cynthia Pahl, Assistant Fiscal and Budget Administrator, Department of Administrative Services

SUBJECT : Department of Parks, Recreation and Culture Request to Create 8 additional Park Patrol Seasonal positions

REQUEST

The Department of Parks, Recreation and Culture has requested the creation of 8 additional Park Patrol Seasonal positions.

BACKGROUND/ANALYSIS

The 2008 Adopted Budget created the Park Patrol program and created 12 positions of Park Patrol Seasonal. The 2011 Adopted Budget included funding for 2.5 FTE Park Patrol Seasonal. The Department is requesting an additional 8 positions to allow them flexibility in filling the seasonal positions. If approved the Department will be able to hire up to 20 part-time Park Patrol Seasonal employees. The funding for this position will not increase since the Department will work within the budgeted 2.5 FTE.

FISCAL NOTE

The creation of 8 additional positions will have no fiscal impact.

RECOMMENDATION

The Department of Administrative Services, Fiscal Affairs (DAS) recommends that the request to create 8 additional positions of Park Patrol Seasonal be approved.



Cynthia Pahl

Assistant Fiscal and Budget Administrator, Department of Administrative Services

- Pc: Patrick Farley, Director, Department of Administrative Services
George Aldrich, Chief of Staff, County Executive's Office
Candace Richards, Director of Human Resources
Terry Cooley, Chief of Staff, Board of Supervisors
Lori Brown, Human Resource Coordinator, Parks
Stephen Cady, Fiscal and Budget Analyst, County Board
James Tate, Human Resources Analyst, DAS-HR

1 From the Committee on, Reporting on:

2

3

4

File No.

5

(ITEM NO.) A resolution requesting the creation of 8 additional Park Patrol Seasonal positions in the Department of Parks, Recreation and Culture effective July 28, 2011:

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A RESOLUTION

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WHEREAS, the Department of Parks, Recreation and Culture requests the creation of 8 additional Park Patrol Seasonal positions; and

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WHEREAS, the 2008 Adopted Budget created the Park Patrol program with 12 positions of Park Patrol Seasonal; and

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15

16

WHEREAS, the Department is requesting an additional 8 positions to allow them flexibility in filling the Park Patrol Seasonal positions; and

17

18

19

WHEREAS, the Department of Administrative Services, Fiscal Affairs recommends that the following request effective July 28, 2011 be approved: create 8 additional Park Patrol Seasonal positions (TC 40651, PR 01); and

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21

22

23

BE IT RESOLVED, that the following position actions are approved, for the Department of Parks, Recreation and Culture effective July 28, 2011

24

25

26

<u>Action</u>	<u>Title</u>	<u>No. of Positions</u>	<u>Pay Range</u>
Create	Park Patrol Seasonal	8.0	01

27

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 7/5/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request to Create 8 positions of Park Patrol Seasonal.

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
 - A. The Parks Department is requesting the creation of 8 Park Patrol Seasonal positions.
 - B. The proposed action will not have a fiscal impact since the Department will work within the budgeted amount for this position.
 - C. The Department will work within the budgeted amount for this position.
 - D. No assumptions were made.

Department/Prepared By Sarah Jankowski/DAS Fiscal

Authorized Signature



Did DAS-Fiscal Staff Review?



Yes



No

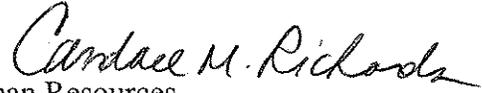
¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

COUNTY OF MILWAUKEE
DAS – Division of Human Resources
INTER-OFFICE COMMUNICATION

DATE : July 5, 2011

TO : Committee on Personnel

FROM : Candace Richards, Interim Director of Human Resources



SUBJECT : **Creation Recommended by Finance Committee**

A review of the duties to be assigned to the new position requested by the Department of Parks has resulted in the following recommendation:

Org. Unit	Title Code	No. of Positions	Recommended Title	Pay Range	Min/Max of Pay Range
9000	40651	8	Park Patrol Seasonal	01	\$23,205 - \$27,912

**County of Milwaukee
Inter-Office Communication**

6

DATE: June 30, 2011

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

FROM: Geri Lyday, Interim Director, Department of Health and Human Services
Prepared by Paula Lucey, Administrator, Behavioral Health Division

SUBJECT: **From the Interim Director, Department of Health and Human Services (DHHS),
Requesting Authorization to Undertake Position and Other Actions to Reduce
Critical and Persistent Vacancies and Increase the Retention Rate in Key
Psychiatry and Psychology Positions at the Behavioral Health Division**

Issue

For years, the Behavioral Health Division (BHD) has had a difficult time recruiting and retaining Psychiatry and Psychology staff and the current vacancy rates for some of these positions have reached critical levels. A primary factor contributing to the vacancies is the compensation the county offers for these positions relative to other governmental and private institutions. In order to better align compensation packages for county psychiatrists, physicians, and psychologists, and provide BHD more flexibility in staffing, BHD is requesting authorization to undertake specific position and other actions as detailed in this report.

Background

This report follows up on two previous informational reports to the County Board in October and December 2010, which provided information on Psychiatry and Psychology recruitment and retention at BHD. At the December meeting of the Committee on Personnel, it was requested that BHD provide an update on the status of budgeted and filled psychiatrist, physician, and psychologist positions at BHD, how salaries for these positions compare to industry standards in the Midwest, and the amount of overtime worked by staff in these positions.

Discussion

2011 Budget

The 2011 Budget includes a total of 50.80 funded psychiatrist, physician, and psychologist positions. These positions provide coverage for Acute Adult and Child and Adolescent Inpatient, Long-Term Care, Community Services, Wraparound Milwaukee and Psychiatric Crisis Services (PCS). Table 1 shows the number of budgeted FTE, the number of vacant FTE, and the vacancy rate by position as of July 2011. The vacancy rate for each of these positions varies from zero to 50.0%, with an overall vacancy rate in the Psychiatry and Psychology departments of 13.2%.

TABLE 1. 2011 BUDGETED AND FUNDED FTEs AND VACANCIES (AS OF 6/22/2011)			
Position	Funded	Vacant FTE as of 7/11*	Vacancy Rate as of 7/11*
Staff Psychiatrist	20.15	4.20	20.8%
Medical Program Director - CATC (Child Psychiatrist)	3.00	0.50	16.7%
House Physician III	2.50	0.00	0.0%
Service Medical Director	4.00	2.00	50.0%
House Physician II - Hrly (Pool)	0.65	0.00	0.0%
Subtotal - Psychiatry	30.30	6.70	22.1%
Clinic Psychologist I	1.50	0.00	0.0%
Clinic Psychologist III	8.00	0.00	0.0%
Clinical Prog Dir - Psychology	10.00	0.00	0.0%
Chief Psychologist	1.00	0.00	0.0%
Subtotal - Psychology	20.50	0.00	0.0%
TOTAL	50.80	6.70	13.2%

*Includes pending hires.

Recruitment and Retention

BHD continues to engage in significant recruitment efforts, but faces several barriers, including: a national shortage of psychiatrists throughout the United States; difficulty recruiting and retaining professional and executive-level personnel; increases in the number of individuals seeking psychiatric crisis treatment; strong preference for outpatient vs. inpatient work by psychiatrists and physicians; and competition in the public and private-sector marketplace where higher salaries and recruitment/retention enhancements are being offered by others. The following is a summary of BHD's key recruitment and retention efforts and challenges over the past six years, from January 2005 through July 2011, including updates since the last reports to the County Board.

- Sixty-six new psychiatrist and physician and seven new psychologist appointments/hires were achieved between 2005 and the present.
- However, during this same time period, a total of forty-eight psychiatrist and physician resignations occurred, in addition to three retirements. Moreover, a total of seven psychologist separations occurred, including two resignations, four retirements, and one promotion.
- There have also been seven failed Psychiatry recruitment efforts since October 2010, including one full and one part-time offer that were declined due to salary, and two contract offers for \$135/hour that were declined due to the rate.
- Over 50% of the new Psychiatry staff hires since 2005 are no longer with the County, with the vast majority of resignations occurring within the first two years of

employment. All of the psychologists who separated from BHD since 2005 accepted employment with competing facilities in the private and public sectors.

- Most recently, one Psychiatry staff member resigned to take a position with the State of Illinois for a higher salary, with a sign-on bonus and a premium for being bilingual. Two other Psychiatry staff are reducing their hours at BHD in August to take positions with the Wisconsin Department of Corrections, which is offering a rate of \$140/hour for a comparable position.
- Included in the above appointment statistics are two accepted offers by psychiatrists for the Acute Inpatients units with an anticipated July start. These two offers were made possible because BHD was given permission to assist the psychiatrists with the foreign physician visa application process.
- Potential retirements by experienced BHD Psychology staff could exacerbate the vacancy rate challenge – approximately 70% of staff is eligible to retire.
- The recent change in the Psychology vacancy rate from 20%, as included in a December report to the Board, to the current rate of zero, in part resulted from a one-time exogenous event: the State's announced closure of the Ethan Allen and Southern Oaks facilities. However, prior to filling in mid-May 2011, these vacancies existed for between one and three years.
- The Day Treatment area of BHD will be applying for National Health Service Corps (NHSC) site approval. If approval is awarded, licensed behavioral health professionals working in that program would be eligible to apply for federal loan repayment assistance in exchange for between a two- and six-year employment commitment with BHD. NHSC site approval would serve as an attractive recruitment and retention incentive for current and prospective staff, with the understanding that BHD does not determine who is accepted into the NHSC.

Ensuring a full staff of highly qualified medical professionals will not only allow BHD to continue to focus on patient care and safety, but will also assist the organization with preparing for, attaining, and sustaining Joint Commission accreditation. This initiative would allow key medical staff to focus on writing, implementing, and assessing compliance with the multiple new policies that will be required under Joint Commission accreditation.

Industry Trends

BHD's recruitment and retention of psychiatrists, physicians, and psychologists is directly impacted by local, state, and federal level competitors, such as: Aurora Healthcare, the Veterans Affairs Medical Center, Wheaton Franciscan Healthcare, Rogers Memorial, the Medical College of Wisconsin, and the States of Wisconsin and Illinois.

The Psychology Department within Veterans Affairs is most similar to BHD in terms of size, proximity, and scope of practice, and represents BHD's biggest competitor in recruiting and

retaining Psychology staff. BHD has also lost potential and existing Psychiatry staff to the locations listed above in recent years.

Tables 2 and 3 provide comparisons between current salaries offered by BHD and those offered by a sample of area competitors for Psychology and Psychiatry positions. (Additional comparisons are included in Appendices A and B.) Psychiatry and Psychology salaries have not been reviewed in at least ten years, and the data suggests that the BHD compensation ranges for these positions have not kept pace with the local market, thus impacting BHD's ability to recruit and retain staff.

TABLE 2. SELECT PSYCHOLOGY SALARY COMPARISONS				
Position	Current Milwaukee County Pay Range*		Current Veterans Affairs Pay Range	
Clinical Psychologist I	\$ 49,582	\$ 58,049	\$ 59,389	\$ 77,203
Clinical Psychologist III	\$ 63,517	\$ 75,633	\$ 84,647	\$ 110,040
Clinical Program Director - Psychology	\$ 68,454	\$ 81,532	\$ 100,027	\$ 130,033
Chief Psychologist	\$ 76,920	\$ 113,959	\$ 117,661	\$ 152,960

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

TABLE 3. SELECT PSYCHIATRY SALARY COMPARISONS						
Position	Current Milwaukee County Pay Range*		State of Wisconsin Pay Range**		Veterans Affairs Pay Range***	
Service Medical Director	\$ 158,366	\$ 194,621	\$ 215,000	\$ 227,500	N/A	N/A
Medical Program Director (Child Psychiatrist)	\$ 150,786	\$ 185,355	\$ 168,768	\$ 230,124	N/A	N/A
Staff Psychiatrist / Staff Psychiatrist-Hrly	\$ 143,605	\$ 176,528	\$ 147,890	\$ 192,256	\$ 160,000	\$ 210,000
House Physician III/House Physician III-Hrly	\$ 143,605	\$ 176,528	\$ 135,567	\$ 176,237	\$ 140,000	\$ 195,000

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

**A comparable position to Medical Program Director (Child Psychiatrist) does not exist for the State of Wisconsin. The pay range included for this position is for the State of Illinois.

***Represents a range from several Midwest states.

Overtime

The number one priority for BHD is always to focus on patient care and safety, and staffing is a key factor in this, especially in terms of psychiatrists, physicians, and psychologists. Psychiatrist, physician, and psychologist vacancies are one of the causal factors for the use of overtime at BHD. Essentially, these staff voluntarily cover vacancies in the schedule and provide coverage for the 24/7 operation of BHD. Overtime is in addition to their regular 40-hour weekly assignment and is paid or accrued at straight time. Additional factors influencing overtime include staying past the shift end time to complete urgent patient care duties and replacement coverage for paid time off. BHD includes overtime in its annual budget and overtime by psychiatrists, physicians, and psychologists represented approximately 1.4% of total overtime hours worked and 2% of total overtime dollars earned by BHD staff in 2010. Table 4 shows the number of overtime hours worked and the amount of overtime dollars earned by position.

TABLE 4. OVERTIME BY POSITION (1/1/10-12/31/10)		
Position	Hours*	Earnings**
Staff Psychiatrist/Staff Psychiatrist - Hrly Medical Program Director - CATC (Child Psychiatrist)	643	\$ 31,767
House Physician III	24	\$ 1,506
Service Medical Director	75	\$ 2,017
	581	\$ 42,658
Subtotal - Psychiatry	1,321	\$ 77,948
Clinic Psychologist I	-	\$ -
Clinic Psychologist III	42	\$ 272
Clinical Prog Dir - Psychology	601	\$ -
Subtotal - Psychology	643	\$ 272
TOTAL	1,965	\$ 78,219

*Estimate.

**Includes earnings from all staff that held position during the year. Does not include overtime paid out as time off or expiring overtime hours paid out.

Recommendation

To help address the Psychiatry and Psychology recruitment and retention issues outlined in this and previous reports, the Interim Director, Department of Health and Human Services, recommends that Milwaukee County adopt the following changes:

Psychology:

- Reallocate the Clinical Psychologist I (57001), Clinical Psychologist III (57021), and Clinical Prog Dir – Psychology (57090) positions to be competitive with pay ranges for comparable positions at the Department of Veterans Affairs. Currently, all incumbents in these positions are at the highest step in the respective pay range. By reallocating, individuals would move from their current step in the existing pay range to the first step in the new pay range, and remain there for at least one year. The fiscal impact in 2011 would be \$84,697, and the fiscal impact in the first full year would be \$259,073. The new pay ranges would be as follows:

Position	Current Hourly Pay Range*		New Hourly Pay Range	
BHD Clinical Psychologist I	\$ 23.7460	\$ 27.8013	\$ 28.4430	\$ 36.9746
BHD Clinical Psychologist III	\$ 30.4198	\$ 36.2225	\$ 40.5398	\$ 52.7011
BHD Clinical Program Director – Psychology	\$ 32.7843	\$ 39.0480	\$ 47.9057	\$ 62.2763

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

- Reallocate the Ex Dir 2 Chief Psychologist (80041) position from pay range 902E to 903E to be comparable with the salary offered at the Department of Veterans Affairs, which currently ranges from \$117,661 to \$152,960. The incumbent would be moved from their current step in pay range 902E to step 10 in pay range 903E, for a new annual salary of \$118,114. For future hires, BHD would continue to determine the starting salary for this

position from within the new pay range based on a candidate's training and experience. The fiscal impact of reallocating this position would be \$7,126 in 2011, and \$21,797 in the first full year.

- Create Clinical Psychologist I – Hourly, Clinical Psychologist III – Hourly, and Clinical Prog Dir – Psychology – Hourly positions to assist with staffing vacancies. The pay rate for the hourly positions, which do not include benefits, would be \$25/hour higher than the base rate for the permanent position to be competitive with market conditions. There is no fiscal impact because the hourly positions would be used instead of filling a full-time position with benefits.

Position	Base Hourly Pay Rate*	Differential for New Hourly Position with No Benefits	New Hourly Pay Rate
<i>Clinical Psychologist I - Hourly</i>			
Step 1	\$ 28.4430	\$ 25.0000	\$ 53.4430
Step 7 (Top)	\$ 36.9746	\$ 25.0000	\$ 61.9746
<i>Clinical Psychologist III - Hourly</i>			
Step 1	\$ 40.5398	\$ 25.0000	\$ 65.5398
Step 7 (Top)	\$ 52.7011	\$ 25.0000	\$ 77.7011
<i>Clinical Program Director - Psychology - Hourly</i>			
Step 1	\$ 47.9057	\$ 25.0000	\$ 72.9057
Step 7 (Top)	\$ 62.2763	\$ 25.0000	\$ 87.2763

*Based on recommended reallocation.

The total fiscal impact of the Psychology position actions would be \$91,823 in 2011 and \$280,870 in the first full year of implementation.

Psychiatry:

- Reallocate the Staff Psychiatrist (50770), Staff Psychiatrist – Hourly (50771), House Physician III (47320), House Physician III – Hourly (47321), Medical Program Director CATC (50841), Medical Director – Acute Services (50843), Medical Director – Crisis Services (50844), Medical Director – Adult (50847), and Medical Director – Forensic Services (50845) positions by eliminating the first five steps of the current pay range and adding five additional steps to the end of the current pay range. Incumbents would move from their current step to the next highest step in the new pay range. The fiscal impact of these changes in 2011 would be \$61,255 and would be \$187,369 in the first full year. The new pay ranges would be as follows:

Position	Current Hourly Pay Range*		New Hourly Pay Range	
Staff Psychiatrist/Staff Psychiatrist - Hourly	\$ 69.0409	\$ 84.8690	\$ 81.9990	\$ 100.7977
House Physician III/House Physician III - Hourly	\$ 69.0409	\$ 84.8690	\$ 81.9990	\$ 100.7977
Medical Director CATC	\$ 72.4936	\$ 89.1131	\$ 86.0996	\$ 105.8384

Position	Current Hourly Pay Range*		New Hourly Pay Range	
Medical Director (Acute Services, Crisis Services, Adult, Forensic Services)	\$ 76.1174	\$ 93.5677	\$ 90.4037	\$ 111.1291

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

- Allow BHD to advance current staff within the pay range upon achieving Board Certification, to be competitive with other institutions and to complement the annual merit step increases and BHD's ability to make initial step appointments based on training and certification.
- Reallocate the Medical Executive Director – Medical Director Psychiatry (80040) position by adding five additional steps to pay range 904E after current step 6, and renumbering the current steps 7 and 8. This position is currently vacant and unfunded, so the reallocation would not have any fiscal impact in 2011. However, reallocating would provide BHD more flexibility for any future hire to be competitive with current industry standards. The new steps would be as follows:

Medical Executive Director – Medical Director Psychiatry (Pay Range 904E)	
	Base Hourly Pay Rate*
Step 5	\$ 109.9423
Step 6	\$ 112.0968
Step 7 (new)	\$ 116.0202
Step 8 (new)	\$ 120.0809
Step 9 (new)	\$ 124.2837
Step 10 (new)	\$ 128.6336
Step 11 (new)	\$ 133.1358

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

- Create a special premium code for the Staff Psychiatrist – Hourly (50771) position, which does not include benefits, to provide for a \$50/hour differential for every hour that a psychiatrist works in a critical fill area. This would bring the BHD hourly rate in critical fill areas more in line with current market conditions, which can exceed \$150/hour. Applying the premium only to hours worked in high need areas will assist in staffing and offer BHD administrative and fiscal control. The creation of the special premium assumes an hourly position is used instead of filling a full-time position with benefits; therefore, there is no fiscal impact.

Staff Psychiatrist - Hourly			
	Base Hourly Pay Rate*	Differential for Critical Fill	New Hourly Pay Rate
Step 1	\$ 81.9990	\$ 50.0000	\$ 131.9990
Step 7 (Top)	\$ 100.7977	\$ 50.0000	\$ 150.7977

*Based on recommended reallocation.

- Abolish six vacant House Physician III - Hourly (47321) positions and create six Staff Psychiatrist – Hourly (50771) positions to provide for more flexibility in staffing. There is no fiscal impact because both positions are in the same pay range and there is no change in the number of funded FTEs.

The total fiscal impact of the Psychiatry position actions would be \$61,255 in 2011 and \$187,369 in the first full year of implementation.

General:

- Amend applicable County Ordinances and/or Civil Service Rules to allow staff in Psychiatry, Physician, and Psychology positions to reside in Illinois. There is no fiscal impact of this action, and it would expand the area from which BHD is able to recruit potential staff.

BHD will continue to monitor the salaries and other incentives offered in the current marketplace, and will inform the County Board in future reports should other recommended actions be identified that would assist with recruitment and retention efforts.

Fiscal Note

The recommended position actions contained in this report would increase BHD expenditures by a total of \$153,078 in 2011 and a total of \$468,239 in the first full year of implementation. The increase in expenditures in 2011 will be covered by small reductions in contracts and the use of some deferred revenue in DHHS. A fund transfer to recognize and move the DHHS deferred revenue will be brought before the Board in the last quarter of 2011. A fiscal note form is attached.

BHD recognizes that this represents a significant investment of fiscal resources at this time. However, such actions are essential for patient care and safety, and for BHD to remain competitive and attractive as an area employee of high quality staff.

Respectfully Submitted:


 Geri Lyday, Interim Director

Department of Health and Human Services

cc: County Executive Chris Abele
Terry Cooley, County Board
Patrick Farley, Director, DAS
Pamela Bryant, Interim Fiscal and Budget Administrator, DAS
CJ Pahl, Assistant Fiscal and Budget Administrator, DAS
Antionette Thomas-Bailey, Fiscal & Management Analyst, DAS
Jennifer Collins, Analyst, County Board Staff
Rick Ceschin, Analyst, County Board Staff
Jodi Mapp, Committee Clerk, County Board Staff

APPENDIX A. ADDITIONAL PSYCHIATRY SALARY COMPARISONS

Reporting Source	Position	Minimum	Median	Maximum
Milwaukee County (2011)*	Service Medical Director	\$ 158,366	\$ 175,537	\$ 194,621
	Medical Program Director (Child Psychiatrist)	\$ 150,786	\$ 167,179	\$ 185,355
	Staff Psychiatrist / Staff Psychiatrist-Hrly	\$ 143,605	\$ 159,217	\$ 176,528
	House Physician III/House Physician III-Hrly	\$ 143,605	\$ 159,217	\$ 176,528
State of Wisconsin (2010) [Locations: Dept. of Corrections, Winnebago and Mendota MH Institutes, Dept. of Health Services, Wisconsin Resource Center]	Psychiatrist	\$ 147,890		\$ 192,256
	Psychiatry Director	\$ 215,000		\$ 227,500
	Physician	\$ 135,567		\$ 176,237
	Psychiatrist - hourly (pool) (Dept. of Corrections)	\$ 140/hour		
State of Illinois (2011)	Staff Psychiatrist-Board Certified	\$ 159,216	\$ 181,488	\$ 207,708
	Staff Psychiatrist-Double Board Certified	\$ 168,768	\$ 192,396	\$ 220,188
	Staff Psychiatrist-Board Certified (High Acuity Service)	\$ 166,416	\$ 189,684	\$ 217,092
	Staff Psychiatrist-Double Board Certified (High Acuity Service)	\$ 176,436	\$ 201,096	\$ 230,124
Medical College of Wisconsin	Associate Professor of Psychiatry		\$ 177,000	
	Professor of Psychiatry		\$ 219,000	
Department of Veterans Affairs	Danville, IL	Physician (Psychiatrist)	\$ 165,000	\$ 195,000
	Fort Meade & Black Hills, SD	Physician (Psychiatrist)	\$ 175,000	\$ 195,000
	Cincinnati, OH	Physician (Psychiatrist)	\$ 160,000	\$ 210,000
	Evansville & Marion, IN	Physician (Psychiatrist) Part-Time or Full-time	\$ 97,987	\$ 195,000
	Jackson, Kalamazoo & Battle Creek, MI	Physician (Psychiatrist) Part-Time or Full-time	\$ 96,539	\$ 195,000
	Rapid City & Black Hills, SD	Physician (Psychiatrist) Part-Time or Full-time	\$ 97,987	\$ 220,000
	Sandusky & Fremont, OH	Physician (Psychiatrist) Part-Time or Full-time	\$ 97,987	\$ 220,000
	Minneapolis, MN; Danville, IL	Physician (Hospitalist-Acute Care)	\$ 140,000	\$ 195,000
	Cincinnati, OH; Hines, IL	Physician (Chief of Staff)	\$ 150,000	\$ 275,000
	Hines, IL	Physician (Deputy Chief of Staff)	\$ 120,000	\$ 235,000
	Horizon Health (Saginaw, MI)	Medical Director-Psychiatric Services	\$ 220,000	
Hennepin County Medical Center (Minneapolis, MN)	Psychiatrist - hourly (pool)	\$ 145/hour		
American Medical Group Association (National Reporting) - 2010 Physician Compensation Survey	Psychiatrist		\$ 214,740	
	Child Psychiatrist		\$ 216,360	
	Family/General Practice Physician		\$ 208,861	

SOURCES: All reports, job announcements, advertisements, and other material used as a reference source for this market analysis are available upon request from the BHD Medical Staff Office.

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

APPENDIX B. ADDITIONAL PSYCHOLOGY SALARY COMPARISONS		
Setting and Experience	Median Compensation	Mean Compensation
<i>City/County/ State Psychiatric Hospital</i>		
20-24 years	\$66,000	\$67,860
25-29 years	\$74,564	\$78,834
<i>VA Medical Centers</i>		
20-24 years	\$104,000	\$99,556
25-29 years	\$106,424	\$109,865
<i>State Government Agency</i>		
15-19 years	\$81,000	\$84,400
<i>Local Government Agency</i>		
20-24 years	\$88,000	\$85,940
30 plus years	\$93,000	\$90,517
<i>Community Mental Health Center</i>		
25-29 years	\$72,500	\$90,488
30 plus years	\$75,132	\$75,809

*Summarized from the 2009 American Psychological Association Salary Study of psychologists working in direct human services positions at a doctoral level.

(ITEM *) From the Interim Director, Department of Health and Human Services, Requesting Authorization to Undertake Position and Other Actions to Reduce Critical and Persistent Vacancies and Increase the Retention Rate in Key Psychiatry and Psychology Positions at the Behavioral Health Division:

A RESOLUTION

WHEREAS, the Behavioral Health Division (BHD) employs psychiatrists, physicians, and psychologists to provide coverage for the areas of Acute Adult and Child and Adolescent Inpatient, Long-Term Care, Community Services, Wraparound Milwaukee and Psychiatric Crisis Services; and

WHEREAS, the salaries for Psychiatry and Psychology positions have not been reviewed in at least ten years; and

WHEREAS, a comparison of the salaries provided by competing public and private institutions for similar positions demonstrates that base salaries and other salary enhancements offered in the current marketplace exceed those offered by BHD, as evidenced below; and

PSYCHOLOGY SALARY COMPARISONS				
Position	Current Milwaukee County Pay Range*		Current Veterans Affairs Pay Range	
Clinical Psychologist I	\$ 49,582	\$ 58,049	\$ 59,389	\$ 77,203
Clinical Psychologist III	\$ 63,517	\$ 75,633	\$ 84,647	\$ 110,040
Clinical Program Director - Psychology	\$ 68,454	\$ 81,532	\$ 100,027	\$ 130,033
Chief Psychologist	\$ 76,920	\$ 113,959	\$ 117,661	\$ 152,960

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

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TABLE 3. SELECT PSYCHIATRY SALARY COMPARISONS						
Position	Current Milwaukee County Pay Range*		State of Wisconsin Pay Range**		Veterans Affairs Pay Range***	
Service Medical Director	\$ 158,366	\$ 194,621	\$ 215,000	\$ 227,500	N/A	N/A
Medical Program Director (Child Psychiatrist)	\$ 150,786	\$ 185,355	\$ 168,768	\$ 230,124	N/A	N/A
Staff Psychiatrist / Staff Psychiatrist-Hrly	\$ 143,605	\$ 176,528	\$ 147,890	\$ 192,256	\$ 160,000	\$ 210,000
House Physician III/House Physician III-Hrly	\$ 143,605	\$ 176,528	\$ 135,567	\$ 176,237	\$ 140,000	\$ 195,000

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

**A comparable position to Medical Program Director (Child Psychiatrist) does not exist for the State of Wisconsin. The pay range included for this position is for the State of Illinois.

***Represents a range from several Midwest states.

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WHEREAS, BHD's inability to compete with the salaries and other incentives being offered in the current marketplace has led to key and persistent vacancies and turnover in the Psychiatry and Psychology departments, with vacancies in some positions reaching critical levels; and

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WHEREAS, a national shortage of psychiatrists throughout the United States; difficulty recruiting and retaining professional and executive-level personnel; increases in the number of individuals seeking psychiatric crisis treatment; and a strong preference for outpatient vs. inpatient work by psychiatrists and physicians have also served as barriers to recruitment of Psychiatry and Psychology staff at BHD; and

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WHEREAS, in order to help address BHD's recruitment and retention challenges, BHD is requesting specific position actions be taken; and

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WHEREAS, BHD is requesting that the Clinical Psychologist I, Clinical Psychologist III, and Clinical Prog Dir – Psychology positions be reallocated to be competitive with pay ranges for comparable positions at the Department of Veterans Affairs, and incumbents in those positions moved from their current step in the existing pay range to the first step in the new pay range; and

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WHEREAS, BHD is also requesting to reallocate the Ex Dir 2 Chief Psychologist position from pay range 902E to step 10 in 903E to be comparable with the salary offered at the Department of Veterans Affairs; and

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WHEREAS, BHD is also requesting the creation of Clinical Psychologist I – Hourly, Clinical Psychologist III – Hourly, and Clinical Prog Dir – Psychology – Hourly positions to assist with staffing vacancies, with the pay rate for the hourly positions set at \$25/hour higher than the base rate for the permanent position, to be competitive with market conditions when no benefits are offered; and

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WHEREAS, BHD is also requesting to reallocate the Staff Psychiatrist, Staff Psychiatrist – Hourly, House Physician III, House Physician III – Hourly, Medical Program Director CATC, Medical Director – Acute Services, Medical Director – Crisis Services, Medical Director – Adult, and Medical Director – Forensic Services positions by eliminating the first five steps of the current pay ranges and adding five additional steps to the end of the current pay ranges; and

65 WHEREAS, incumbents in the above Psychiatry positions would move from
66 their current step to the next highest step in the new pay range; and

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68 WHEREAS, BHD is also requesting to advance Psychiatry staff within the
69 pay range upon achieving Board Certification, to be competitive with other
70 institutions and to complement the annual merit step increases and BHD's ability
71 to make initial step appointments based on training and certification; and

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73 WHEREAS, BHD is also requesting to reallocate the Medical Executive
74 Director – Medical Director Psychiatry position by adding five additional steps to
75 pay range 904E after current step 6, and renumbering the current steps 7 and 8,
76 to be competitive with other institutions; and

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78 WHEREAS, BHD is also requesting to create a special premium code for the
79 Staff Psychiatrist – Hourly position that would provide for a \$50/hour differential
80 over the base rate for every hour that staff in this position works in a critical fill
81 area, to assist with staffing while offering BHD administrative and fiscal control;
82 and

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84 WHEREAS, BHD is also requesting to abolish six vacant House Physician III –
85 Hourly positions and create six Staff Psychiatrist – Hourly positions to provide for
86 more flexibility in staffing; and

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88 WHEREAS, BHD is also requesting that applicable County Ordinances
89 and/or Civil Service Rules be amended to allow staff in Psychiatry, Physician,
90 and Psychology positions to reside in Illinois to expand the area from which BHD
91 is able to recruit potential staff; and

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93 WHEREAS, the costs of these position actions totals \$153,078 in 2011, and
94 \$468,239 in the first full year of implementation; and

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96 WHEREAS, the increase in expenditures will be absorbed within the DHHS
97 budget in 2011, and the budget will be adjusted in 2012 to include these
98 expenditures; now, therefore,

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100 BE IT RESOLVED, that the Interim Director of the Department of Health and
101 Human Services, or her designee, is authorized to reallocate the Clinical
102 Psychologist I, Clinical Psychologist III, Clinical Prog Dir – Psychology, Ex Dir 2
103 Chief Psychologist, Staff Psychiatrist, Staff Psychiatrist – Hourly, House Physician III,
104 House Physician III – Hourly, Medical Program Director CATC, Medical Director –
105 Acute Services, Medical Director – Crisis Services, Medical Director – Adult, and
106 Medical Director – Forensic Services positions as follows and move incumbents
107 to the next highest step in the new pay ranges; and

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Position	Current Hourly Pay Range*		New Hourly Pay Range	
BHD Clinical Psychologist I (57001)	\$ 23.7460	\$ 27.8013	\$ 28.4430	\$ 36.9746
BHD Clinical Psychologist III (57021)	\$ 30.4198	\$ 36.2225	\$ 40.5398	\$ 52.7011
BHD Clinical Program Director – Psychology (57090)	\$ 32.7843	\$ 39.0480	\$ 47.9057	\$ 62.2763
Ex Dir 2 Chief Psychologist (80041)	\$ 45.6731		\$ 56.5682	
Staff Psychiatrist (50770) /Staff Psychiatrist – Hourly (50771)	\$ 69.0409	\$ 84.8690	\$ 81.9990	\$ 100.7977
House Physician III (47320) /House Physician III – Hourly (47321)	\$ 69.0409	\$ 84.8690	\$ 81.9990	\$ 100.7977
Medical Director CATC (50841)	\$ 72.4936	\$ 89.1131	\$ 86.0996	\$ 105.8384
Medical Director (Acute Services - 50843, Crisis Services - 50844, Adult - 50847, Forensic Services - 50845)	\$ 76.1174	\$ 93.5677	\$ 90.4037	\$ 111.1291

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

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FURTHER, BE IT RESOLVED, that the Interim Director of the Department of Health and Human Services, or her designee, is authorized to reallocate the Medical Executive Director – Medical Director Psychiatry (80040) position by adding five additional steps to pay range 904E after current step 6, and renumbering the current steps 7 and 8, as follows; and

Medical Executive Director – Medical Director Psychiatry (80040)	
	Base Hourly Pay Rate*
Step 5	\$ 109.9423
Step 6	\$ 112.0968
Step 7 (new)	\$ 116.0202
Step 8 (new)	\$ 120.0809
Step 9 (new)	\$ 124.2837
Step 10 (new)	\$ 128.6336
Step 11 (new)	\$ 133.1358

*Includes 1% pay increase effective 6/12/2011 for non-represented employees.

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FURTHER, BE IT RESOLVED, that the Interim Director of the Department of Health and Human Services, or her designee, is authorized to advance Psychiatry staff within the pay range upon achieving Board Certification and create a special premium code for the Staff Psychiatrist – Hourly position to be used in critical fill areas as follows; and

Staff Psychiatrist – Hourly (50771)			
	Base Hourly Pay Rate*	Differential for Critical Fill	New Hourly Pay Rate
Step 1	\$ 81.9990	\$ 50.0000	\$ 131.9990
Step 7 (Top)	\$ 100.7977	\$ 50.0000	\$ 150.7977

*Based on recommended reallocation.

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FURTHER, BE IT RESOLVED, that the Interim Director of the Department of Health and Human Services, or her designee, is authorized to abolish six vacant House Physician III - Hourly (47321) positions; create six Staff Psychiatrist – Hourly (50771) positions; and create three Clinical Psychologist I – Hourly, five Clinical Psychologist III – Hourly, and five Clinical Prog Dir – Psychology – Hourly positions as follows; and

Position	Base Hourly Pay Rate*	Differential for New Hourly Position with No Benefits	New Hourly Pay Rate
<i>Clinical Psychologist I – Hourly (new)</i>			
Step 1	\$ 28.4430	\$ 25.0000	\$ 53.4430
Step 7 (Top)	\$ 36.9746	\$ 25.0000	\$ 61.9746
<i>Clinical Psychologist III – Hourly (new)</i>			
Step 1	\$ 40.5398	\$ 25.0000	\$ 65.5398
Step 7 (Top)	\$ 52.7011	\$ 25.0000	\$ 77.7011
<i>Clinical Program Director - Psychology – Hourly (new)</i>			
Step 1	\$ 47.9057	\$ 25.0000	\$ 72.9057
Step 7 (Top)	\$ 62.2763	\$ 25.0000	\$ 87.2763

*Based on recommended reallocation.

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FURTHER, BE IT RESOLVED, that applicable County Ordinances and/or Civil Service Rules are amended to allow staff in Psychiatry, Physician, and Psychology positions to reside in Illinois.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 6/30/2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: From the Interim Director, Department of Health and Human Services, Requesting Authorization to Undertake Position and Other Actions to Reduce Critical and Persistent Vacancies and Increase the Retention Rate in Key Psychiatry and Psychology Positions at the Behavioral Health Division

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input checked="" type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	153,078	468,239
	Revenue		
	Net Cost	153,078	468,239
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A) The Interim Director, Department of Health and Human Services (DHHS), is requesting authorization for the Behavioral Health Division (BHD) to reallocate positions and undertake other position actions for Psychiatry and Psychology positions. These actions will bring compensation more in line with current industry standards, and assist with filling critical vacancies and increasing BHD's retention rate for these positions.

B) The recommended position actions would increase BHD expenditures by \$153,078 in 2011 and \$468,239 in the first full year of implementation. These actions represent a critical need, and the increase in expenditures in 2011 will be covered by small reductions in contracts and the use of some deferred revenue in DHHS. A fund transfer to recognize and move the DHHS deferred revenue will be brought before the Board in the last quarter of 2011. For 2012, the budget will be adjusted to account for the increase in expenditures.

C) No increase in tax levy results from these changes.

D. No assumptions/interpretations.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By Maggie Mesaros, Fiscal and Management Analyst, BHD

Authorized Signature *Levi A. Sydney*

Did DAS-Fiscal Staff Review? Yes No

COUNTY OF MILWAUKEE
Behavioral Health Division Administration
INTER-OFFICE COMMUNICATION

DATE: July 5, 2011

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

FROM: Geri Lyday, Interim Director, Department of Health and Human Services
Prepared by Paula Lucey, Administrator, Behavioral Health Division

SUBJECT: **Report from the Interim Director, Department of Health and Human Services, Requesting Authorization to Use 2010 Behavioral Health Division Capital Budget Project Funding for Patient Furniture**

BACKGROUND

On June 3, 2010 BHD received a Statement of Deficiency (SOD) from the State of Wisconsin as a result of a recent State Centers for Medicaid and Medicare Services (CMS) survey. At the July 2010 meetings of the Committees on Health and Human Needs and the Finance and Audit, the Board approved expenditure authority for \$1,825,890 in 2010 BHD Capital Funds to address all SOD related capital conditions by the final deadline of April 1, 2011. A final SOD report was submitted to the Committees on Health and Human Needs and the Finance and Audit for the May cycle. The report indicated that on May 3, 2011, BHD received a final closing letter from the State stating compliance with the Conditions of Participation. After all SOD related citations have been paid for, \$950,000 remains from the original Board allocation. BHD is now returning to the Board to request that a portion of these funds be used to purchase new patient furniture.

DISCUSSION

At the May Committee meetings, as well as in prior St. Michael's reports to the Board and the 2010 BHD Capital Project, BHD indicated that new patient furniture is needed. Although it has never been cited, it has been noted in several surveys that furniture currently used in patient rooms is outdated and could pose future citation issues. The majority of the furniture is original to the building from 1979. Given the age of the patient beds and wardrobes, they pose infection control issues as well as various patient and employee safety issues. BHD clinical and operations staff have worked together to

address immediate issues and implement stop-gap fixes to the furniture for the short-term. Now BHD is proposing to address the patient furniture issue by replacing it to avoid future citations, to address an important component in achieving Joint Commission certification, and also better the environment of care for patients and staff.

BHD has spoken with several vendors, and estimates that the cost to purchase and install new beds, wardrobes, and dressers for approximately 141 of the total 266 patient beds in Acute Adult inpatient, long-term care units, Psychiatric Crisis Services and Observation, would be approximately \$600,000. This would allow BHD to take the oldest and most problematic furniture off units, and then BHD would include some funding in future operating budgets to systematically replace any remaining old equipment based on a furniture replacement plan and schedule. All of the furniture that BHD is recommending be purchased could be moved by staff to accommodate different room and unit configurations and also could be moved to any possible new facility in the future.

FISCAL

To date, \$1,173,939, including personnel, equipment, and materials costs have been spent on the SOD repairs. Of this amount, approximately \$600,000 was spent out of the 2010 BHD operating budget. An additional amount of \$300,000 is earmarked for Dietary related updates associated with the SOD. This leaves approximately \$950,000 in funding. The table below summarizes SOD spending:

SOD Capital Funding	
Original Allocation	\$1,825,890
SOD Spending YTD	(\$1,173,939)
Non- Bondable portion of SOD Spending*	\$600,000
Dietary Investments	(\$300,000)
Remaining Balance	\$951,951

*Note: The \$600,000 was included in the 2010 Operating year-end close for BHD.

BHD has worked with DAS Capital Finance Manager to determine that the patient furniture is bond eligible and will qualify as a capital expense.

RECOMMEDNATION

BHD recommends that the Committees on Health and Human Services and Finance and Audit authorize the Interim Director, Health and Human Services, to allocate \$600,000 in Capital funds to patient furniture to address critical patient care needs, assist in achieving Joint Commission certification and avoid any further citations in the future.


Geri Lyday, Interim Director
Department of Health and Human Services

Cc: County Executive Chris Abele
Patrick Farley, Director, Department of Administrative Services
Terry Cooley, County Board Chief of Staff
Toni Thomas-Bailey, Analyst – DAS
Jennifer Collins, Analyst – County Board
Jodi Mapp, Committee Clerk – County Board
Steve Cady, Analyst – County Board
Carol Mueller, Committee Clerk – County Board

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4 (ITEM *) Report from the Interim Director, Department of Health and Human Services,
5 Requesting Authorization to Use 2010 Behavioral Health Division Capital Budget Project
6 Funding for Patient Furniture:
7

8 **A RESOLUTION**
9

10 WHEREAS, at the July 2010 meetings of the Committees on Health and Human Needs
11 and the Finance and Audit, the Board approved expenditure authority for \$1,825,890 in 2010
12 BHD Capital Funds to address all Statement of Deficiency (SOD) related capital conditions by the
13 final deadline of April 1, 2011; and
14

15 WHEREAS, a final SOD report was submitted to the Committees on Health and Human
16 Needs and the Finance and Audit for the May cycle and the report indicated that on May 3,
17 2011, BHD received a final closing letter from the State stating compliance with the Conditions
18 of Participation; and
19

20 WHEREAS, after all SOD related citations have been paid for, \$950,000 remains from the
21 original Board allocation and BHD is now returning to the Board to request that a portion of
22 these funds be used to purchase new patient furniture; and
23

24 WHEREAS, at the May Committee meetings, as well as in prior St. Michael's
25 reports to the Board and the 2010 BHD Capital Project, BHD indicated that new patient
26 furniture is needed; and
27

28 WHEREAS, it has been noted in several surveys that furniture currently used in
29 patient rooms is outdated and could pose future citation issues and the majority of the
30 furniture is original to the building from 1979; and
31

32 WHEREAS, given the age of the patient beds and wardrobes, they pose infection
33 control issues as well as various patient and employee safety issues and BHD has
34 experienced incidents of patients using furniture to harm themselves; and
35

36 WHEREAS, BHD clinical and operations staff have worked together to address
37 immediate issues and implement stop-gap fixes to the furniture for the short-term but
38 BHD is now proposing to address the patient furniture issue by replacing it to avoid
39 future citations, to address an important component in achieving Joint Commission
40 certification, and also better the environment of care for patients and staff; and
41

42 WHEREAS, BHD has spoken with several vendors, and estimates that the cost to
43 purchase and install new beds, wardrobes, and dressers for approximately 141 of the

44 total 266 patient beds in Acute Adult inpatient, long-term care units, Psychiatric Crisis
45 Services and Observation, would be approximately \$600,000; and

46

47 WHEREAS, all of the furniture that BHD is recommending be purchased could be
48 moved by staff to accommodate different room and unit configurations and also could
49 be moved to a new facility in the future; and

50

51 WHEREAS, to date, \$1,173,939, including personnel, equipment, and materials costs
52 have been spent on the SOD repairs and, of this amount, approximately \$600,000 was spent
53 out of the 2010 BHD operating budget and an additional amount of \$300,000 is earmarked for
54 Dietary related updates associated with the SOD, leaving approximately \$950,000 in funding;
55 and

56

57 WHEREAS, BHD has worked with DAS Capital Finance Manager to determine that the
58 patient furniture is bond eligible and will qualify as a capital expense; now, therefore,

59

60 BE IT RESOLVED, that the Interim Director of the Department of Health and Human
61 Services, or her designee, is authorized to use \$600,000 in Capital funds to purchase patient
62 furniture to address critical patient care needs, assist in achieving Joint Commission
63 certification and avoid any further citations in the future.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: July 5, 2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Interim Director, Department of Health and Human Services, Requesting Authorization to Use 2010 Behavioral Health Division Capital Budget Project Funding for Patient Furniture

FISCAL EFFECT:

- | | |
|---|---|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input checked="" type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|---|---|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	
	Revenue	0	
	Net Cost	0	
Capital Improvement Budget	Expenditure	600,000	
	Revenue		
	Net Cost	0	

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A) The Interim Director, Department of Health and Human Services, is requesting authorization to use 2010 Behavioral Health Division Capital Budget Project Funding for patient furniture.

B) BHD is requesting \$600,000 to purchase 141 sets of patient care furniture for the BHD. Existing furniture on units is predominately from 1979, when the facility was constructed.

At the July 2010 meetings of the Committees on Health and Human Needs and the Finance and Audit, the Board approved expenditure authority for \$1,825,890 in 2010 BHD Capital Funds for Statement of Deficiency (SOD) repairs. To date, \$1,173,939, including personnel, equipment, and materials costs have been spent on the SOD repairs. Of this amount, approximately \$600,000 was spent out of the 2010 BHD operating budget. An additional amount of \$300,000 is earmarked for Dietary related updates associated with the SOD. This leaves approximately \$950,000 in funding. The table below summarizes SOD spending:

SOD Capital Funding	
Original Allocation	\$1,825,890
SOD Spending YTD	(\$1,173,939)
Non- Bondable portion of SOD Spending*	\$600,000
Dietary Investments	(\$300,000)
Remaining Balance	\$951,951

*Note: The \$600,000 was included in the 2010 Operating year-end close for BHD.

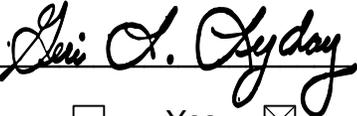
¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

BHD has worked with DAS Capital Finance Manager to determine that the patient furniture is bond eligible and will qualify as a capital expense. Therefore, BHD is requesting that \$600,000 of the remaining \$951,951 in Capital funds originally approved for the SOD be used for patient furniture.

C) The total 2010 BHD Capital project balance would be reduced by \$600,000. No increase in tax levy results from these changes.

D. No assumptions/interpretations.

Department/Prepared By Milwaukee County DHHS, Alex Kotze, Budget Manager

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

DATE: July 1, 2011

TO: Lee Holloway, Chairman, County Board of Supervisors

FROM: Pamela Bryant, Interim Fiscal and Budget Administrator, Department of Administrative Services

SUBJECT: Due Diligence Report for the allocation of funds from the Special Needs Housing Program (SNHP) to Milwaukee Center for Independence (MCFI)/ Transitional Living Services (TLS) for a supportive housing development.

Request

The Department of Administrative Services is recommending approval of a \$272,000 grant from the Special Needs Housing Capital Project to the Highland Commons Project in West Allis to provide 50 permanent supportive housing units for Milwaukee County Behavioral Health clients.

Background

Transitional Living Services (TLS), a non-profit organization and affiliate of the Milwaukee Center for Independence (MCFI), has provided support services in the community for over 40 years. ~~The~~ organization currently owns 22 group homes and supported apartments for people living with serious and persistent mental illness. For more than 20 years, TLS has worked with Milwaukee County to provide support services to BHD clients.

In 2007, WHEDA filed a foreclosure action against Tri-Corp Housing Inc. owner of New Samaria, which is a rooming house for people with mental illness and substance abuse problems. The company was also delinquent on its payments to WE Energies, who threatened to disconnect the utilities at this facility. Had this occurred, there would have been a loss of housing for 70 residents. To preserve the property and continue operations, New Samaria was placed under the receivership of Cardinal Capital Management, Inc. in 2008.

In order to provide better housing opportunities for mentally ill clients, Cardinal Capital Management, Inc. collaborated with Transitional Living Services (TLS) to construct Highland Commons, a 50 unit permanent supportive housing development for residents who have been diagnosed with severe and persistent mental illness. This will be the first supportive housing development outside the limits of the City of Milwaukee. TLS will provide services that offer mental health education, medication management, wellness recovery action plans (WRAP), community involvement, socialization and leisure activities, and functional literacy groups.

Review & Analysis

The Department of Administrative Services (DAS) - Fiscal Affairs has reviewed the project proposal from MCFI/TLS and prepared the analysis that follows:

The total project costs for the 50-unit permanent supportive housing development is \$9,426,375. The original request from MCFI/TLS was for an allocation of \$300,000 from the Special Needs Housing Fund (SNHF). At the beginning of 2011, there was approximately \$632,000 remaining in this fund. In March and April of 2011, the County Board approved the allocation of \$260,000 for the Autumn West Project and \$100,000 for UMCS Phase III, reducing the amount remaining in the SNHF to its current balance of \$272,000. As a result, the project will have a gap of approximately \$29,528. However, Cardinal Capital Management, Inc. has determined that developer fees would be reduced by \$29,528 in order to cover the remaining project balance. Deferring this fee will not have a negative impact on the developer. Once the facility is occupied, a portion of the net cash flow for the next couple of years would be used to pay the deferred developer fees.

The funding requested from Milwaukee County would be used to support the construction of the 50-units that will be located at the existing New Samaria development located at 6700 West Beloit Road in West Allis, Wisconsin. The organization will also receive funding from the following sources:

- \$8,239,847 in Tax Credits
- \$785,000 in permanent financing from the Wisconsin Housing and Economic Development Authority (WHEDA)
- \$100,000 from the City of West Allis' Neighborhood Stabilization Fund

Cardinal Capital Management, Inc., the primary developer on this project, has worked on several housing projects for people with special needs. In 2007, the County Board approved the allocation of \$500,000 for the construction of United House, a 24 unit supportive housing development for BHD clients, where Cardinal Capital Management, Inc. worked as the developer on this project with United Christian Church. The developer has also constructed other special needs housing facilities in Milwaukee County such as, Empowerment Village-National (Opened January 2011), Empowerment Village- Lincoln (Opens September 2011), and Veteran's Manor (Opened Memorial Day 2011).

Cash Flow Projection

The first years projected cash flow from this project is approximately \$28,536. This cash flow projection assumes that 100% of the units will be filled, with a monthly rent payment of \$690 resulting in annual rental income of \$414,000. All of the units will be subsidized through Section 8 housing vouchers, where residents pay 30% of their adjusted gross income as rent. The primary source of income for most of these residents would be social security disability income.

Although it is expected that all units will be filled, this projection also includes a 7% vacancy allowance resulting in a decrease in rental revenue of \$28,980, for a total annual rental income projection of \$385,020.

In addition to the vacancy allowance, this projection also assumes a project operating budget of \$261,251 and debt service costs of \$95,233 for a total net cash flow of \$28,536 for the first year. The table below illustrates the cash flow projection for the next 20 years.

Year	1	2	3	4	5	6	7	8	9	10
Net Rental/Other Income	385,020	392,720	400,574	408,585	416,757	425,092	433,594	442,266	451,111	460,133
Total Operating Expenses	261,251	269,089	277,162	285,477	294,041	302,862	311,948	321,306	330,945	340,873
Debt Service	95,233	95,233	95,233	95,233	95,233	95,233	95,233	95,233	95,233	95,233
Net Cash Flow	28,536	28,398	28,179	27,875	27,483	26,997	26,413	25,727	24,933	24,027

Year	11	12	13	14	15	16	17	18	19	20
Net Rental/Other Income	469,336	478,723	488,297	498,063	508,024	518,184	528,548	539,119	549,901	560,899
Total Operating Expenses	351,099	361,632	372,481	383,655	395,165	407,020	419,231	431,808	444,762	458,105
Debt Service	95,233	95,233	95,233	95,233	95,233	0	0	0	0	0
Net Cash Flow	23,004	21,858	20,583	19,175	17,626	111,164	109,317	107,311	105,139	102,794

Financial Impact

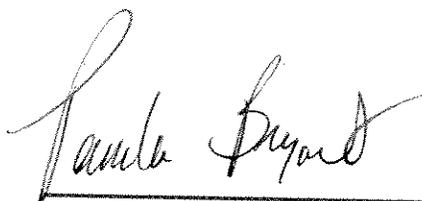
A total of \$3,000,000 has been allocated to the Special Needs Housing Fund since its inception in 2007. There is approximately \$272,000 remaining in this fund.

The County is currently paying approximately \$425,000 annually through 2017 to retire the loan from the State Trust Fund Loan Program. The annual amount decreases to \$278,000 each year for the two remaining years 2018 and 2019. Approval of the grant request from MCFI/TLS for \$272,000 will reduce the amount remaining in the SNFH to \$0.

Recommendation

The DAS is recommending approval of the \$272,000 grant to MCFI/TLS for the Highland Commons development with the following conditions:

- Cardinal Capital Management, Inc. and MCFI/TLS will provide formal documentation that all funds have been received prior to the release of the \$272,000 grant from Milwaukee County.
- Development agreement includes language that specifies that all 50 units will be designated for BHD clients.
- Development agreement includes language that specifies that if for some reason the building or land is sold, the County will recover 10% of the sale proceeds or \$272,000, whichever is greater.



Pamela Bryant, Interim Fiscal and Budget Administrator

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(ITEM NO.) : The Department of Administrative Services is recommending approval of the attached resolution for a \$272,000 grant from the County’s Special Needs Housing Program (SNHP) for the Highland Commons Project in West Allis to provide fifty permanent supportive housing units for Milwaukee County Behavioral Health clients.

A RESOLUTION

WHEREAS, the County Board adopted Resolution 07-74 which approved criteria for the allocation of budgeted appropriations for housing for persons with mental illness; and

WHEREAS, the Milwaukee Center for Independence (MCFI)/Transitional Living Services (TLS) has requested a grant of \$300,000 from the County’s SNHP, for the Highland Commons project, that would provide fifty permanent supportive housing units for Milwaukee County behavioral health clients; and

WHEREAS, the Department of Administrative Services prepared a due diligence report based on the requirements in Section 7.92 of the Administrative Procedures; and

WHEREAS, at the beginning of 2011, there was approximately \$632,000 remaining in the Special Needs Housing Fund (SNHF), and the County Board approved the allocation of \$360,000 for two supportive housing developments reducing the County’s Housing Trust Fund to its current balance of \$272,000; and

WHEREAS based on the remaining balance in the County’s Housing Trust Fund, the Highland Commons project will only receive \$272,000; NOW THEREFORE,

BE IT RESOLVED, that the Interim Director, DHHS or designee is authorized to negotiate and execute an agreement with the developer which ensures compliance with the terms and conditions governing the use of funds from the County’s SNHP and which accomplishes such other objectives as will best serve the county and the housing needs of our behavioral health system’s consumers, and be it

BE IT FURTHER RESOLVED, that based on the requirements set forth in Resolution 07-74, Milwaukee Center for Independence (MCFI)/Transitional Living Services (TLS) receives a grant of \$272,000 for the Highland Commons project contingent on the following:

- Cardinal Capital Management, Inc. and MCFI/TLS will provide formal documentation that all funds have been received prior to the release of the \$272,000 grant from Milwaukee County
- Development agreement includes language that specifies that all 50 units will be designated for BHD clients.
- Development agreement includes language that specifies that if for some reason the building or land is sold, the County will recover 10% of the sale proceeds or \$272,000, whichever is greater.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 7/1/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: From the Department of Administrative Services recommending approval of a \$272,000 grant from the County's Special Needs Housing Program for the Highland Commons Project in West Allis to provide fifty permanent supportive housing units for Milwaukee County Behavioral Health clients.

FISCAL EFFECT:

- | | |
|---|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input checked="" type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|---|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	272,000	0
	Revenue	272,000	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. The Department of Administrative Services is recommending approval of a \$272,000 grant from the County's Housing Trust Fund for the Highland Commons Project in West Allis to provide fifty permanent supportive housing units for Milwaukee County Behavioral Health clients.
- B. This will have no direct fiscal impact on the County.
- C. There is no tax levy impact.
- D. No assumptions were made.

Department/Prepared By Antionette Thomas-Bailey

Authorized Signature



Did DAS-Fiscal Staff Review?

Yes

No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: July 5, 2011

To: Johnny Thomas, Chairman, Committee on Finance and Audit

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

Subject: BHD Food Service Privatization Audit (File No. 10-290)

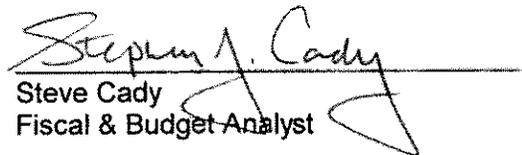
We were asked at the May 19, 2011 meeting of the Committee, to make recommendations regarding whether requirements included in the Privatization Initiatives Checklist should be added to those contained in the due diligence ordinance and/or fiscal note relating to future privatization efforts. Copies of the Privatization Initiatives Checklist (Checklist) and MCGO 32.88 are attached for your reference.

In our review of Ordinance 32.88, we noted that Section 7, Privatization review, already includes the multitude of requirements contained in the Checklist. However, the organization and detailed guidance provided by the Checklist would aid in the development of the fiscal estimate required under the ordinance, as well as documenting, in a standardized format, the various components making up the fiscal estimate.

As a result, we recommend the checklist be added to the County Administrative Manual with the directive it be used in carrying out the requirements of Ordinance 32.88 relating to privatization initiatives, that all requirements of the ordinance be completed prior to submission to the County Board for approval, and the checklist also be used to support summary information reported in any fiscal note involving a privatization initiative.



Jerome J. Heer
 Director of Audits



Steve Cady
 Fiscal & Budget Analyst

JJH/SC/PAG/cah

Attachment

cc: Finance and Audit Committee Members
 Chris Abele, Milwaukee County Executive
 Geri Lyday, Interim Director, Department of Health and Human Services
 Paula Lucey, Director, DHHS – Behavioral Health Division
 Patrick Farley, Director, Department of Administrative Services
 Terrence Cooley, Chief of Staff, County Board Staff
 Carol Mueller, Chief Committee Clerk

Privatization Initiatives Checklist

If a department is considering a new privatization initiative, DAS requests that the following spreadsheet be used when calculating savings. A calculation must be done for the initial year of implementation and the subsequent year on a budget and an actual basis.

	Current Year Budget	Initial Year Budget	Subsequent Year Budget		Current Year Actual	Initial Year Actual	Subsequent Year Actual	NOTES
Fiscal Considerations								
Salary (5199)								
Social Security (5312)								
Overtime (5201)								
FTE (include detail of all abolished and created positions on a separate form with title code, salary etc)								
Active Fringe Benefits (5420 and 5421)*								
Support Services Analysis (i.e. reduction or increase in maintenance, fiscal, HR, administration, contracts, QA outside of service area)								
Unemployment Compensation (Use Federal UE compensation rates and work with DAS to determine a % of employees likely to collect UE)								
Displacement Services (Work with Central HR to consider costs per employee depending on field)								
Revenue Adjustment - include explanation of loss of revenue if any.								
Crosscharge Adjustments (include Ceridian, IMSD, Central Service etc)								
Sick Pay Balance Payout								
Payout for vacation (depends on timing)								
Miscellaneous and Other fiscal issues								
Cost of contract (Include an explanation of how this was calculated - i.e. using RFP bids, industry standards etc)								
Other increased costs related to implementation of the contract such as oversight, supplies etc								
Other Considerations	Narrative							
Program Changes - include benefits to the program and potential issues from a programmatic point of view. This should be reviewed after one year and reassessed.								
Performance Measures - Establish performance measures before privatization and track them for at least one quarter prior to privatization and continue to track them on a regular basis after contract implementation for the life of the contract.								
Assess if the contract should be Purchase of Service or Professional Service (refer to Audit for more information and detail)								

*If doing as a budget initiative, please use the budgeted fringe rate. If doing mid-year, use memos from DAS- Accounting regarding the actual fringe rate for the year.

32.88. Due diligence.

(1) *Definitions.* The meaning of certain terms used in this section is as follows:

(a) *Due diligence.* A systematic, formal review of financial and business risks associated with ventures with non-county entities.

(b) *Non-county entities.* Any agency, business, group or corporation including both private sector proprietary and nonproprietary entities and governmental entities.

(c) *Ventures.* For purposes of this section, ventures shall be defined as any agreement involving a shared responsibility regarding management, development, financing, expenditure or revenue sharing for programs, services or facilities. This includes, for example, revenue based leases but does not include flat fee property rentals. Further, this section shall apply only to ventures where potential total expenditures or revenues are equal to or greater than one hundred thousand dollars (\$100,000.00).

(2) *Responsibility.* Any Milwaukee County agency considering a venture with a non-county entity is responsible for ensuring that all relevant provisions of this section are addressed subject to Department of Administrative Services - Fiscal Affairs Division review.

(3) *Bonding.* Adopted county board policy states that in any future public/private partnership agreements or contracts, wherein the county issues bonds for the construction of a facility and there is a multi-year schedule for repayment of the bonds through a rental agreement with a third party, that the agreement or contract contain provisions for the repayment to coincide with or commence prior to the time of the due date for each payment on the outstanding bonds. In those contracts where such a condition would not be feasible or where there is deemed a "worthy community purpose" wherein the county decides to "underwrite" a given policy by not requiring payments to retire debt on bonds, any alternative proposal must be brought back to the county board for review and approval by the county board and county executive.

For purpose of this section, this policy also applies to ventures with governmental agencies.

(4) *Checklist.* Prior to recommending any venture for consideration, responsible county agencies shall ensure that any of the following applicable factors have been identified:

- (a) Letter of full disclosure and cooperation.
- (b) Cash flow projections for the venture.
- (c) Operating budget impact.
- (d) Debt management responsibilities, schedules and procedures.
- (e) Legal liability for all priorities.
- (f) Financial reporting systems and controls.
- (g) Right-to-audit provisions.
- (h) Project feasibility studies and market analysis.
- (i) Key factors for success/failure of the venture.
- (j) Governance structure and procedures.
- (k) Public policy impacts (e.g. Affirmative Action, Disadvantaged Business).
- (l) Employee/labor relations impacts (including benefits).
- (m) Environmental concerns.
- (n) Tax consequences.
- (o) Capital management (e.g. maintenance).
- (p) Conflicts of interest/ethics.
- (q) Performance measurements.
- (r) Organizational chart and mission statement.
- (s) Name of lending institution or bank to determine single or combined reporting.

Each relevant item noted above should be included in the description of the proposal that is submitted for approval by the county executive and county board.

(7) *Privatization review.* In addition to the checklist of applicable factors above, it is understood that the review of a proposed privatization may include other factors, especially in instances where county positions are being eliminated and duties replaced by a private vendor. In these cases, the following factors should also be considered in addition to the list above:

- (a) Analysis of proposed fiscal costs, or savings, for current and subsequent year(s), including any revenue offsets, fringe benefit impacts, unemployment compensation costs or any other one-time costs.
- (b) Commitment of the proposed vendor to make a good faith effort to retain county workers that may otherwise be subject to layoff.
- (c) Assessment of the current marketplace to determine if adequate competition exists to ensure that future year price agreements are competitively priced.
- (d) Location of employer and residences of proposed employees to assess the amount of public funds that will be retained in Milwaukee County.
- (e) Description of current and proposed performance standards and how accountability from the private vendor will be measured and reported.

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(ITEM) From the Director, Department of Audit, and the Fiscal and Budget Analyst, County Board Staff, advocating that the Privatization Initiatives Checklist be added to the Milwaukee County Administrative Manual, by recommending adoption of the following:

A RESOLUTION

WHEREAS, the Director of Audits presented a status report on the audit titled "Savings from BHD Food Service Privatization Fall Short of Expectations but Remain Substantial," at the May 19, 2011 meeting of the Finance and Audit Committee; and

WHEREAS, the status report was informational and while no action was taken by the Committee, the Director of Audits and the Fiscal and Budget Analyst were asked to make recommendations as to whether the requirements included in the Privatization Initiatives Checklist (Checklist) should be added to those contained in the due diligence ordinance and/or fiscal note relating to future privatization initiatives; and

Whereas, the Director of Audits and Fiscal and Budget Analyst reviewed the due diligence ordinance and concluded that since the multitude of requirements contained in the Checklist were already included in the ordinance and the Checklist is a valuable tool for developing and documenting fiscal estimates and compiling information relating to other considerations relating to privatization initiatives, the Checklist should be added to the County Administrative Manual, with the accompanying directives that it be used in carrying-out the requirements of the due diligence ordinance, that all requirements of the ordinance be completed prior to submission of any initiative for County Board approval, and the checklist also be used to support summary information reported in any fiscal note involving a privatization initiative; and

BE IT RESOLVED, the County Board of Supervisors agrees with the recommendation and authorizes and directs the Department of Administrative Services to add the Privatization Initiatives Checklist to the Administrative Manual with directives that it be used in carrying out the requirements of the due

39 diligence ordinance relating to privatization initiatives, that all requirements of
40 the ordinance be completed prior to submission of any initiative for County
41 Board approval, and the checklist also be used to support summary information
42 reported in any fiscal note involving a privatization initiative.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 07-05-11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: BHD Food Service Privatization Initiatives Checklist

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact
<input checked="" type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

Approval of this resolution would authorize and direct the Department of Administrative Services to add the Privatization Initiatives Checklist to the Administrative Manual. This will mandate the use of the Checklist in carrying-out the the requirements of Ordinance 32.88 relating to privatization initiatives, that all requirements of the ordinance be completed prior to submission of any initiative for County Board approval and the Checklist also be used in supporting summary information reported in any fiscal note involving a privatization initiative.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By Audit/Paul Grant, Audit Compliance Manager

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: July 05, 2011
To: Supervisor Johnny Thomas, Chairman, Committee on Finance and Audit
From: Jerome J. Heer, Director of Audits
Subject: Updated Status Report – Better Management Oversight Needed for County Administered Federal Rent Assistance Program (File No. 10-217)

At its meeting on June 17, 2010, the Committee on Finance and Audit voted 5-0 to receive and place the subject audit report on file with a six-month status report regarding implementation of the audit recommendations.

The requested status report was submitted to the Committee for its meeting in December 2010, where our recommendation to receive and place it on file with an updated status report for the July 2011 meeting was accepted.

Attached is the updated status report for your review. As noted in the report, Housing Division management continues to make progress toward implementation of our audit recommendations, but progress has been slowed due to significant turnover.

This status report is informational. We will continue to monitor the Division's progress and plan to provide a status report to the Committee in January 2012.



Jerome J. Heer

JJH/PAG/cah

Attachment

cc: Finance and Audit Committee Members
Chris Abele, Milwaukee County Executive
Patrick Farley, Director, Department of Administrative Services
Geri Lyday, Interim Director, Department of Health and Human Services
Leonard Jackson, Administrator, DHHS - Housing Division
Terrence Cooley, Chief of Staff, County Board Staff
Steve Cady, Fiscal & Budget Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk, County Board Staff

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: July 1, 2011

TO: Paul Grant, Audit Compliance Manger - Milwaukee County

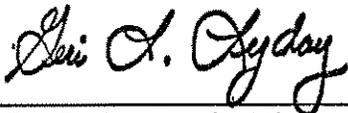
FROM: Geri Lyday, Interim Director, Department of Health and Human Services

**SUBJECT: INFORMATIONAL REPORT FROM THE INTERIM DIRECTOR OF
THE DEPARTMENT OF HEALTH & HUMAN SERVICES REGARDING
A HOUSING DIVISION STATUS REPORT ON THE NINE AUDIT
RECOMMENDATIONS FROM THE MAY 2010 INTERNAL AUDIT**

Attached is the six month status report of the Better Management Oversight Needed for County Administered Federal Rent Assistance Program audit. As you know, the Housing Division has experienced significant turnover in the past six months, ranging from the Division Administrator to other key Program Coordinators. Therefore, some of the audit recommendations have not progressed as rapidly as we had hoped.

We now have a Division Administrator who is aware of these items and developing various policies and procedures to address the issues. In addition, we are aggressive hiring new staff and identifying temporary staff. Therefore, Housing will be able to expedite the completion of the audit recommendations in a timely manner. Thank you for your understanding.

Respectfully submitted:



Geri Lyday, Interim Director
Department of Health & Human Services

Attachment

cc: Jerry Heer, Director of Audit
Leonard Jackson, Housing Administrator
Rick Fieldbinder Housing Choice Voucher Program Coordinator
Douglas Jenkins, Deputy Director of Audit
Antionette Thomas-Bailey, Analyst - DAS
Jeanne Dorff, Fiscal Assoc. Administrator DHHS

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: Better Management Oversight Needed for County Administered Federal Rent Assistance Program

File Number: 10-217

Audit Date: May 2010

Status Report Date: 7-1-11

Department: DHHS -- Housing Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
1. Review Rent Assistance program protocols for possible revisions to better align verification efforts for earned income with applicable 120-day and 60-day HUD standards.		X			X		Auditee: The Program Coordinator has put in to place processing protocol that will ensure the recertification process cannot begin before the 120-day HUD standard.
2. Establish specific, continuous training and procedural refresher sessions for program staff, including proper interpretation of CARES and EIV systems, as well as consistent follow-up and documentation of efforts to reconcile differences between system-reported data and participant-reported income.					X		Auditee: The program management has been working individually and as a group with program staff to ensure a consistent understanding and application of the HUD EIV data. As noted in #5 below, CARES is not available in the expanded format the Division sought. However, we are working to ensure that differences between EIV reported information and client provided information are not only identified but that files are consistently noted and that efforts to reconcile the differences, including contact made, documents provided, etc are noted and copied to the file to provide a complete trail to support decisions related to eligibility.
3. Perform more detailed case reviews on a sample of at least 30 cases per quarter and follow-up individual errors with reinforcement during training and procedural refresher sessions previously recommended. Particular care should be taken to ensure consistent application of all program policies.		X				X	Auditee: Due to staff retirements and furlough days we were unable to perform the first quarter 2011 case reviews. In July of 2011, the process will be implemented using new and temporary staff resources identified to complete this recommendation on a timely basis each quarter.

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: Better Management Oversight Needed for County Administered Federal Rent Assistance Program

File Number: 10-217

Audit Date: May 2010

Status Report Date: 7-1-11

Department: DHHS – Housing Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
4. If mandatory furlough days continue to reduce available staff hours, work with the Department of Administrative Services to identify additional resources (e.g., temporary help, student intern positions, etc.) sufficient to provide relief to Housing Program Associates for needed training.	X					X	Auditee: Due to Division Administrator and Department of Administrative Services turnover, coordination of resources was delayed. Additional temporary staff have been identified that will be used to address this recommendation beginning in July of 2011.
5. Petition the State of Wisconsin for enhanced access to the CARES system, thus sanctioning past program practice.	X				X		Auditee: The additional data requested is limited by federal regulations to only workers determining eligibility for the food share and medical assistance programs. This recommendation is considered as complete.
6. Identify resources within the department to make the purchase of a relatively inexpensive scanner/copier (approximately \$1,000) for the Rent Assistance program a priority.		X			X		Auditee: A scanner is in place as part of a Housing Division copy machine.
7. Update the Administrative Plan, including a specific section on Program Integrity that formalizes the program's quality control measures to prevent and detect staff errors and omissions. Specific policies and procedures should be established for fair and consistent treatment of cases involving intentional misreporting, abuse and fraud.		X				X	Auditee: The Administrative Plan revision will be completed by the end of the third quarter of 2011. The HUD EIV system used to determine and recertify program income eligibility of participants went through a major overhaul after this recommendation was made. The program purchased a modal administrative plan to incorporate a broader revision of the administrative plan. This task should be completed during this calendar year.

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: Better Management Oversight Needed for County Administered Federal Rent Assistance Program

File Number: 10-217

Audit Date: May 2010

Status Report Date: 7-1-11

Department: DHHS – Housing Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
8. Develop a dialogue and working relationship with the District Attorney's Office to guide the program in identifying appropriate cases of suspected fraud for referral to the District Attorney.					X		Auditee: Staff have developed a dialog with the District Attorneys Office and established relationships necessary for the referral of cases of suspected fraud. The first referral of three such cases was made in November of 2010. This will be an ongoing process and cases that are referred to the District Attorney will be tracked and monitored quarterly.
9. Work with Department of Administrative Services to utilize the County's Tax Intercept Program to recoup program overpayments when participants refuse to sign or honor repayment agreements.	X					X	Auditee: The Division has talked with DAS and is compiling the data and back up documentation of debts in the required format so as to implement the tax refund intercept program in Q1 2011. This recommendation will be pursued for completion during the third quarter of this year as temporary help has been identified to follow up on this recommendation.

COUNTY OF MILWAUKEE
Inter-Office Communication

11

Date: July 5, 2011
To: Supervisor Johnny Thomas, Chairman, Committee on Finance and Audit
From: Jerome J. Heer, Director of Audits
Subject: Status Report - Audit of the Milwaukee County Procurement Division (File No. 08-215)

At its meeting on June 17, 2008, the Committee on Finance and Audit voted to receive and place the subject audit report on file with a six-month status report.

Subsequent Committee actions regarding implementation of recommendations contained in the audit report are noted as follows:

12/08/08: Receive and place six-month status report on file with a three-month status report.

03/12/09: Receive and place three-month status report on file.

01/28/10: Receive and place updated status report on file with a status report in December 2010.

11/22/10: Receive and place on file with future status reports due as recommended by the Audit Department (July 2011 was recommended).

Attached is the current status report update prepared by the Procurement Division.

As indicated in the status report, four of the eleven recommendations remain open. If implementation of the remaining recommendations is addressed as noted by Procurement management, we anticipate providing a final status report in January 2012. This report is submitted for informational purposes.



Jerome J. Heer

JJH/PAG/cah

Attachment

cc: Finance and Audit Committee Members
Chris Abele, Milwaukee County Executive
Patrick Farley, Director, Department of Administrative Services
Amos Owens, Administrator, Procurement Division
Terrence Cooley, Chief of Staff, County Board Staff
Steve Cady, Fiscal & Budget Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk, County Board Staff

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Procurement Division

File Number: 08-215

Audit Date: May 2008

Status Report Date: 06-30-11

Department: Department of Administrative Services – Procurement Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	

1. Either revert back to its long-standing practice of having purchases reviewed and approved by the Purchasing Administrator or a management-level designee, or develop a methodology to spot-check each buyer's purchasing decisions on a regular basis.					X		Auditee: In November 2007, Procurement reverted back to having all of the purchases reviewed by the Purchasing Administrator or a management-level designee.
2. Establish a requirement that buyers document in the file a rationale for their selection of a particular vendor on all Discretionary Purchases.					X		Auditee: On Discretionary Purchases, departments will be required to state the reason for the purchase request in the description of the requisition. If the reason is questionable, buyers will contact the requesting department on vendor selection and the vendor on justification of the price or prices. This will be noted on the requisition.
3. Work with the Department of Administrative Services to establish administrative procedures, for County Board consideration, requiring the production of an exception report identifying individuals in each organization unit that receives an hourly wage rate in excess of their established rates. Such procedures should also require departments to establish administrative review procedures to match wage rate exception reports with documents authorizing such variances.	X				X		Auditee: The Department of Administrative Services instituted a new policy in June 2009, which no longer allows departments to enter or approve pay rates that are higher than authorized limits. Departments who want to pay higher rates as a result of a Temporary Assignment to Higher Classification (TAHC) will request the approval of the Department of Human Resources (see attached memo from Dr. Jackson dated 8/7/2009). Upon DHR approval, the TAHC request will be submitted to DAS - Central Payroll for entry of the higher rate, and a begin and end date for the TAHC request. DAS will review the new TAHC procedure to ensure that it is functioning and meets internal control requirements. The new procedure will eliminate the need for production of an exception report, and for the creation of Administrative Procedures in departments for monitoring pay rates.

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Procurement Division

File Number: 08-215

Audit Date: May 2008

Status Report Date: 06-30-11

Department: Department of Administrative Services – Procurement Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
<p>4. Resume the practice of directing prospective bidders to submit sealed bids to the Office of the County Clerk, to be transferred to the Procurement division at the time of bid opening.</p> <p>Alternatively, propose, for County Board consideration, a revision to s. 32.25 (6)(a) of the Ordinances that retains an acceptable separation between the functions of receiving and opening sealed bids.</p>	X					X	<p>Auditee: The Procurement Division has resumed the practice of requiring sealed responses to RFPs to be submitted to the Office of the County Clerk.</p> <p>Discussions are underway with the County Clerk to explore having all bids submitted to the County Clerk.</p>
<p>5. Establish formal requirements that all bid openings conducted by Procurement staff are documented as witnessed by at least one other party.</p>	X				X		<p>Auditee: The Procurement staff conducts all bid openings which are documented and witnessed by at least one other party. A witness form that includes bid/RFP number; bid/RFP title; date; buyer name; and witness name has been developed and will be maintained in Procurement files.</p>
<p>6. Ensure completion of the Procurement electronic mail notification system in 2008.</p>	X				X		<p>Auditee: Procurement worked with IMSD to implement the an Electronic Vendor Notification system. System testing was done in October 2009 with full implementation in February 2010. In addition, all Procurement bids and RFPs are now posted on the County's Business Opportunity Portal.</p>
<p>7. Reinforce and monitor staff in good recordkeeping practices.</p>					X		<p>Auditee: Good recordkeeping practices of the staff will be reinforced and monitored. Reviewing filing procedures and organizing file areas will help accomplish this. Monitoring and reinforcement began in September 2007 and will be an ongoing process.</p>

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Procurement Division

File Number: 08-215

Audit Date: May 2008

Status Report Date: 06-30-11

Department: Department of Administrative Services – Procurement Division

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
8. Initiate a review of Best Practices in government procurement policies and procedures and incorporate such in a complete revision of Milwaukee County Procurement policies and procedures. Particular attention should be paid to concepts of sound internal control and segregation of duties.	X					X	Auditee: A review is underway of the Best Practices in government procurement policies and procedures that will be incorporated into the Milwaukee County Procurement Policies and Procedures Manual. Emphasis will be given to concepts of sound internal control and segregation of duties. The anticipated completion of the Policy and Procedures Manual is December 2011.
9. Establish a formal training program for staff buyers regarding the procedures developed in conjunction with recommendation number eight.		X			X		Auditee: A formal training program has been established for staff buyers and will be included in the Milwaukee County Procurement Policies and Procedures Manual. Training is an ongoing process.
10. In conjunction with the Best Practices review recommended in this report, initiate a staff re-organization plan to enhance the internal control structure of the Procurement Division. This should include adding positions sufficient to allow for proper segregation of duties, an increase of at least one or more buyers to provide capacity for greater specialization, and an additional supervisory or management position to provide greater management oversight of operations.		X				X	Auditee: The Procurement Division is currently reviewing ways to re-organize staff to better control and enhance the internal control structure of the Procurement Division. Buyers have been given specific commodities to purchase, which provides the opportunity for commodity specialization and reduces confusion when departments inquire about purchases. Also, the Procurement Division will review best practices and procedures, which may lead to further re-organization and recommendations for added resources in the future.
11. Establish a practice of reviewing, on a regular basis, the justification for applying sole source status to recurring purchases.	X					X	Auditee: The Procurement Division will work with the Purchasing Standardization Committee at the next 2011 meeting to establish guidelines and timeframes to review the justification for applying sole source status to recurring purchases.

COUNTY OF MILWAUKEE
Inter-Office Communication

12

Date: July 5, 2011

To: Johnny Thomas, Chairman, Committee on Finance and Audit

From: Jerome J. Heer, Director of Audits

Subject: Departmental Response to Recommendation No. 2 from Audit Report Titled "Review of Wauwatosa School District's Reimbursement of Operation Costs Associated with DHHS Schools for the 2009-10 School Year" (File No. 11-302)

The subject report was reviewed by the Committee at its meeting on June 16, 2011. To expedite the final payments from the Wauwatosa School District to Milwaukee County, the report was submitted without management's response to the two audit recommendations.

Shortly after issuance of the report, final payments were received by the County, eliminating the need for management response to the first recommendation.

Recommendation no. 2 is noted as follows for your reference:

"Continue negotiation efforts with the School District to achieve a new contract with language changes that assures the County receives its prorated share of any future early reimbursements made to the School District from DPI on a timely basis and is relieved of any financial responsibility or ensure it is provided a more equitable sharing of funding shortfalls if the DPI (State) does not fully reimburse program costs, and to reflect changes involving the arrangement between the County and the School District occurring in the fifteen years since its execution."

Management's response to this recommendation is attached for your review. We have no concerns with the timeline provided for implementation of our recommendation. To check on the progress by DHHS, we will ask management to provide a status report in February 2012.

Student Achievement and State Budget Impact

Student Achievement

As part of discussion at the June 16, 2011 meeting, DHHS was asked to provide student achievement statistics. A copy of the achievement report submitted to DHHS by the School District for the most recent two school years is attached for your review. Please note that test scores are compiled only for those students enrolled for at least 60 days.

State Budget Impact

At the June 16, 2011 meeting, a Committee member also inquired as to whether the new State Budget will have an impact on State reimbursement for the County schools. Although it is not possible to accurately predict the specific impact on State reimbursement because it is partially dependent on statewide claims for a fixed appropriation of funds, based on our communication with a Wauwatosa School District official and information from the State DPI, it appears that the funding for the program has been reduced by as much as 10%.

This report is informational.

A handwritten signature in cursive script that reads "Jerome J. Heer / PAG".

Jerome J. Heer

JJH/PAG/cah

Attachments

cc: Finance and Audit Committee Members
Chris Abele, Milwaukee County Executive
Geri Lyday, Interim Director, Department of Health and Human Services
Jack Takerian, Director, Department of Transportation and Public Works
Patrick Farley, Director, Department of Administrative Services
Terrence Cooley, Chief of Staff, County Board Staff
Steve Cady, Fiscal & Budget Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: July 5, 2011
TO: Jerome Heer, Director of Audits - Milwaukee County
FROM: Geri Lyday, Interim Director, Department of Health and Human Services
SUBJECT: **Review of the Wauwatosa School District's Reimbursement of Operating Costs Associated with Milwaukee County Schools for the 2009-2010 School Year" (File No. 11-302)**

Item 1: Plan to address a new contract with the Wauwatosa School District.

As your office is aware, the County and the Wauwatosa School District have continued to operate under the terms of the previous contract which among other programmatic matters, requires the school district to reimburse the County for space utilization (rental payment). Both DHHS and DTPW understand the need to finalize an agreement that assures that 1) the County receives timely prorated share of any future early DPI reimbursements, 2) the County and School District develop and agree to a more equitable sharing of any DPI funding shortfalls, and 3) that a new agreement address any material changes relative to space utilization or programming. While the County and School District have not been able to finalize a new agreement, it is worth noting that the County has continued to receive the appropriate rental payment and the programmatic relationship remains positive. The DHHS and DTPW propose the following joint plan to address the recommendations.

Action	Timeline
Review current agreement for programmatic changes	July 2011
Meet with Corporation Counsel to review options and assure interests of County are met	August 2011
Meet with School District representatives on new proposal	August - September 2011
Respective agencies seek necessary governmental body approvals as necessary	October - December 2011
New agreement	January 2012

Item 2: Request from the Finance and Audit Committee requesting current educational program information and student achievement information provided by the Wauwatosa School District (WSD).

Please find attached the information, Wauwatosa School District - Detention Center School and Plank Road School, June 2011, which was prepared within the time provided and understanding that school districts are generally in their summer session mode. The WSD is legally responsible for providing a free and appropriate education for youth residing within District.

Respectfully submitted:



Geri Lyday, Interim Director
Department of Health & Human Services

Wauwatosa School District

Detention Center School and Plank Road School

June, 2011

General Background

The Wauwatosa School District (WSD) has a long history and serves a unique role in educating students who reside in out of home placement in one of four facilities located in Wauwatosa. WSD serves students that are hospitalized (2 facilities – medial and psychiatric), students residing in temporary shelter on County Grounds, students residing in a residential treatment program on County Grounds, and students residing in the secure juvenile Detention Center. The WSD began serving the Milwaukee County Children's Home School (now known as Plank Road School) around 1971; the River Hills School at the Milwaukee County Child and Adolescent Treatment Center in 1977; Children's Hospital of Wisconsin in 1989; and the Milwaukee County Juvenile Detention Center School in 1995. The various WSD schools offer an educational program that is consistent with Department of Public Instruction requirements during the standard school year (188 days) and providing instruction beyond the standard during a six-week summer session.

General Student Profile

Enrollment at these schools include a larger population of students with disabilities than typical in the general school population. In general, most school districts report a population of students with disabilities of about 11- 15 percent. The Detention Center School and Plank Road School have a population of students with disabilities of anywhere from 35 – 60 percent. These students have an Individual Educational Plan (IEP). Of the students with an IEP, a recent review indicates that the majority of have been assessed with emotional/behavioral disabilities (EBD) or other health impairment (OHI). Of those identified as OHI, the majority include attention deficit disorder (ADD). The high levels and types of students with disabilities have implications for staff selection and ongoing professional development for educational staff members in these facilities. While the facilities may serve students between the ages of 10 and 17, the majority of students range from 14-16 years of age.

Vel R. Phillips Juvenile Detention Center School

General Operations

The Vel R. Phillips Juvenile Detention Center School generally serves students who reside in the facility while awaiting court hearing(s). The school staff includes the following: 10 certified teachers employed by the Wauwatosa School District, two certified

teachers employed by the Cooperative Educational Service Agency (CESA) #1, a half time special education coordinator, an educational assistant, an administrative assistant and a principal who also has oversight responsibilities for educational schools at Children's Hospital of Wisconsin, and River Hills School.

Instruction consists of English/reading, mathematics, social studies, science, physical education/health and art. All students receive instruction in English/reading and mathematics. When possible, classes are staffed with two teachers per class, allowing students to receive the individualized assistance they need. Students attend class five periods per day. Because students come to class based on their assigned living unit, classes contain students with a wide range of age and academic levels, thus differentiation of instruction is a necessary skill for teachers in this facility to possess and use on a daily basis. Grades are given for work completed in this facility, and academic credit is issued when students attend school for at least 45 days and successfully complete assigned work for the course. When students are enrolled in the facility's school for an extended period of time, school staff may work with the student's home school to obtain assignments, allowing students to move forward in the course in which s/he was enrolled prior to admission to the facility.

Students

Length of enrollment varies widely however the average length is seven - ten days. The number of youth staying for a period of 30 days or less in the facility is 90% for calendar year 2010.¹ The enrollment variability presents an ongoing challenge for the teachers as they attempt to balance the needs of youth with both short term and longer term educational needs.

Plank Road School

General Operations

The Plank Road School generally serves students who reside in the facility while awaiting court hearing during their placement at temporary shelter care or the FOCUS program. Approximately 2/3 of the population resides in the short term shelter care facilities. The school staff includes the following: seven district-employed certified classroom teachers, one district special education resource room teacher, two certified CESA #1 resource teachers, a half time special education coordinator, three educational assistants, an administrative assistant, and a half time school social worker. The school also has a full time administrator who as of this date also works with the programs at River Hills School.

Instruction consists of a secondary school program that includes English/reading, mathematics, social studies, science, art, and physical education/health. Students attend five classes per day.

¹ Date Source: Delinquency and Court Services Division. Days of care exclude the date of discharge and include weekends and holidays.

Students

The student population at Plank Road School includes both short and longer term students. Student may reside here for days, weeks or months while they await disposition from the court. The number of youth staying for a period of 30 days or less in the shelter care program is 76% for calendar year 2010.² The majority of students in the shelter care facility return to a general public school upon discharge. Because most students at Plank Road School return to a community school upon discharge, Plank Road School relies less on external controls in the environment and focuses on helping students develop and practice the self-management skills they will need to use in the community school. For some of the students, their time at the Plank Road School represents a return to regular school attendance for the first time in many months and some cases years. Many students had been unsuccessful in their previous school environments and for various reasons stopped attending all together. The disparity in length of stay of students at Plank Road School poses a unique challenge to educators in this facility.

Student Progress

Assessing Reading and Math Levels

Clearly measuring student progress is a challenge given the brevity of student enrollment. However, testing does afford an opportunity to individualize instruction to the extent possible and administer post testing if possible. The District attempts to re-test students if their enrollment is beyond 60 days. The WJ III®³ measures a great many aspects of academic achievement with a wide variety of relatively brief tests. Examiners are permitted to select the tests they need to assess abilities in which they are interested for a particular student. Wauwatosa Public Schools use the tests that assess reading and math ability. The WJ III helps inform our instruction at the individual student level and provide challenging levels of instruction.

It must be noted that the school district utilize these scores as a formative assessment and not necessarily summative assessment. In other words, these indicators are merely a snapshot in time. While we are encouraged by the apparent progress made by many students, we also are realistic in our understanding of the inherent limits of this test. The WJ III® was normed on 8,818 children and adults (4,783 in grades kindergarten through 12) in a national sample. The District is currently installing an additional tool known as MAP Testing Data that will provide a clearer understanding of student gains.

As seen in the tables below the WJ III assesses student Word Identification, Passage Comprehension, and Mathematical abilities. The units of measure reflect grade level

² Date Source: Delinquency and Court Services Division. Days of care exclude the date of discharge and include weekends and holidays.

³ Woodcock-Johnson Tests of Achievement (WJ III®), Richard W. Woodcock, Kevin S. McGrew & Nancy Mather, Riverside Publishing.

performance. The table also includes last reported school grade level and number of days from pre-test to post-test.

2010-2011 School Year / Students beyond 60 days
--

Grad	Word ID	Pass Comp	Math	#Days
11	9.1/9.1	6.7/9.1		61
10	5.8b/7.1	4.6b/7.7	5.3	70
10	3.4-3.7	4.5-2.7	5.3	88
11	3/3.1	3.5/2.7	4.9	
9	7.5/6.1	7.7/7.8	6.2/7.3	138
10	5.2b/8.5	6.8b/6.7	8.8/9.8	114
10	4.8-4.9	5.1-3.8	7.3	81
9	9.1a/9.7b	10.1a/8.9b	8/8.9	
9	7.5a/7.2b	8.9a/5.2b	4.9/8.1	62
10	6.1/9.1a	4.6/8.9a	6.2	69
9	5.5b/6.7	5.2b/5.8	6.7	121
9	7.1a/7.1	4.5a/6.7	6.7/9.8	119
10	9.7/12.7	6/8.9	18/18+	242
10	9.7b/15.4	5.2b/7.7a	13	
8	4.2a/4.7b	2.9a/3b	5.7/3.5	70
8	4.2/5.8b	4.5/6.0b	4.1/5.7	92
7	4.8/6.1	6.7/6	3.8/5.7	74
10	8.5b/12.7	6.8b/12.5	12.1/18	181
9	5.9a/7.2b	5.8a/6.8b	5.7/8.9	87
10	3.9b/5.3	3b/7.7	8.8/10.	84
9	10.6-10.4	8.9-6.8	8	89

2009-2010 School Year / Students beyond 60 days
--

Grade	Word ID	Pass Comp	Math	#Days
9	4.9-7.2a	3.2-3.2a	7.3-7.3	270
8	2.3-2.8b	2.4-5.2b	2.9-5.3	42
8	7.2/10.6	5.2/8.9	9.8/9.7	81
10	4.2a-4.9b	6.7-5.2b	4.1/6.2	63
9	9.1a	11a	6.7/6.2	89
9	2.5/3.2	2.1/3.5	3.2/4.1	51*
	10.4-			
11	11.3a	7.8-13a	10.9/13	143
9	3.3/4.3	2.3/3	4.8/6.7	124
9	6.1/8	4.6/6.7	4.8/9.7	78
10	7.6/8.5	8.9/13	5.2/5.3	115
9	4.5a/5.3	5.2a/6	4.4-6.2	120
10	9.7/10.6	11.2/13	6.7/8	47*

9	3.2/3.5	2.2/3.7	3.8/3.8	138
9	3.3/4.2	3.8/5.1	3.8/6.7	87
10	11.3b/13.8	6b/6.8	12.9/13	91
10	5.3/5.8	2.4/5.2	3.5/4.9	127
10	1.5/1.9	1/1.7	3.8	49*
9	3/3.6	3/2.4	2.4/4.4	50*
9	8.5/10.4	8.9/7.8	5.7-5.7	
9	4.5/6.7	3/5.8	4.1/5.7	
8	4.6-7.5a	4a-7.7a	7.3/6.7	
10	18-18a	18-18a	12.9-13	

* Some students were post tested with less than 60 days in attendance due to request by student, staff, and principal or because of holiday/vacation schedule.

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: June 8, 2011

TO: Lee Holloway, Chairman, County Board of Supervisors

FROM: Mark Grady, Acting Deputy Corporation Counsel

SUBJECT: Proposed Ordinance Amendments in Preparation for Implementation of Possible State-Mandated Employee Pension Contributions

Issue

It is anticipated that previously-adopted, but currently enjoined, state law, or new state law, will require employee contributions to Milwaukee County's retirement system of one-half of the annual required contribution. Once such a law becomes effective, the county must comply with it and DAS will do so.

The ordinances were previously amended with respect to the county-required contributions (2%-3%-4%) and the necessary language was included to allow those contributions to be made on a pre-tax basis. Based on advice of tax counsel to the retirement system, the anticipated state-mandated contributions, like the contributions already imposed by the County, can be made on a pre-tax basis, but only after the pension ordinances have been amended to do so. Without an amendment to county ordinances, all state-mandated employee contributions will be made on an after-tax basis.

Recommendation

Therefore, the attached resolution and ordinance amendments are recommended for adoption. If adopted prior to any change in state law, all contributions required by the state law will be made by employees on a pre-tax basis.

The Employee Benefits Workgroup has discussed and agrees with this recommendation. However, the Workgroup members have not reviewed the attached ordinance amendments.

This matter should be referred to the Committee on Finance and Audit, the Committee on Personnel, the Pension Study Commission and the Pension Board.

Memo to Chairman Lee Holloway
Proposed Ordinance Amendments in Preparation for Implementation of Possible State-
Mandated Employee Pension Contributions
6/13/2011
Page 2 of 2

A fiscal note will be prepared and submitted upon receipt of the actuary's analysis.

cc: Chris Abele, County Executive
George Aldrich, Chief of Staff, County Executive
Terry Cooley, Chief of Staff, County Board
Carol Mueller, County Board Clerk
Jody Mapp, County Board Clerk
Employee Benefit Work Group members

1
2 By Supervisor

Res. File 10-
Journal,

3
4
5 **A RESOLUTION AND ORDINANCE**

6
7 To amend Sections 201.24(3.3), (3.5) and (3.11) of the Milwaukee County
8 General Ordinances as it pertains to pension benefits.

9
10 WHEREAS, the State of Wisconsin previously adopted State Statute
11 section 59.875, as part of 2011 Wisconsin Act 10, mandating that Milwaukee
12 County collect from employees one half of the actuarially required contribution of
13 the retirement system, and

14
15 WHEREAS, 2011 Wisconsin Act 10 has been enjoined; and

16
17 WHEREAS, the Governor and other state officials have stated an intent to
18 adopt these same provisions as part of the state's biennial budget; and

19
20 WHEREAS, any employee contributions that may be mandated by state
21 law can only be made on a post-tax basis under current county ordinances; and;

22
23 WHEREAS, an amendment to county ordinances is required in order for
24 any state mandated employee pension contributions to be made on a pre-tax
25 basis; and

26
27 WHEREAS, any state-mandated contribution effective for pay periods in
28 2011 shall be six percent (6%) based on the requirements of 2011 Wisconsin Act
29 10; and

30
31 WHEREAS, pursuant to Section 201.24(8.17) of the Milwaukee County
32 Code of General Ordinances, the proposed changes have been referred to the
33 Pension Board and the Pension Board has been given thirty (30) days to
34 comment upon the proposed changes, and

35
36 WHEREAS, the proposed changes have been referred to the pension
37 fund actuary whose actuarial analysis indicates the changes will have no
38 actuarial effect on the retirement system, but will result in reduced contributions
39 by Milwaukee County; and

40
41 WHEREAS, the Pension Study Commission reviewed the actuary's report
42 on _____, 2011 and have recommended the County Board adopt the
43 proposed changes (Vote X-X); now therefore

44

45 BE IT RESOLVED, that the Milwaukee County Board of Supervisors,
46 consistent with section 201.24(3.11)(2)(c) below, establishes the amount of
47 contribution for any required contributions in 2011 as six percent (6%);
48

49 BE IT FURTHER RESOLVED, that the Milwaukee County Board of
50 Supervisors hereby amends Section 201.24 of the Milwaukee County Code of
51 General Ordinances by adopting the following:
52

53 AN ORDINANCE

54
55 The County Board of Supervisors of the County of Milwaukee does ordain
56 as follows:
57

58 **SECTION 1.** Section 201.24(3.11) of the General Ordinances of Milwaukee
59 County is amended and restated in its entirety as follows:
60

61 **3.11 Employee Contribution**

62
63 (1) Mandatory Employee Contributions. Each member of the Employees'
64 Retirement System shall contribute to the retirement system a percentage
65 of the "Member's Compensation" according to subsection 3.11(2) based
66 on the following schedule:

67 (a) Effective January 1, 2011 through the effective date of any state
68 law requiring member contributions, for any member who is not covered
69 by the terms of a collective bargaining agreement, ~~who is an elected~~
70 official, or who is covered by a collective bargaining agreement that has
71 adopted this ordinance, other than members who make a contribution to
72 the System under section 3.3(2), the member shall contribute the amount
73 provided in subsection (2)(a);

74 (b) Effective January 1, 2011 through the effective date of any state
75 law requiring member contributions, for any member who is an elected
76 official, the member shall contribute the amount provided in subsection
77 (2)(b);

78 (c) Upon the effective date of any state law requiring member
79 contributions, for any individual who is a member as of that date and who
80 on that date is, or on a subsequent date becomes, either (1) not covered
81 by the terms of a collective bargaining agreement, or (2) an elected
82 official, or (3) is covered by a collective bargaining agreement with the
83 American Federation of State, County and Municipal Employees
84 (AFSCME), the member shall contribute the amount provided in
85 subsection (2)(c);

86 (d) Any member who is either (1) not covered by the terms of a
87 collective bargaining agreement, or (2) is an elected official, or (3) is
88 covered by a collective bargaining agreement with the American
89 Federation of State, County and Municipal Employees (AFSCME), and
90 whose initial date of membership in the retirement system is on or after

91 the effective date of any state law requiring member contributions, the
92 member shall contribute the amount provided in subsection (2)(c);

93 (e) Upon the effective date of any state law requiring member
94 contributions, or January 1, 2012, whichever is later, for a member who is
95 covered by a collective bargaining agreement with the Association of
96 Milwaukee County Attorneys, the Federation of Nurses and Health
97 Professionals, the Milwaukee Building and Trades Council, TEAMCO and
98 the International Association of Machinists and Aerospace Workers, the
99 member shall contribute the amount provided in subsection (2)(c);

100 (f) Any member who is covered by the terms of a collective
101 bargaining agreement with the Association of Milwaukee County
102 Attorneys, the Federation of Nurses and Health Professionals, the
103 Milwaukee Building and Trades Council, TEAMCO and the International
104 Association of Machinists and Aerospace Workers, whose initial date of
105 membership in the retirement system is on or after the effective date of
106 any state law requiring member contributions, or January 1, 2012,
107 whichever is later, shall contribute the amount provided in subsection
108 (2)(c).

109
110 ~~, shall contribute to the retirement system a percentage of the “Member’s~~
111 ~~Compensation” according to subsection 3.11(2). “Member Compensation”~~
112 ~~shall include all salaries and wages of the member, except for the~~
113 ~~following: overtime earned and paid; any expiring time paid such as~~
114 ~~overtime, and holiday; and injury time paid; and any supplemental time~~
115 ~~paid such as vacation or earned retirement~~

116
117 (2) Contribution Percentage: The percentage shall be as follows:

118
119 (a) Two (2) percent of Member's Compensation earned between
120 January 9, 2011 and June 11, 2011;

121 ~~(b) Three (3) percent of Member's Compensation earned between~~
122 ~~June 12, 2011 and December 10, 2011;~~

123 ~~(c) Four (4) percent of Member's Compensation earned on or~~
124 ~~after December 11, 2011;~~

125 ~~(d) Notwithstanding the sections 3.11(2)(a) and (c), elected~~
126 ~~officials shall contribute two (2) percent of Member’s Compensation~~
127 ~~earned on and after between January 9, 2011 and the effective date of~~
128 ~~any state law requiring member contributions.~~

129 (c) A percentage of Member’s Compensation as determined by the
130 County Board. The percentage of Member’s Compensation shall be
131 derived from the actuarially estimated pension contribution for the
132 retirement system for the next budget year, with members being
133 responsible for the contribution pursuant to State statutory requirements.
134 The County Board shall establish in its annual adopted budget the
135 percentage of a Member’s Compensation required to comply with the
136 statutorily-required contribution. The percentage of a Member’s

137 Compensation may vary from year to year and shall be applicable for 26
138 pay periods and shall apply on a prospective basis beginning with the first
139 pay period each year.

140
141 (3) Pick-Up Contributions. Notwithstanding the preceding, contributions
142 shall be made by the County in lieu of contributions by the employee even
143 though the contribution is designated as an employee contribution.
144 Members have no option to choose to receive the contributions provided
145 for in this section directly instead of having the contribution paid by the
146 County to the retirement system. The contribution shall be made on a
147 pre-tax basis, and there shall be a corresponding reduction in
148 compensation actually paid to the member. These contributions shall
149 qualify as pick-up contributions (pursuant to Internal Revenue Code
150 section 414(h)(2)). These contributions shall have no impact on internal
151 plan contribution limits or forms of benefit payment under the retirement
152 system. The pick-up of these contributions shall not be construed to
153 reduce the salary upon which final average salary is calculated, as
154 defined in section 2.8. Unless specified otherwise, these contributions do
155 not impact the calculation of a member's benefit. The designation and
156 qualification of these contributions as pick-up contributions pursuant to
157 Internal Revenue Code section 414(h)(2) does not, however, result in the
158 County paying the required contribution on behalf of the employee in a
159 manner inconsistent with State statutory requirements and its prohibition
160 of an employer making the payment on behalf of the employee.

161
162 Notwithstanding the preceding, contributions made under this section by
163 optional members, as defined in section 3.3(2), shall not be picked up and
164 made on a pre-tax basis as provided in this subsection unless and until
165 the County receives a favorable private letter ruling from the IRS
166 authorizing such pick-up. Corporation Counsel shall determine if and
167 when a favorable private letter ruling has been received and pick up of
168 these contributions shall then commence for optional employees.

169
170 (4) Determination of Accumulated Contributions. A member's
171 accumulated contributions shall be equal to the sum of his mandatory
172 employee contributions.

173
174 (5) Refund of Accumulated Contributions.

175 (a) Refunds of all accumulated contributions made under this
176 section 3.11, with interest at the rate of five percent (5%) per annum, shall
177 be made on the same conditions and under the same circumstances as
178 refunds under section 3.5, but may only be paid in the form of a lump sum
179 payment. For an employee terminating employment with the County, any
180 refund of accumulated contributions must be requested within 60 days
181 after termination.

182 (b) Members receiving a refund or on whose behalf a refund is paid
183 under this subsection shall cease to be a member of the Employees'
184 Retirement System and shall have no further right to any benefit under
185 this plan.

186 (c) The provisions of section 11.1 shall not apply to accumulated
187 contributions withdrawn by members under this section.
188

189 **SECTION 2.** Section 201.24(3.3) of the General Ordinances of Milwaukee
190 County is amended and restated in its entirety as follows:
191

192 **3.3. Employee membership accounts.**
193

194 (1) In addition to the contributions required by section 3.1, the county,
195 commencing with the 4th day of January 1969, shall contribute to the
196 system the following percentage of the earnable compensation of each
197 member, except members listed in paragraph (2):

198 (a) Employees, other than deputy sheriffs and elected officials, six
199 (6) percent.

200 (b) Deputy sheriffs, eight (8) percent.

201 (c) Elected officials, eight (8) percent.

202 All such sums contributed by the county for members whose last period of
203 employment began prior to January 1, 1971, shall be credited to the
204 employe's membership account in addition to contributions made by the
205 employe, other than voluntary savings. The contributions provided for in
206 this section 3.3(1) shall be considered separate and distinct from the
207 employe contributions required under section 3.11.
208

209 (2) In addition to the contributions required by section 3.11, tThe
210 following members, who have elected to become optional members of
211 ERS, shall also contribute to the system, by payroll deduction, six (6)
212 percent of their earnable compensation:

213 (a) All interns, students and trainees employed in non-civil-service
214 positions.

215 (b) All resident physicians employed in non-civil-service positions.

216 (c) Seasonal employes, except those whose last period of
217 continuous membership began prior to December 24, 1967.

218 (d) Employes serving under emergency appointments except:

219 (1) Employes whose last period of continuous membership
220 began prior to December 24, 1967.

221 (2) Employes on leave of absence to accept an emergency
222 appointment.

223 (3) Employes whose positions have been reclassified.

224 Every member required to make the above contribution shall be deemed
225 to consent and agree to the payroll deductions made and provided herein.

226 All sums contributed by a member shall be credited to his membership
227 account. The contributions provided for in this section 3.3(2) shall be

228 considered separate and distinct from the employe contributions required
229 under section 3.11.

230

231 **SECTION 3.** Section 201.24(3.3) of the General Ordinances of Milwaukee
232 County is amended and restated in its entirety as follows:

233

234 **3.5. Refunds upon severance or death.**

235

236 Notwithstanding the following, a member shall not be eligible to receive a
237 refund of the portion of his membership account attributable to
238 accumulated contributions contributed under section 3.11 if the member's
239 employment was terminated due to fault or delinquency on the member's
240 part under section 4.5 or if the member or a beneficiary of the member is
241 eligible, at the time the request for a refund is made, for the present
242 receipt of any monthly annuity benefit under sections 4.1, 4.5, 6.1, 6.2,
243 6.4, 7.1 or 7.2 of the Chapter 201.24 of the ordinances. Upon termination
244 of employment, for reason other than death or retirement, a member shall
245 be entitled to receive a refund of the balance as of the date of termination
246 of his membership account and his savings account, accumulated at
247 interest as set from time to time by the board. However, if a member who
248 is eligible for a deferred vested pension withdraws his membership
249 account, he shall forfeit all rights to a deferred vested pension.

250

251 Upon termination of employment by reason of a member's death or upon
252 the death of a member who is eligible for a deferred vested pension, the
253 member's beneficiary shall be paid in lump sum the balance, as of the
254 date of death, of his membership account and his savings account,
255 provided that if a joint and survivor option under section VII is effective or
256 a survivorship benefit under section VI is payable, the membership
257 account shall not be paid to the beneficiary. However, if the amount of the
258 membership account at the date of a member's death exceeds the total of
259 the amount of the payments made to the spouse and children under
260 sections 6.1, 6.2, 6.4 and 7.1, after all payments due thereunder have
261 been made, such excess shall be paid in a lump sum to the member's
262 beneficiaries.

263

264 Upon retirement of a member, the balance of his savings account shall be
265 paid in one (1) of the following forms as determined by the board:

266

(a) Lump sum payment.

267

(b) Life annuity with full cash refund or on a term certain basis.

268

(c) Installments of a designated amount or over a designated

269

period of time.

270

271

If under any of the above options a benefit becomes payable to some

272

other person as a result of the death of the retired member, payment shall

273 be made to the beneficiary designated by the member or, in the absence
274 of a valid designation, than as provided in section 2.16.

275

276 **SECTION 4.** The provisions of this ordinance shall be effective upon
277 passage and publication.

June 10, 2011

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

RE: Actuary's Review of Proposed Ordinance Amendment to the Employees' Retirement System for State-Mandated Employee Pension Contributions

Dear Supervisor Cesarz,

As requested, we have analyzed the actuarial impact on the Milwaukee County Employees' Retirement System of the attached ordinance amendment. This ordinance amendment is a result of Section 166 of 2011 Wisconsin Act 10.

Section 166 of 2011 Wisconsin Act 10, if enacted, will add 59.875 of the State statutes, which reads:

59.875 Payment of contributions in an employee retirement system of populous counties

- (1) In this Section, "county" means any county having a population of 500,000 or more
(2) Beginning the effective date of this subsection, in any employee retirement system, except as provided in a collective bargaining agreement entered into under subch. IV of ch. 111, employees shall pay half of all actuarially required contributions for funding benefits under the retirement system. The employer may not pay on behalf of an employee any of the employee's share of the actuarially required contributions.

If such a law becomes effective, the County must comply with the law. If adopted, the state-mandated employee pension contributions will not change the overall liability and costs of the Employees' Retirement System. Thus, the law does not have an actuarial impact on the retirement system. It will, however, shift the cost of the Employees' Retirement System from the County to some, but not all, of the active employees covered under the Employees' Retirement System. The shift will come in the form of employee contributions. These employee contributions will be based on the results of the annual actuarial valuation.

Actuarial Analysis

Our actuarial analysis is based on our interpretation of the language in Section 166 of Wisconsin Public Act 10. The reader is encouraged to refer to our section entitled “*Commentary on Section 166 of Wisconsin Public Act 10*” later in this letter.

Our actuarial interpretations include:

- Sheriffs and firefighters, both non-represented and represented, are not required to contribute nor are members receiving benefits (retirees) or deferred members of the retirement system. We refer to these members as “non-contributors” in this analysis. All other members will be required by the State to contribute and are referred to as “contributors” in this analysis.
- The employee contribution rate is to be consistent for all contributors despite differences in benefits between individual members. Using one contribution rate minimizes administration and variability in contributions from year to year, employee group to employee group, and employee to employee.
- Contributors that are already making contributions, such as most nonrepresented employees and elected officials, will migrate to the new rate upon the effective date of the law. Other represented groups will begin a contribution upon expiration of their respective bargaining agreements. A recalculation will not be needed in between valuation reports because their numbers are already included in our calculation of the contributors’ contribution rate.
- Contributors will pay for half of *their portion* of the actuarially required contributions. This entails allocating unfunded liabilities between contributors on one hand and retirees and other non-contributors on the other hand. In addition, contributors contribute one-half of the contributors’ normal cost.
- The term “employees shall pay half of all actuarially required contributions for funding *benefits* under the retirement system” means that contributors do not pay for the amortization of administrative *expenses* contained in the actuarially required contributions from the County.
- The draft ordinance amendments we reviewed base the employee contribution on the budget, or estimated contribution. We believe that a more accurate method for calculation of the employee contribution would be to base the calculation on the “current year” or “actual” contribution. The current year contribution is based on verified asset and liability experience rather than being an estimate. Thus, the contribution to be made by employees in 2012 should be based on the 2011 “current year” or “actual” contribution. The county makes the 2011 actual contribution in 2012 and employees would be making their share of the 2011 contribution at the same time as the county. It is our understanding that Corporation Counsel intends to offer an amendment to the pending proposal to follow our recommendation. Therefore, for purposes of determining employee contributions for calendar year 2012, we use the 2011 Actual Contribution of \$26,808,037 as the basis for the employee contribution rate. The derivation of this 2011 actual contribution is contained in the January 1, 2011 Actuarial Valuation report issued May 13, 2011.

The determination of the employee contribution is below. It is based on the interpretations above.

**Milwaukee County Employees' Retirement System
Development of State-Mandated Employee Pension Contributions
Based on January 1, 2011 Valuation Results**

Item	Results Based on Proposed Change		
	Non-Contributors	Contributors	All Members
	Amounts	Amounts	Amounts
Valuation Results as of January 1, 2011			
1. Present Value of Future Benefits			
a) Active Participants *	\$ 123,674,010	\$ 647,041,952	\$ 770,715,962
b) Participants with Deferred Benefits	69,435,621	-	69,435,621
c) Participants Receiving Benefits	1,379,441,317	-	1,379,441,317
d) Total	<u>\$ 1,572,550,948</u>	<u>\$ 647,041,952</u>	<u>\$ 2,219,592,900</u>
2. Present Value of Future Normal Cost	\$ 27,844,427	\$ 99,821,822	\$ 127,666,249
3. Actuarial Accrued Liability: (1 - 2)	\$ 1,544,706,521	\$ 547,220,130	\$ 2,091,926,651
4. Actuarial Value of Assets	\$ 1,424,715,251	\$ 504,712,613	\$ 1,929,427,864
5. Funded Status: (4 / 3)	92.2%	92.2%	92.2%
6. Unfunded Actuarial Accrued Liability: (3 - 4)	\$ 119,991,270	\$ 42,507,517	\$ 162,498,787
7. Normal Cost Rate	11.567%	8.006%	8.457%
8. Total Normal Cost for the Plan Year	\$ 3,248,496	\$ 15,496,676	\$ 18,745,172
Projected Contributions			
1. Actual Contribution for 2011			
a) Normal Cost with Interest	\$ 3,375,936	\$ 16,104,153	\$ 19,480,089
b) Net Annual Amortization Payments **	5,818,664	1,509,284	7,327,948
c) Total Contribution: ((a + b), not less than zero)	<u>\$ 9,194,600</u>	<u>\$ 17,613,437</u>	<u>\$ 26,808,037</u>
2. Employee Contribution (50% of 1c for Contributors)	N/A	\$ 8,806,718	N/A
3. Expected Salaries in 2011	28,084,168	193,563,275	221,647,443
4. Employee Contribution Rate (2÷3)	N/A	4.5%	N/A

* The actives in the Non-Contributor group include 448 members comprised of Represented Firefighters and Sheriffs and Non-Represented Firefighters and Sheriffs.

** The Net Annual Amortization Payments for the Contributors do not include the Expense Amortization Payments and was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued liability of the Retirement System.

Based on the above analysis, if the state-mandated employee contributions are in affect for all of 2012 and all contributors contributed the state-mandated contribution rate for 2012, \$8,806,718 of the \$26,808,037 would be shifted from the County to active employees. Please note that some portion of the annual required contribution is already being made by nonrepresented members and elected officials. In the end, the county will contribute the difference between the actual contribution of \$26,808,037 and whatever employee contributions that are ultimately made during 2012.

Supervisor Paul M. Cesarz
Chairman
Pension Study Commission
June 10, 2011
Page 4

Basis for the Analysis

Unless otherwise noted below, we have based this analysis on the data, assumptions and methods used for the most recently completed valuation, which was as of January 1, 2011.

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.

Commentary on Section 166 of Wisconsin Public Act 10

At first glance, the language in Section 166 of Wisconsin Public Act 10 seems quite straightforward. Unfortunately, from an actuarial standpoint, it is quite vague and potentially subject to what appears to be unanticipated consequences. These ambiguities lead to the necessity to make the actuarial interpretations that are noted above. We will address some of these ambiguities here.

- The language superficially appears to require an allocation to active, non-exempt employees of one half of the entire actuarially required contribution that would otherwise be paid by the County. For example, of the \$26,808,037 2012 actual contribution from page 16 of the Actuarial Valuation Report, employees would be required to pay one-half, or \$13,404,019. If we were to utilize that interpretation to derive the employee contribution rate, we would divide the employee contribution portion of \$13,404,019 over expected payroll of \$229,405,000 to arrive at an employee contribution rate of 5.8% for 2012. But Section 166 exempts sheriffs and firefighters from contributing. Following the superficial interpretation would effectively require the contributing County employees to pay for one-half of the cost of the exempt employee's benefits. This interpretation would reduce the payroll over which the employee contribution rate is based to \$200,337,990, resulting in an employee contribution rate of 6.7% of pay. This comes close to almost the entire normal cost of the contributor group, meaning that contributors would pay for almost all of their entire annual accruals. We do not believe such an interpretation to be appropriate.
- Without the inclusion of the Pension Obligation Bond proceeds in 2009, the 2012 actual Contribution would likely be in excess of \$60,000,000, resulting in an employee contribution rate of over 12% of pay. Such a contribution is substantially more than the average cost of a year's accrual for contributors (i.e., the normal cost) of roughly 8.0% of payroll.
- Most of the volatility inherent in the contribution is due to asset changes rather than liability or benefit changes. Over 65% of the assets are held for the benefit of retirees. Subjecting affected employees to contribution volatility of assets held for the benefit of retirees would result in excessive employee contribution volatility.
- Contribution rates are currently lower than anticipated due to the reflection of contribution variances over the past couple of years. In the future, total contributions are expected to almost double, resulting in a doubling of the employee contribution rate. Employee communications will be important.

Supervisor Paul M. Cesarz
Chairman
Pension Study Commission
June 10, 2011
Page 5

The above bullet points are in no means an exhaustive list of the challenges of this legislation. All stakeholders are encouraged to add input to the process.

We look forward to discussing this analysis with you.

Sincerely,



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

LFL:pl
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cc: Mark Grady
Paul Wilkinson



EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

Pension Board

John M. Maier, J.D.
Chairman

Linda S. Bedford
Vice Chairman

Don Cohen
Keith Garland
David Sikorski
Jeffrey J. Mawicke
Dr. Sarah W. Peck

Gerald J. Schroeder
ERS Manager

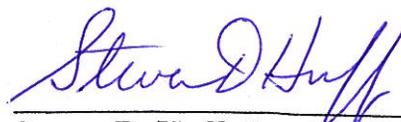
SECRETARY'S CERTIFICATE

The Pension Board of the Employees' Retirement System of the County of Milwaukee ("Pension Board") adopted the following resolution at its regular monthly meeting held on June 15, 2011:

The Pension Board offers no formal comment regarding the proposed Ordinance amendments to sections 201.24(3.3), (3.5), and (3.11) of the Milwaukee County Code of General Ordinances documenting and picking up state-mandated employee contributions, and waives the balance of its 30 day comment period provided for under section 201.24(8.17) of the Milwaukee County Code of General Ordinances. The Employees' Retirement System ("ERS") Manager estimates that implementation of the proposed Ordinance amendments would not result in additional cost to the System. The Pension Board believes that it is in the best interests of ERS for the County Board to adopt Ordinance amendments which clarify the intended operation of the Ordinances in accordance with legal requirements.

Dated: June 15, 2011.

Certified by:



Steven D. Huff, Secretary

Pension Board of the Employees'
Retirement System of the County
of Milwaukee

REINHART7126476

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: July 11, 2011

TO: Johnny Thomas, Chairman, Committee on Finance and Audit
Joe Sanfelippo, Chairman, Committee on Personnel
Paul Cesarz, Chairman, Pension Study Commission

FROM: Mark Grady, Principal Assistant Corporation Counsel

SUBJECT: ORD 11-8; Proposed Substitute Ordinance Amendments for
Implementation of State-Mandated Employee Pension Contributions

Issue

A prior resolution and set of ordinance amendments were submitted to prepare for possible implementation of state-mandated employee pension contributions based on 2011 Wisconsin Act 10. At that time, it was not known whether the law would become effective and, if so, when. Since the submission of the prior proposal, 2011 Wisconsin Act 10 became effective on June 29, 2011.

In addition, after the prior amendments were provided to the County Board, the state adopted the biennial budget in 2011 Wisconsin Act 32. That Act now requires that current nonrepresented managerial law enforcement and firefighting employees be treated the same as current represented law enforcement and firefighting employees with respect to the pension contribution. Because represented members of the Deputy Sheriffs Association and the Firefighters Association are not required to make pension contributions, nonrepresented managerial law enforcement and firefighting employees cannot be required to make contributions. However, the biennial budget also provides that law enforcement and firefighting employees hired in the future are required to make the employee pension contribution; it prohibits collective bargaining concerning the employee pension contribution for deputy sheriffs and firefighters hired in the future. The attached substitute resolution and ordinance amendment incorporates these new provisions.

In addition, the prior resolution and ordinance amendments based the actuarial calculation of the amount of the employee contribution on the annual actuarial calculation of the “estimated budget contribution.” However, the actuary has

since recommended that the calculation instead should be based on the annual “actual contribution required for the current year.” Therefore, the attached substitute resolution and ordinance amendments incorporate that recommendation. It has been determined that the pension contributions are required beginning with the pay period starting July 24, 2011 (that is paid on August 18, 2011). The actuary has calculated that the required percentage of pay for the employee contribution for 2011 and 2012 should be 4.7%.

Recommendation

In order to conform the ordinance amendments to the most recent state law and to incorporate the now known effective date of the state law, the attached **substitute** resolution and ordinance amendments are being submitted. This resolution and ordinance amendment should be adopted as a substitute to the prior proposal.

cc: Chris Abele, County Executive
George Aldrich, Chief of Staff, County Executive
Terry Cooley, Chief of Staff, County Board
Carol Mueller, County Board Clerk
Jody Mapp, County Board Clerk
Employee Benefit Work Group members

1
2 By Supervisor

ORD 11-8
Journal,

3
4
5 **A RESOLUTION AND ORDINANCE**
6

7 To amend Sections 201.24(3.3), (3.5) and (3.11) of the Milwaukee County
8 General Ordinances as it pertains to pension benefits.
9

10 WHEREAS, the State of Wisconsin adopted State Statute section 59.875,
11 as part of 2011 Wisconsin Act 10, mandating that Milwaukee County collect from
12 employees one half of the actuarially required contribution for funding benefits of
13 the retirement system, and
14

15 WHEREAS, the State of Wisconsin adopted 2011 Wisconsin Act 32, the
16 biennial budget, containing amendments to section 59.875; and
17

18 WHEREAS, any employee contributions that may be mandated by state
19 law can only be made on a post-tax basis under current county ordinances; and;
20

21 WHEREAS, an amendment to county ordinances is required in order for
22 any state mandated employee pension contributions to be made on a pre-tax
23 basis; and
24

25 WHEREAS, pursuant to Section 201.24(8.17) of the Milwaukee County
26 Code of General Ordinances, the proposed changes have been referred to the
27 Pension Board and the Pension Board has been given thirty (30) days to
28 comment upon the proposed changes, and
29

30 WHEREAS, the proposed changes have been referred to the pension
31 fund actuary whose actuarial analysis indicates the changes will have no
32 actuarial effect on the retirement system, but will result in reduced contributions
33 by Milwaukee County; and
34

35 WHEREAS, the Pension Study Commission reviewed the actuary's report
36 on July 22, 2011 and has recommended the County Board adopt the proposed
37 changes (Vote X-X); now therefore
38

39 BE IT RESOLVED, that the Milwaukee County Board of Supervisors,
40 consistent with section 201.24(3.11)(3)(c) below, establishes the amount of
41 contribution for any required contributions during 2011 as four and seven-tenths
42 percent (4.7%);
43

44 BE IT FURTHER RESOLVED, that the Milwaukee County Board of
45 Supervisors hereby amends Section 201.24 of the Milwaukee County Code of
46 General Ordinances by adopting the following:

47
48 AN ORDINANCE
49

50 The County Board of Supervisors of the County of Milwaukee does ordain
51 as follows:
52

53 **SECTION 1.** Section 201.24(3.11) of the General Ordinances of Milwaukee
54 County is amended and restated in its entirety as follows:
55

56 **3.11 Employee Contribution**
57

58 (1) Mandatory Employee Contributions. Each member of the Employees'
59 Retirement System shall contribute to the retirement system a percentage
60 of the "Member's Compensation" according to subsections 3.11(2) and (3)
61 based on the following schedule:

62 (a) Effective January 1, 2011 through July 23, 2011, for any
63 member who is not covered by the terms of a collective bargaining
64 agreement, ~~who is an elected official,~~ or who is covered by a collective
65 bargaining agreement that has adopted this ordinance, other than
66 members who make a contribution to the System under section 3.3(2),
67 the member shall contribute the amount provided in subsection (3)(a);

68 (b) Effective January 1, 2011 through July 23, 2011, for any
69 member who is an elected official, the member shall contribute the
70 amount provided in subsection (3)(b);

71 (c) Except as provided in paragraph (g), effective July 24, 2011,
72 any member who is, or on a subsequent date becomes, (1) not covered
73 by the terms of a collective bargaining agreement, or (2) an elected
74 official, or (3) covered by a collective bargaining agreement with the
75 American Federation of State, County and Municipal Employees
76 (AFSCME), shall contribute the amount provided in subsection (3)(c);

77 (d) Effective July 24, 2011, any member whose initial date of
78 membership in the retirement system is on or after July 24, 2011 and who
79 (1) is not covered by the terms of a collective bargaining agreement, or
80 (2) is an elected official, or (3) is covered by a collective bargaining
81 agreement with the American Federation of State, County and Municipal
82 Employees (AFSCME), or (4) is covered by a collective bargaining
83 agreement with the Milwaukee Deputy Sheriffs Association, or (5) is
84 covered by a collective bargaining agreement with the Milwaukee County
85 Firefighters Association, shall contribute the amount provided in
86 subsection (3)(c);

87 (e) Effective January 1, 2012, a member who is covered by a
88 collective bargaining agreement with (1) the Association of Milwaukee
89 County Attorneys, or (2) the Federation of Nurses and Health
90 Professionals, or (3) the Milwaukee Building and Trades Council, or (4)
91 the Technicians, Engineers, and Architects of Milwaukee County, or (5)

92 the International Association of Machinists and Aerospace Workers, shall
93 contribute the amount provided in subsection (3)(c);

94 (f) Any member whose initial date of membership in the retirement
95 system is on or after January 1, 2012 and who is covered by the terms of
96 a collective bargaining agreement with (1) the Association of Milwaukee
97 County Attorneys, or (2) the Federation of Nurses and Health
98 Professionals, or (3) the Milwaukee Building and Trades Council, or (4)
99 the Technicians, Engineers, and Architects of Milwaukee County, or (5)
100 the International Association of Machinists and Aerospace Workers, shall
101 contribute the amount provided in subsection (3)(c);

102 (g) Any member who, on July 24, 2011, was a nonrepresented law
103 enforcement or firefighting managerial employee, as set forth in section
104 59.875 of the statutes, and any member who, on July 24, 2011, was a
105 represented law enforcement or firefighting employee and who becomes,
106 after July 24, 2011, a nonrepresented law enforcement or firefighting
107 managerial employee, as set forth in section 59.875 of the statutes, shall
108 contribute the same amount respectively as represented law enforcement
109 and firefighting employees whose initial date of membership in the
110 retirement system was prior to July 24, 2011.

111
112 ~~shall contribute to the retirement system a percentage of the "Member's~~
113 ~~Compensation" according to subsection 3.11(2).~~

114 (2) "Member Compensation" shall include all salaries and wages of the
115 member, except for the following: overtime earned and paid; any expiring
116 time paid such as overtime, and holiday; and injury time paid; and any
117 supplemental time paid such as vacation or earned retirement.

118
119 ~~(23)~~ Contribution Percentage: The percentage shall be as follows:

120
121 (a) Two (2) percent of Member's Compensation earned between
122 January 9, 2011 and June 11, 2011;

123 ~~(b) Two and three (3) percent of Member's Compensation earned~~
124 ~~between June 12, 2011 and July 23, 2011~~ December 10, 2011;

125 ~~(c) Two and four (4) percent of Member's Compensation earned on or~~
126 ~~after December 11, 2011;~~

127 ~~(d) Notwithstanding the sections 3.11(2)(a) and (c), elected~~
128 ~~officials shall contribute Two (2) percent of Member's Compensation~~
129 ~~earned on and after between January 9, 2011 and July 23, 2011.~~

130 (c) A percentage of Member's Compensation as established by the
131 County Board based on a recommendation from the retirement system
132 actuary. The percentage of Member's Compensation shall be derived
133 from the "actual contribution required for the current year" as set forth in
134 section 3.1 of chapter 201.24 of the ordinances, with members being
135 responsible for the contribution required by State statute. The County
136 Board shall set forth in its annual adopted budget the percentage of a
137 Member's Compensation required to comply with the statutorily required

138 contribution. The percentage of a Member's Compensation may vary
139 from year to year and shall be applicable for 26 pay periods and shall
140 apply on a prospective basis beginning with the first pay period each year.

141
142 ~~(34)~~ Pick-Up Contributions. Notwithstanding the preceding, contributions
143 shall be made by the County in lieu of contributions by the employee even
144 though the contribution is designated as an employee contribution.
145 Members have no option to choose to receive the contributions provided
146 for in this section directly instead of having the contribution paid by the
147 County to the retirement system. The contribution shall be made on a
148 pre-tax basis, and there shall be a corresponding reduction in
149 compensation actually paid to the member. These contributions shall
150 qualify as pick-up contributions (pursuant to Internal Revenue Code
151 section 414(h)(2)). These contributions shall have no impact on internal
152 plan contribution limits or forms of benefit payment under the retirement
153 system. The pick-up of these contributions shall not be construed to
154 reduce the salary upon which final average salary is calculated, as
155 defined in section 2.8. Unless specified otherwise, these contributions do
156 not impact the calculation of a member's benefit. The designation and
157 qualification of these contributions as pick-up contributions pursuant to
158 Internal Revenue Code section 414(h)(2) does not, however, result in the
159 County paying the required contribution on behalf of the employee in a
160 manner inconsistent with State statutory requirements and its prohibition
161 of an employer making the payment on behalf of the employee.

162
163 Notwithstanding the preceding, contributions made under this section by
164 optional members, as defined in section 3.3(2), shall not be picked up and
165 made on a pre-tax basis as provided in this subsection unless and until
166 the County receives a favorable private letter ruling from the IRS
167 authorizing such pick-up. Corporation Counsel shall determine if and
168 when a favorable private letter ruling has been received and pick up of
169 these contributions shall then commence for optional employees.

170
171 (45) Determination of Accumulated Contributions. A member's
172 accumulated contributions shall be equal to the sum of his mandatory
173 employee contributions.

174
175 (56) Refund of Accumulated Contributions.

176 (a) Refunds of all accumulated contributions made under this
177 section 3.11, with interest at the rate of five percent (5%) per annum, shall
178 be made on the same conditions and under the same circumstances as
179 refunds under section 3.5, but may only be paid in the form of a lump sum
180 payment. For an employee terminating employment with the County, any
181 refund of accumulated contributions must be requested within 60 days
182 after termination.

183 (b) Members receiving a refund or on whose behalf a refund is paid
184 under this subsection shall cease to be a member of the Employees'
185 Retirement System and shall have no further right to any benefit under
186 this plan.

187 (c) The provisions of section 11.1 shall not apply to accumulated
188 contributions withdrawn by members under this section.
189

190 **SECTION 2.** Section 201.24(3.3) of the General Ordinances of Milwaukee
191 County is amended and restated in its entirety as follows:
192

193 **3.3. Employee membership accounts.**
194

195 (1) In addition to the contributions required by section 3.1, the county,
196 commencing with the 4th day of January 1969, shall contribute to the
197 system the following percentage of the earnable compensation of each
198 member, except members listed in paragraph (2):

199 (a) Employees, other than deputy sheriffs and elected officials, six
200 (6) percent.

201 (b) Deputy sheriffs, eight (8) percent.

202 (c) Elected officials, eight (8) percent.

203 All such sums contributed by the county for members whose last period of
204 employment began prior to January 1, 1971, shall be credited to the
205 employe's membership account in addition to contributions made by the
206 employe, other than voluntary savings. The contributions provided for in
207 this section 3.3(1) shall be considered separate and distinct from the
208 employe contributions required under section 3.11.
209

210 (2) In addition to the contributions required by section 3.11, tThe
211 following members, who have elected to become optional members of
212 ERS, shall also contribute to the system, by payroll deduction, six (6)
213 percent of their earnable compensation:

214 (a) All interns, students and trainees employed in non-civil-service
215 positions.

216 (b) All resident physicians employed in non-civil-service positions.

217 (c) Seasonal employes, except those whose last period of
218 continuous membership began prior to December 24, 1967.

219 (d) Employes serving under emergency appointments except:

220 (1) Employes whose last period of continuous membership
221 began prior to December 24, 1967.

222 (2) Employes on leave of absence to accept an emergency
223 appointment.

224 (3) Employes whose positions have been reclassified.

225 Every member required to make the above contribution shall be deemed
226 to consent and agree to the payroll deductions made and provided herein.

227 All sums contributed by a member shall be credited to his membership
228 account. The contributions provided for in this section 3.3(2) shall be

229 considered separate and distinct from the employe contributions required
230 under section 3.11.

231

232 **SECTION 3.** Section 201.24(3.3) of the General Ordinances of Milwaukee
233 County is amended and restated in its entirety as follows:

234

235 **3.5. Refunds upon severance or death.**

236

237 Notwithstanding the following, a member shall not be eligible to receive a
238 refund of the portion of his membership account attributable to
239 accumulated contributions contributed under section 3.11 if the member's
240 employment was terminated due to fault or delinquency on the member's
241 part under section 4.5 or if the member or a beneficiary of the member is
242 eligible, at the time the request for a refund is made, for the present
243 receipt of any monthly annuity benefit under sections 4.1, 4.5, 6.1, 6.2,
244 6.4, 7.1 or 7.2 of the Chapter 201.24 of the ordinances. Upon termination
245 of employment, for reason other than death or retirement, a member shall
246 be entitled to receive a refund of the balance as of the date of termination
247 of his membership account and his savings account, accumulated at
248 interest as set from time to time by the board. However, if a member who
249 is eligible for a deferred vested pension withdraws his membership
250 account, he shall forfeit all rights to a deferred vested pension.

251

252 Upon termination of employment by reason of a member's death or upon
253 the death of a member who is eligible for a deferred vested pension, the
254 member's beneficiary shall be paid in lump sum the balance, as of the
255 date of death, of his membership account and his savings account,
256 provided that if a joint and survivor option under section VII is effective or
257 a survivorship benefit under section VI is payable, the membership
258 account shall not be paid to the beneficiary. However, if the amount of the
259 membership account at the date of a member's death exceeds the total of
260 the amount of the payments made to the spouse and children under
261 sections 6.1, 6.2, 6.4 and 7.1, after all payments due thereunder have
262 been made, such excess shall be paid in a lump sum to the member's
263 beneficiaries.

264

265 Upon retirement of a member, the balance of his savings account shall be
266 paid in one (1) of the following forms as determined by the board:

267

(a) Lump sum payment.

268

(b) Life annuity with full cash refund or on a term certain basis.

269

(c) Installments of a designated amount or over a designated

270

period of time.

271

272

If under any of the above options a benefit becomes payable to some

273

other person as a result of the death of the retired member, payment shall

274 be made to the beneficiary designated by the member or, in the absence
275 of a valid designation, than as provided in section 2.16.

276

277 **SECTION 4.** The provisions of this ordinance shall be effective upon
278 passage and publication.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 07/13/2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Change in Health Care Plan provisions for 2011 for Represented or Retired Represented Deputy Sheriffs and Firefighters

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	(-69,400)	(-166,560)
	Revenue		
	Net Cost	(-69,400)	(-166,560)
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The County Board is being requested to authorize, by resolution, a change in the health care benefits for active members of the Deputy Sheriffs Association and Firefighters union, and retired members formerly represented by the Deputy Sheriffs Association and the Firefighters Union. The State Budget for 2011 - 2013 included a change that bars the municipal employee from bargaining on the design and selection of health care coverage plans for public safety unions, and the impact of that plan design on the wages and hours and conditions of employment of the public safety employee. As a result, the County is proposing changes to health care provisions currently in place under the union contract with the two unions, and is transferring the health care provisions to County Ordinance. In addition, health care changes have been made to the currently contract health provisions to make them comparable to health care changes that were recently made for AFSCME DC-48 by resolution. Per a reading of the underlying background, employee health care premiums, are still a negotiable item, and therefore no change is being proposed for the health care employee premiums.

B. Based on the health care changes proposed, as included in the resolution and change in ordinance, the County would save \$69,400 in 2011 for the remaining five months of 2011 and \$166,560 for 2012 based on a full year of savings. Attached to this fiscal note is a summary of the plan changes that are being proposed, as included in the resolution. The savings due to changes for active and retired Firefighters is \$1,680 and \$1,930, respectively for 2011 and \$4,050 and \$4,600 for 2012, respectively. The savings due to changes for active and retired Deputy Sheriffs is \$18,290 and \$47,500, respectively for 2011 and \$43,910 and \$114,000 for 2012, respectively. The 2012 dollar amount is based on the health plan changes that are proposed in

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

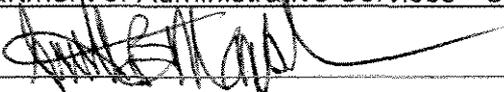
the related resolution. If separate health changes are proposed for 2012 as part of the 2012 budget or in a separate resolution, the savings for 2012 will increase from the amount reported.

C. The savings for 2011 will be used to offset anticipated savings that were originally budgeted in org unit 1972, and then allocated as savings to departments. The County budget had anticipated that the retiree savings would begin as of January 1, 2011. The active employee savings were anticipated to be in place as of January 1, 2011, with an offset for not achieving these savings of furlough days. However, since the two unions are public safety unions, they were both exempted from taking furlough days for 2011. For 2012, the savings will be used to offset anticipated costs increases in health care costs.

D. The cost estimates for health care were based on the overall health care population for Milwaukee County. Taking anticipated results for the entire County and narrowing the impact to the two unions will generally result in an error both plus and minus from the figures stated in this fiscal note. In other words, the actual results may not reflect the projected results used in this fiscal note.

Department/Prepared By Department of Administrative Services - Scott B. Manske

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Fire Fighters Union Impact of Health Care Changes Proposed			2011	2012
Healthcare Plan	Employee Premium Change	Active	N/A	N/A
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Active	1,200	2,890
Healthcare Plan	Increase PPO deductibles	Active	30	80
Healthcare Plan	Increase out-of-pocket maximum	Active	30	80
Healthcare Plan	\$100 emergency room co-pay	Active	420	1,000
Active Members Fire Fighters Union			1,680	4,050
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Retiree	1,250	3,000
Healthcare Plan	Increase PPO deductibles	Retiree	130	300
Healthcare Plan	Increase out-of-pocket maximum	Retiree	130	300
Healthcare Plan	\$100 emergency room co-pay	Retiree	420	1,000
Retired Members Fire Fighters Union			1,930	4,600
Total Savings by Year			3,610	8,650

Deputy Sheriffs Union Impact of Health Care Changes Proposed			2011	2012
Healthcare Plan	Employee Premium Change	Active	N/A	N/A
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Active	8,910	21,390
Healthcare Plan	Increase PPO deductibles	Active	1,250	3,000
Healthcare Plan	Increase out-of-pocket maximum	Active	1,250	3,000
Healthcare Plan	\$100 emergency room co-pay	Active	6,880	16,520
Active Members Deputy Sheriffs Union			18,290	43,910
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Retiree	33,330	80,000
Healthcare Plan	Increase PPO deductibles	Retiree	4,500	10,800
Healthcare Plan	Increase out-of-pocket maximum	Retiree	4,500	10,800
Healthcare Plan	\$100 emergency room co-pay	Retiree	5,170	12,400
Retired Members Deputy Sheriffs Union			47,500	114,000
Total Savings by Year			65,790	157,910

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Calculated Savings for the Reprsented Members - both ac		2011	2012
Firefighters	Active	1,680	4,050
	Retirees	1,930	4,600
Deputy Sheriffs	Active	18,290	43,910
	Retirees	47,500	114,000
Total Savings by year		69,400	166,560

		Firefighters	Deputy Sheriffs
Single	Active	6.0	76.0
Family	Active	12.0	271.0
Total	Active	18.0	347.0
Members incl family	Active	51.0	1,030.0

	2010	2010
Health Costs	252,700	5,326,000
Copays/Deductibles	7,500	97,400.0
Premiums	12,600	294,600.0
Net Health Costs	232,600	4,934,000
Employee Cost Share	20,100	392,000
Pcntg Employee Share	8.0%	7.4%
After Change		
Employee Cost Share	24,150	435,910
Pcntg Employee Share	9.6%	8.2%

Single	Retirees	1.00	92.00
Family	Retirees	12.00	256.00
Enrollees	Retirees	13.00	348.00
Members	Retirees	26.00	690.00

	2010	2010
Health Costs	34,120	2,084,600
Copays/Deductibles	6,220	131,900.0
Premiums	-	-
Net Health Costs	27,900	1,952,700
Employee Share	6,220	131,900
Pcntg Employee Share	18.2%	6.3%
After Change		
Employee Share	10,820	245,900
Pcntg Employee Share	31.7%	11.8%

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: July 5, 2011

TO: Chairman Lee Holloway, Milwaukee County Board of Supervisors

FROM: Mark A. Grady, Acting Deputy Corporation Counsel, Chair,
Employee Benefits Workgroup

SUBJECT: Codification of 1.6 Pension Multiplier, normal retirement age of 64
and Rule of 75

Please refer the attached resolution and ordinance amendment to the Committee on Finance and Audit, to the Committee on Personnel, to the Pension Study Commission and to the Pension Board for comment.

2011 Wisconsin Act 10 (the budget repair bill) became effective on June 30, 2011. Under that law, Milwaukee County is prohibited from collective bargaining with non-public safety workers unions concerning pension benefits. Ordinance amendments are now permitted by state law and are required in order to effectuate the changes contained in the 2011 Adopted Budget, Org. Unit 1972, related to pension benefits, for unions that have not already agreed to those changes. The attached amendments adopt the 1.6 multiplier and the normal retirement age as soon as legally possible for those unions that either do not have an agreement in place or as soon as possible upon the expiration of any agreement.

For future reference and for the sake of completeness with respect to non-public safety workers, other amendments merely codify into the ordinances the provisions that already exist in union agreements related to the 1.6 multiplier, the normal retirement age of 64 and the rule of 75.

1.6 Pension Multiplier

One non-public safety worker union, AFSCME, does not have a current collective bargaining agreement covering 2011. Therefore, the county is authorized to make pension changes with respect to members of AFSCME without bargaining. The attached amendment adopts the 1.6 pension multiplier for that union effective August 1, 2011.

One non-public safety worker union, the Milwaukee Building & Construction Trades Council, has a current collective bargaining agreement covering 2011 that does not incorporate the 1.6 pension multiplier. For that union, any pension changes not contained in that agreement can only be made at the conclusion of that agreement; that is, after December 31, 2011. The attached amendment adopts the 1.6 pension multiplier for the Building Trades effective January 1, 2012.

The other four non-public safety worker unions have agreements that already incorporate the 1.6 multiplier. Those unions are the Technicians, Engineers, Architects of Milwaukee County, , the International Association of Machinists and Aerospace Workers, the Association of Milwaukee County Attorneys and the Federation of Nurses and Health Professionals. Because future agreements cannot address pension benefit matters, the 1.6 multiplier provisions that already exist in those agreements should be codified in the ordinances for future reference; the attached amendments do so.

Normal retirement age of 64

The situation with respect to the normal retirement age of 64 is the same as for the 1.6 multiplier. The attached amendments effectuate that provision on August 1, 2011 for AFSCME and on January 1, 2012 for the Building Trades and codify in the ordinances the provisions already contained in the agreements with the other non-public safety worker unions.

Rule of 75

All unions already have provisions addressing eligibility for the rule of 75. The rule of 75 is part of the determination of normal retirement and the other attached amendments also address the subject of normal retirement eligibility. Therefore, for the sake of future reference and completeness, the attached amendments codify in the ordinances the provisions already contained in the agreements with all of the non-public safety worker unions.

Other pension benefit provisions

Additional ordinance amendments will be proposed in the future for the sole purpose of documenting and codifying in the ordinances the remaining pension benefit provisions that are already contained in non-public safety worker collective bargaining agreements.

Cc: County Executive Chris Abele
Linda Durham
Jodi Mapp

A RESOLUTION

To implement provisions of the 2010 and 2011 Adopted Budgets, Org. Unit 1972 – Wage and Benefit Modifications, for non-public safety collective bargaining units, as permitted by 2011 Wisconsin Act 10.

WHEREAS, the 2010 Adopted Budget for Org. Unit 1972 – Wage and Benefit Modifications, included wage, health and pension modifications for all employees, including:

1. An increase in the normal retirement age for new members of the Employee Retirement System (ERS) from age 60 to age 64,
2. A reduction in the annual pension service credit multiplier for members of the ERS for all future years from 2.0% to 1.6%,

and

WHEREAS, these modifications were implemented in 2010 for non-represented employees (File No. 09-471); and

WHEREAS the collective bargaining agreement for members represented by the Technicians, Engineers and Architects of Milwaukee County and by the International Association of Machinists provides that service by their members on or after May 1, 2010 is credited at one and six-tenths (1.6) percent and that normal retirement age shall be age sixty-four (64) for their members whose initial membership is on or after January 1, 2010; and

WHEREAS the collective bargaining agreement for members represented by the Association of Milwaukee County Attorneys provides that service by its members on or after June 1, 2010 is credited at one and six-tenths (1.6) percent and that normal retirement age shall be age sixty-four (64) for its members whose initial membership is on or after January 1, 2010; and

WHEREAS the collective bargaining agreement for members represented the Federation of Nurses and Health Professionals provides that service by its members on or after January 1, 2012 is credited at one and six-tenths (1.6) percent and that normal retirement age shall be age sixty-four (64) for its members whose initial membership is on or after January 1, 2012; and

WHEREAS the collective bargaining agreement with the Building Trades of Milwaukee County does not contain these or similar provisions; and

WHEREAS, 2011 Wisconsin Act 10, known as the Budget Repair Bill, contains provisions that prohibit collective bargaining over non-base wage and benefit items for non-public safety employees; and

WHEREAS, 2011 Wisconsin Act 10 permits the County to immediately implement the modifications listed above from the 2010 Adopted Budget for Org. Unit 1972 for AFSCME DC 48 employees and to implement those modifications for the Building Trades effective January 1, 2012; and

WHEREAS, because 2011 Wisconsin Act 10 prohibits collective bargaining with units containing non-public safety employees concerning pension benefits, the County Board wishes to codify in the ordinances pension provisions previously found in such collective bargaining agreements units for non-public safety employees related to the pension multiplier, the normal retirement age and the Rule of 75; and

WHEREAS, pursuant to Section 201.24(8.17) of the MCGO, the proposed changes to Section 201.24 of the MCGO have been referred to the Pension Board for comment; and

WHEREAS, the proposed changes to Section 201.24 of the MCGO have been referred to the pension fund actuary whose actuarial analysis indicates that the changes will decrease the accrued liability and the normal actuarial cost; and

WHEREAS, the Pension Study Commission reviewed the pension fund actuary's report on _____, 2011 and has recommended the County Board adopt the proposed changes to Section 201.24 of the MCGO (Vote X-X); now, therefore,

BE IT RESOLVED, to codify these changes, the Milwaukee County Board of Supervisors hereby amends Sections 201.24(2.18), (4.1), (5.1) and (5.15) of the Milwaukee County Code of General Ordinances by adopting the following:

AN ORDINANCE

The County Board of Supervisors of the County of Milwaukee does ordain as follows:

SECTION 1. Section 201.24(2.18) of the General Ordinances of Milwaukee County is amended as follows:

2.18. Normal retirement age.

(1) Except as provided in subsections (2), (3), (4), (5) and (6), normal retirement age for all other members shall be age sixty (60).

(2) Normal retirement age shall be age fifty-seven (57) for a member who is a deputy sheriffs at the time his employment terminates.

(3) Normal retirement age shall be age sixty-four (64) for the following members whose initial membership date in the retirement system began on or after January 1, 2010:

(a) a member ~~(a)~~ who is not covered by a collective bargaining agreement and who is not an elected official at the time his employment terminates; or

(b) a member who is represented by the International Association of Machinists and Aerospace Workers at the time his employment terminates; or

(c) a member who is represented by the Technicians, Engineers and Architects of Milwaukee County at the time his employment terminates; or

(d) a member who is represented by the Association of Milwaukee County Attorneys at the time his employment terminates. and ~~(e)~~ whose initial membership in the retirement system began on or after January 1, 2010, shall be age sixty-four (64). For all other members, normal retirement age shall be age sixty (60).

(4) Normal retirement age shall be age sixty-four (64) for a member who is represented by the American Federation of State, County and Municipal Employees District Council 48 at the time his employment terminates and whose initial membership date is on or after August 1, 2011.

(5) Normal retirement age shall be age sixty-four (64) for a member who is represented by the Federation of Nurses and Health Professionals or by the Milwaukee Building and Construction Trades Council at the time his employment terminates and whose initial membership date is on or after January 1, 2012.

Section 2. Section 201.24(4.1) of the General Ordinances of Milwaukee County is amended as follows:

Section 4.1. Normal retirement.

(1) (a) A member shall be eligible for a normal pension if his employment is terminated on or after he has attained age fifty-five (55) and has completed thirty (30) years of service, or if his employment is terminated on or after he has attained normal retirement age as defined in section 2.18. Deputy sheriffs shall be eligible to retire at age fifty-seven (57) regardless of their number of years of service or at age fifty-five (55) with at least fifteen (15) years of creditable pension service.

(b) Notwithstanding the provisions of subparagraph (a), a member of the International Association of Machinists and Aerospace Workers whose initial membership date is before January 1, 2012 shall not be eligible for a normal

pension until the member has attained normal retirement age as defined in section 2.18 and has completed five (5) years of service.

(c) Notwithstanding the provisions of subparagraph (a), a member of the Federation of Nurses and Health Professionals whose initial membership date is before January 1, 2012 shall not be eligible for a normal pension until the member has attained normal retirement age as defined in section 2.18 and has completed five (5) years of service.

(2) Rule of 75. (a) A member who is not covered by the terms of a collective bargaining agreement at the time his employment is terminated and whose initial membership in the retirement system under section 201.24 began prior to January 1, 2006, retires on and after September 1, 1993, shall be eligible for a normal pension when the age of the member when added to his years of service equals seventy-five (75), but this provision shall not apply to any member eligible under section 4.5 nor to any nonrepresented deputy sheriff who was hired as a deputy sheriff after December 31, 1993 and whose appointment to a nonrepresented position was first effective after June 30, 2009.

(b) A member of the American Federation of State, County and Municipal Employees District Council 48, of the Technicians, Engineers and Architects of Milwaukee County, or of the International Association of Machinists and Aerospace Workers, whose initial membership date is prior to January 1, 1994, shall be eligible for a normal pension when the age of the member when added to his years of service equals seventy-five (75), but this provision shall not apply to any member eligible under section 4.5.

(c) A member of the Federation of Nurses and Health Professionals whose initial membership date is prior to January 1, 1997 shall be eligible for a normal pension when the age of the member when added to his years of service equals seventy-five (75), but this provision shall not apply to any member eligible under section 4.5.

(d) A member of the Association of Milwaukee County Attorneys whose initial membership date is prior to January 1, 2006 shall be eligible for a normal pension when the age of the member when added to his years of service equals seventy-five (75), but this provision shall not apply to any member eligible under section 4.5.

(e) A member of the Milwaukee Building and Construction Trades Council whose initial membership date is prior to February 21, 2006 shall be eligible for a normal pension when the age of the member when added to his years of service equals seventy-five (75), but this provision shall not apply to any member eligible under section 4.5.

Section 3. Section 201.24(5.1) of the General Ordinances of Milwaukee County is amended as follows:

5.1. Normal pension.

(1) A member, other than a member covered by the terms of a collective bargaining agreement, a deputy sheriff or elected official, whose continuous membership began prior to January 1, 1982 who meets the requirements for a normal pension shall receive an amount equal to two (2) percent of his final average salary multiplied by the number of his years of service rendered prior to January 1, 2010, other than as a member covered by the terms of a collective bargaining agreement, a deputy sheriff or elected official, and shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service rendered on and after January 1, 2010, other than as a member covered by the terms of a collective bargaining agreement, a deputy sheriff or elected official. A member, other than a member covered by the terms of a collective bargaining agreement, a deputy sheriff or elected official, whose continuous membership began after January 1, 1982, who meets the requirements for a normal pension shall receive an amount equal to one and one-half (1 1/2) percent of his final average salary multiplied by the number of his years of service rendered prior to January 1, 2010, other than as a member covered by the terms of a collective bargaining agreement, a deputy sheriff or elected official and shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service rendered on and after January 1, 2010, other than as a member covered by the terms of a collective bargaining agreement, a deputy sheriff or elected official.

(2) (a) A member covered by the terms of a collective bargaining agreement, other than a deputy sheriff, whose continuous membership began prior to January 1, 1982, who meets the requirements for a normal pension shall receive an amount equal to two (2) percent of his final average salary multiplied by the number of his years of service as a collective bargaining agreement member other than a deputy sheriff.

(b) A member covered by the terms of a collective bargaining agreement, other than a deputy sheriff, whose continuous membership began after January 1, 1982 who meets the requirements for a normal pension shall receive an amount equal to one and one-half (1 1/2) percent of his final average salary multiplied by the number of his years of service as a collective bargaining agreement member other than a deputy sheriff.

(c) A member shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service, for service as a member represented by AFSCME District Council 48, rendered on or after August 1, 2011.

(d) A member shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service, for service as a member represented by the Technicians, Engineers and Architects of Milwaukee County or by the International Association of Machinists, rendered on or after May 1, 2010.

(e) A member shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service, for service as a member represented by the Association of Milwaukee County Attorneys, rendered on or after June 1, 2010.

(f) A member shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service, for service as a member represented by the Federation of Nurses and Health Professionals or by the Milwaukee Building and Construction Trades Council, rendered on or after January 1, 2012.

(3) A member who is a deputy sheriff whose continuous membership began prior to July 1, 1995, and who meets the requirements for a normal pension shall receive an amount equal to two and five-tenths (2.5) percent of his final average salary multiplied by the number of his years of service as a deputy sheriff. A member who is a deputy sheriff whose continuous membership began on or after July 1, 1995 and who meets the requirements for a normal pension shall receive an amount equal to two (2) percent of his final average salary multiplied by the number of his years of service as a deputy sheriff. Incumbents of positions of chief investigator or investigator authorized in the office of the district attorney shall receive the same pension benefit as a deputy sheriff. Incumbents of the positions of airport fire chief, assistant airport fire chief, and fire fighter shall receive an amount equal to one and one-half (1 1/2) percent of their final average salary multiplied by the number of years of service for all service in these classifications prior to January 1, 1999, and two (2) percent of their final average salary multiplied by the number of years of service in these classifications for all service after December 31, 1998.

(4) A member who is an elected official whose continuous membership began prior to January 1, 1982, and who meets the requirements for a normal pension, shall receive an amount equal to two and one-half (2 1/2) percent of his final average salary multiplied by the number of his years of service as an elected official. A member who is an elected official whose continuous membership began after January 1, 1982, and who meets the requirements for a normal pension, shall receive an amount equal to two (2) percent of his final average salary multiplied by the number of his years of service as an elected official. Regardless of when membership began, an elected official shall receive an amount equal to one and six-tenths (1.6) percent of his final average salary multiplied by the number of his years of service rendered on and after October 14, 2010 as an elected official.

(5) If a member has service in more than one (1) of the foregoing job capacities, his pension shall be the sum of the amounts computed by multiplying his final average salary by the product of the foregoing benefit percentage for each such capacity and his service in each such capacity.

(6) If a member has service in one (1) or more of the foregoing job capacities as well as service as an employe of the state who receives part of his wage or salary from the county, his pension for service shall be equal to two and one-half

(2 1/2) percent or two (2) percent respectively of his final average salary paid by the county multiplied by the number of years of service as an elected county or state official and two (2) percent or one and one-half (1 1/2) percent respectively multiplied by the number of years of service other than as an elected official.

(7) The pension payable to a member under the provisions of this section 5.1 shall not exceed eighty (80) percent of his final average salary increased by the post-retirement pension adjustment percentage in effect for each year of the member's continued employment after having accrued sufficient service to have become subject to the eighty (80) percent maximum percentage.

SECTION 4. Section 201.24(5.15) of the General Ordinances of Milwaukee County is amended as follows:

Section 5.15. Recruitment and retention incentive effective January 1, 2001.

The provisions of this section shall apply to all members of the employees' retirement system eligible to accrue pension service credit as of January 1, 2001, who are not represented by a collective bargaining unit and file an application for retirement after January 1, 2001. This section shall supersede any provisions of section 5.1 that may conflict with this section. The provisions of this section shall not apply to any member of the employees' retirement system who filed an application for retirement prior to January 1, 2001, which shall be effective on or after January 1, 2001. The provisions of this section shall not apply to members of the employees' retirement system who, as of January 1, 2001, are either eligible for a deferred vested retirement benefit under section 4.5 or are receiving a retirement benefit, unless such members return to a status eligible to accrue additional service credit on or after January 1, 2001. The provisions of this section shall not apply to years of service earned on or after January 1, 2010, by a member who, at the time the service is earned, is not covered by the terms of a collective bargaining agreement, nor shall this section apply to service credit earned on or after October 14, 2010 by a member who, at the time service is earned, is an elected official, nor shall this section apply to service credit earned on or after the effective date of sections 201.24(5.1)(2)(c) through (f).

(1) If membership in the employees' retirement system initially began on or after January 1, 1982, the following recruitment and retention incentives shall apply:

(a) Except for a non-represented deputy sheriff whose membership began prior to July 1, 1995, or whose appointment to a non-represented position was first effective after June 30, 2009, and elected officials whose membership began on or after March 15, 2002, all pension service credit earned on and after January 1, 2001, shall be credited in an amount equal to an additional 0.5 percent of the member's final average salary. For each year of service credit earned after January 1, 2001, eight (8) years of service credit earned prior to January 1, 2001, shall be credited at an additional 0.5 percent of the member's final average salary. The additional service credits under this section 5.15(1)(a) shall not apply

to any elected official whose membership began prior to March 15, 2002, if such elected official consents irrevocably in writing filed with the system to waive the right to receive such additional pension service credits.

(b) An employe shall not be eligible for a deferred vested pension if his/her employment is terminated prior to his/her completion of five (5) years of service.

(2) Retention incentive bonus. If initial membership in the employes' retirement system began prior to January 1, 1982, or July 1, 1995, for a nonrepresented deputy sheriff whose appointment to a non-represented position was first effective prior to July 1, 2009, at the time of retirement, the member shall have their final average salary increased by a bonus of seven and five-tenths (7.5) percent for each year of pension service credit earned after January 1, 2001. The maximum bonus that shall be added to an eligible member's final average salary shall not be more than twenty-five (25) percent. This provision shall not apply to a member of the employes' retirement system who became a member of the system prior to January 1, 1982, and as of January 1, 2001, is either eligible for a deferred vested benefit under section 201.24(4.5), or is receiving a pension benefit, unless such member returns to a status whereby the member is eligible to earn additional pension service credit on or after January 1, 2001. The retention incentive bonus under this section 5.15(2) shall not apply to any elected official who is otherwise eligible to receive such bonus if such elected official consents irrevocably in writing filed with the system to waive the right to receive such retention incentive bonus.

(3) Members who hold positions for which membership in the employes' retirement system is optional and opt for such membership, shall have pension service credit earned after January 1, 2001, credited at two (2) percent. However, such service credit shall not result in a multiplier increase for service credit earned prior to January 1, 2001, nor shall such service credit qualify the member for a retention incentive bonus.

The provisions of this section shall not apply to a member of the employes' retirement system who is either eligible for a deferred vested benefit under section 201.24(4.5), or is receiving a pension benefit as of January 1, 2001, unless such member returns to active county employment and is eligible to earn additional pension service credit under section 201.24.

Section 5. The provisions of this ordinance shall be effective upon passage and publication.

COUNTY OF MILWAUKEE
DAS – Division of Employee Benefits
 INTER-OFFICE COMMUNICATION

DATE : July 5, 2011

TO : Chairman Lee Holloway, County Board of Supervisors

FROM : Gerald J. Schroeder, Interim Director, Employee Benefits Division

SUBJECT : **Report from the Interim Director, Division of Employee Benefits, regarding the legislative changes impacting employee benefits for the Deputy Sheriffs Association and Firefighters union.**

Issue/Background

The State biennial budget (2011 Wisconsin Act 32) was enacted on June 26th. Under this legislation, the design and selection of health care coverage plans by the municipal employer for public safety employees, and the impact of the design and selection of the health care coverage plans on the wages, hours, and conditions of employment of the public safety employees became a prohibited subject of bargaining.

As the Deputy Sheriffs Association and the Milwaukee County Firefighters Association are working under a status quo continuation of their expired contracts, Act 32 allows Milwaukee County to modify health coverage for these two bargaining units without negotiation.

Requested Action

Consistent with established Board policy regarding other bargaining units, including AFSCME District Council 48, and the recommendation of the Employee Benefits Work Group, the Benefits Division requests authorization to implement, as soon as administratively feasible, the Milwaukee County 2010 Group Health Benefit Plan for active employed members of the Deputy Sheriffs Association and the Milwaukee County Firefighters Association. The Benefits Division also requests authorization to implement the Milwaukee County 2011 Group Health Benefit Plan for retired members of the Deputy Sheriffs Association and the Milwaukee County Firefighters Association. These changes are consistent with the policy set forth in the 2011 Adopted Budget.

The attached resolution includes amended language for Section 17.14 of the Milwaukee County General Code of Ordinances to apply the changes requested above. Upon approval, the anticipated effective date of both changes would be August 1st, 2011.

Attachments

Cc: County Executive Chris Abele
 George Aldrich, Chief of Staff, County Executive's Office
 Pat Farley, Director of Administrative Services
 John Jorgensen, Acting Corporation Counsel
 Fred Bau, Interim Director of Labor Relations
 Rick Ceschin, Senior Research Analyst, County Board
 Steve Cady, Fiscal and Budget Analyst, County Board
 Employee Benefits Workgroup
 Carol Mueller, Chief Committee Clerk
 Jodi Mapp, Personnel Committee Clerk

A RESOLUTION

To implement provisions of the 2010 and 2011 Adopted Budgets, Org. Unit 1972 – Wage and Benefit Modifications, for public safety worker collective bargaining units, as permitted by 2011 Wisconsin Act 32.

WHEREAS, the 2010 Adopted Budget for Org. Unit 1972 – Wage and Benefit Modifications, included wage, health and pension modifications for all employees, including increases in employee premium contributions and certain co-pay and deductible amounts under the Milwaukee County Group Health Benefit Plan, and

WHEREAS, these modifications were implemented in 2010 for non-represented employees (File No. 09-471), were implemented in 2011 for AFSCME employees (File No. 11-221) and are contained in collective bargaining agreements with some of the unions representing non-public safety county employees; and

WHEREAS, employees represented by the Deputy Sheriffs Association and the Milwaukee County Firefighters Association have been working under a status quo continuation of their expired collective bargaining agreements with Milwaukee County; and

WHEREAS, 2011 Wisconsin Act 32, the biennial budget, contains provisions that prohibit collective bargaining over the design and structure of health plan coverage for public safety employees, but retains collective bargaining with public safety unions over employee contribution to health care premiums; and

WHEREAS, with the implementation of these health plan changes, Milwaukee County will realize benefit savings; now, therefore,

BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby authorizes and directs the Department of Administrative Services to implement, as soon as administratively feasible, the Milwaukee County 2010 Group Health Benefit Plan for active employed and retired members of the Deputy Sheriffs Association and the Milwaukee County Firefighters Association, excepting the employee premium contributions:

BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors hereby amends Section 17.14 of the Milwaukee County Code of General Ordinances by adopting the following:

35 **AN ORDINANCE**

36 The County Board of Supervisors of the County of Milwaukee does ordain as
37 follows:

38 **SECTION 1.** Section 17.14(8) of the General Ordinances of Milwaukee County is
39 amended as follows:

40 **17.14. Employment definitions.**

41 (9) Milwaukee County Group Health Benefit Program for actively employed and retired
42 members represented by the Deputy Sheriffs Association and the Milwaukee County
43 Firefighters Association. Section 17.14(9) shall be effective for members of the Deputy
44 Sheriffs Association and the Milwaukee County Firefighters Association as soon as
45 administratively possible after July 28, 2011.

46 (a) Health and dental benefits shall be provided for in accordance with the terms and
47 conditions of the current plan document and the group administrative agreement for the
48 Milwaukee County Health Insurance Plan or under the terms and conditions of the
49 insurance contracts of a Managed Care Organization (HMO) approved by the county.

50 (b) All health care provided shall be subject to utilization review.

51 (c) Eligible employes may choose health benefits for themselves and their dependents
52 under a preferred provider organization (county health plan or PPO) or HMO approved
53 by the county.

54 (d) In the event an employe who has exhausted accumulated sick leave is placed on
55 leave of absence without pay status on account of illness, the county shall continue to
56 pay the monthly cost or premium for the PPO or HMO chosen by the employe and in
57 force at the time leave of absence without pay status is requested, if any, less the
58 employe contribution during such leave for a period not to exceed one (1) year. The one-
59 year period of limitation shall begin to run on the first day of the month following that
60 during which the leave of absence begins. An employe must return to work for a period
61 of sixty (60) calendar days with no absences for illness related to the original illness in
62 order for a new one-year limitation period to commence.

63 (e) Where both husband and wife are employed by the county, either the husband or
64 the wife shall be entitled to one (1) family plan. Further, if the husband elects to be the
65 named insured, the wife shall be a dependent under the husband's plan, or if the wife
66 elects to be the named insured, the husband shall be a dependent under the wife's plan.
67 Should neither party make an election the county reserves the right to enroll the less
68 senior employe in the plan of the more senior employe. Should one (1) spouse retire
69 with health insurance coverage at no cost to the retiree, the employed spouse shall
70 continue as a dependent on the retiree's policy, which shall be the dominant policy.

71 (f) Coverage of enrolled employes shall be in accordance with the monthly enrollment
72 cycle administered by the county.

73 (g) Eligible employes may continue to apply to change their health plan to one (1) of the
74 options available to employes on an annual basis. This open enrollment shall be held at
75 a date to be determined by the county and announced at least forty-five (45) days in
76 advance.

77 (h) The county shall have the right to require employes to sign an authorization enabling
78 non-county employes to audit medical and dental records. Information obtained as a
79 result of such audits shall not be released to the county with employe names unless
80 necessary for billing, collection, or payment of claims.

81 (i) Amendments to the Public Health Service Act applies federal government (COBRA)
82 provisions regarding the continuation of health insurance to municipal health plans.
83 Milwaukee County, in complying with these provisions, shall collect the full premium from
84 the insured, as allowed by law, in order to provide the continued benefits.

85 (j) The county reserves the right to establish a network of providers. The network shall
86 consist of hospitals, physicians, and other health care providers selected by the county.
87 The county reserves the right to add, modify or delete any and all providers under the
88 network.

89 (k) All eligible employes enrolled in the PPO shall have a deductible equal to the
90 following:

91 (1) The in-network deductible shall be two hundred fifty dollars (\$250.00) per
92 insured, per calendar year; seven hundred fifty dollars (\$750.00) per family, per
93 calendar year.

94 (2) The out-of-network deductible shall be five hundred dollars (\$500.00) per
95 insured, per calendar year; one thousand five hundred dollars (\$1,500.00) per
96 family, per calendar year.

97 (l) All eligible employes and/or their dependents enrolled in the PPO shall be subject to
98 a twenty-dollar (\$20.00) in-network office visit co-payment or a forty-dollar (\$40.00) out-
99 of-network office visit for all illness or injury related office visits. The in-network office
100 visit co-payment shall not apply to preventative care which includes prenatal, baby-
101 wellness, and physicals, as determined by the plan

102 (m) All eligible employes and/or their dependents enrolled in the PPO shall be subject
103 to a co-insurance co-payment after application of the deductible and/or office visit co-
104 payment.

105 (1) The in-network co-insurance co-payment shall be equal to ten (10) percent
106 of all charges subject to the applicable out-of-pocket maximum.

107 (2) The out-of-network co-insurance co-payment shall be equal to thirty (30)
108 percent of all charges subject to the applicable out-of-pocket maximum.

109 (n) All eligible employes enrolled in the PPO shall be subject to the following out-of-
110 pocket expenses including any applicable deductible and percent co-payments to a
111 calendar year maximum of:

- 112 (1) Two thousand dollars (\$2,000.00) in-network under a single plan.
- 113 (2) Three thousand five hundred dollars (\$3,500.00) in-network under a family
114 plan.
- 115 (3) Three thousand five hundred dollars (\$3,500.00) out-of-network under a
116 single plan.
- 117 (4) Six thousand dollars (\$6,000.00) out-of-network under a family plan.
- 118 (5) Office visit co-payments are not limited and do not count toward the
119 calendar year out-of-pocket maximum(s).
- 120 (6) Charges that are over usual and customary do not count toward the
121 calendar year out-of-pocket maximum(s).
- 122 (7) Prescription drug co-payments do not count toward the calendar year out-of-
123 pocket maximum(s).
- 124 (8) Other medical benefits not described in (q)(5), (6), and (7) shall be paid by
125 the health plan at one hundred (100) percent after the calendar year out-of-
126 pocket maximum(s) has been satisfied.
- 127 (o) All eligible employees and/or their dependents enrolled in the PPO shall pay a one
128 hundred dollar (\$100.00) emergency room co-payment in-network or out-of-network. The
129 co-payment shall be waived if the employe and/or their dependents are admitted directly
130 to the hospital from the emergency room. In-network and out-of-network deductibles and
131 co-insurance percentages apply.
- 132 (p) All eligible employees and/or their dependents enrolled in the PPO or HMO shall pay
133 the following for a thirty (30) day prescription drug supply at a participating pharmacy:
- 134 (1) Five dollar (\$5.00) co-payment for all generic drugs.
- 135 (2) Twenty dollar (\$20.00) co-payment for all brand name drugs on the
136 formulary list.
- 137 (3) Forty dollar (\$40.00) co-payment for all non-formulary brand name drugs.
- 138 (4) Non-legend drugs may be covered at the five dollar (\$5.00) generic co-
139 payment level at the discretion of the plan.
- 140 (5) The plan shall determine all management protocols.
- 141 (q) All eligible employees and/or their dependents enrolled in the HMO shall be subject
142 to a ten-dollar (\$10.00) office visit co-payment for all illness or injury related office visits.
143 The office visit co-payment shall not apply to preventative care. The county and/or the
144 plan shall determine preventative care.

145 (r) All eligible employees and/or their dependents enrolled in the HMO shall pay a one-
146 hundred-dollar (\$100.00) co-payment for each in-patient hospitalization. There is a
147 maximum of five (5) co-payments per person, per calendar year.

148 (s) All eligible employees and/or their dependents enrolled in the HMO shall pay fifty (50)
149 percent co-insurance on all durable medical equipment to a maximum of fifty dollars
150 (\$50.00) per appliance or piece of equipment.

151 (t) All eligible employees and/or their dependents enrolled in the HMO shall pay a one
152 hundred dollar (\$100.00) emergency room co-payment (facility only). The co-payment
153 shall be waived if the employee and/or their dependents are admitted to the hospital
154 directly from the emergency room.

155 (u) The health plan benefits for all eligible employees and/or their dependents for the in-
156 patient and out-patient treatment of mental and nervous disorders, alcohol and other
157 drug abuse (AODA) will be consistent with the mandates of the Federal mental health
158 parity act.

159 (v) Each calendar year, the county shall pay a cash incentive of five hundred dollars
160 (\$500.00) per contract (single or family plan) to each eligible employee who elects to dis-
161 enroll or not to enroll in a PPO or HMO. Any employee who is hired on and after January
162 1, and who would be eligible to enroll in health insurance under the present county
163 guidelines who chooses not to enroll in a county health plan shall also receive five
164 hundred dollars (\$500.00). Proof of coverage in a non-Milwaukee County group health
165 insurance plan must be provided in order to qualify for the five hundred dollars (\$500.00)
166 payment. Such proof shall consist of a current health enrollment card.

167 (1) The five hundred dollars (\$500.00) shall be paid on an after tax basis. When
168 administratively possible, the county may convert the five hundred dollars
169 (\$500.00) payment to a pre-tax credit which the employee may use as a credit
170 towards any employee benefit available within a flexible benefits plan.

171 (2) The five hundred dollars (\$500.00) payment shall be paid on an annual
172 basis by payroll check no later than April 1 of any given year to qualified
173 employees on the county payroll as of January 1. An employee who loses his/her
174 non-county health insurance coverage may elect to re-join the county health
175 plan. The employee would not be able to re-join an HMO until the next open
176 enrollment period. The five hundred dollars (\$500.00) payment must be repaid in
177 full to the county prior to coverage commencing. Should an employee re-join a
178 health plan he/she would not be eligible to opt out of the plan in a subsequent
179 calendar year.

180 (w) The provisions of C.G.O. 17.14(8) shall not apply to seasonal and hourly employees.
181 An hourly employee shall be considered to be one who does not work a uniform period of
182 time within each pay period and shall include an employee who works a uniform period of
183 time of less than twenty (20) hours per week.

184 (x) The provisions of 17.14(8) shall apply to employees on an unpaid leave of absence
185 covered by workers compensation.

186 (109) *County dental benefit plan and dental maintenance organizations.* Employees who
187 are eligible for group hospital and medical benefits under the provisions of subsections (7),
188 ~~or subsection~~ (8) and (9) of this section shall also be entitled to dental benefits upon
189 application in accordance with enrollment procedures established by the county, except
190 that retired members of the county retirement system shall not be eligible for dental benefit
191 coverage. Eligible employees may enroll in the county dental benefit plan (fee for service) or
192 a dental maintenance organization approved by the county.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 07/13/2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Change in Health Care Plan provisions for 2011 for Represented or Retired Represented Deputy Sheriffs and Firefighters

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	(-69,400)	(-166,560)
	Revenue		
	Net Cost	(-69,400)	(-166,560)
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The County Board is being requested to authorize, by resolution, a change in the health care benefits for active members of the Deputy Sheriffs Association and Firefighters union, and retired members formerly represented by the Deputy Sheriffs Association and the Firefighters Union. The State Budget for 2011 - 2013 included a change that bars the municipal employee from bargaining on the design and selection of health care coverage plans for public safety unions, and the impact of that plan design on the wages and hours and conditions of employment of the public safety employee. As a result, the County is proposing changes to health care provisions currently in place under the union contract with the two unions, and is transferring the health care provisions to County Ordinance. In addition, health care changes have been made to the currently contract health provisions to make them comparable to health care changes that were recently made for AFSCME DC-48 by resolution. Per a reading of the underlying background, employee health care premiums, are still a negotiable item, and therefore no change is being proposed for the health care employee premiums.

B. Based on the health care changes proposed, as included in the resolution and change in ordinance, the County would save \$69,400 in 2011 for the remaining five months of 2011 and \$166,560 for 2012 based on a full year of savings. Attached to this fiscal note is a summary of the plan changes that are being proposed, as included in the resolution. The savings due to changes for active and retired Firefighters is \$1,680 and \$1,930, respectively for 2011 and \$4,050 and \$4,600 for 2012, respectively. The savings due to changes for active and retired Deputy Sheriffs is \$18,290 and \$47,500, respectively for 2011 and \$43,910 and \$114,000 for 2012, respectively. The 2012 dollar amount is based on the health plan changes that are proposed in

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

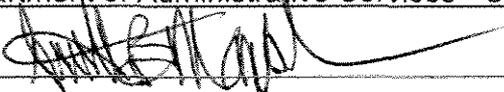
the related resolution. If separate health changes are proposed for 2012 as part of the 2012 budget or in a separate resolution, the savings for 2012 will increase from the amount reported.

C. The savings for 2011 will be used to offset anticipated savings that were originally budgeted in org unit 1972, and then allocated as savings to departments. The County budget had anticipated that the retiree savings would begin as of January 1, 2011. The active employee savings were anticipated to be in place as of January 1, 2011, with an offset for not achieving these savings of furlough days. However, since the two unions are public safety unions, they were both exempted from taking furlough days for 2011. For 2012, the savings will be used to offset anticipated costs increases in health care costs.

D. The cost estimates for health care were based on the overall health care population for Milwaukee County. Taking anticipated results for the entire County and narrowing the impact to the two unions will generally result in an error both plus and minus from the figures stated in this fiscal note. In other words, the actual results may not reflect the projected results used in this fiscal note.

Department/Prepared By Department of Administrative Services - Scott B. Manske

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Fire Fighters Union Impact of Health Care Changes Proposed			2011	2012
Healthcare Plan	Employee Premium Change	Active	N/A	N/A
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Active	1,200	2,890
Healthcare Plan	Increase PPO deductibles	Active	30	80
Healthcare Plan	Increase out-of-pocket maximum	Active	30	80
Healthcare Plan	\$100 emergency room co-pay	Active	420	1,000
Active Members Fire Fighters Union			1,680	4,050
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Retiree	1,250	3,000
Healthcare Plan	Increase PPO deductibles	Retiree	130	300
Healthcare Plan	Increase out-of-pocket maximum	Retiree	130	300
Healthcare Plan	\$100 emergency room co-pay	Retiree	420	1,000
Retired Members Fire Fighters Union			1,930	4,600
Total Savings by Year			3,610	8,650

Deputy Sheriffs Union Impact of Health Care Changes Proposed			2011	2012
Healthcare Plan	Employee Premium Change	Active	N/A	N/A
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Active	8,910	21,390
Healthcare Plan	Increase PPO deductibles	Active	1,250	3,000
Healthcare Plan	Increase out-of-pocket maximum	Active	1,250	3,000
Healthcare Plan	\$100 emergency room co-pay	Active	6,880	16,520
Active Members Deputy Sheriffs Union			18,290	43,910
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Retiree	33,330	80,000
Healthcare Plan	Increase PPO deductibles	Retiree	4,500	10,800
Healthcare Plan	Increase out-of-pocket maximum	Retiree	4,500	10,800
Healthcare Plan	\$100 emergency room co-pay	Retiree	5,170	12,400
Retired Members Deputy Sheriffs Union			47,500	114,000
Total Savings by Year			65,790	157,910

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Calculated Savings for the Reprsented Members - both ac		2011	2012
Firefighters	Active	1,680	4,050
	Retirees	1,930	4,600
Deputy Sheriffs	Active	18,290	43,910
	Retirees	47,500	114,000
Total Savings by year		69,400	166,560

		Firefighters	Deputy Sheriffs
Single	Active	6.0	76.0
Family	Active	12.0	271.0
Total	Active	18.0	347.0
Members incl family	Active	51.0	1,030.0

	2010	2010
Health Costs	252,700	5,326,000
Copays/Deductibles	7,500	97,400.0
Premiums	12,600	294,600.0
Net Health Costs	232,600	4,934,000
Employee Cost Share	20,100	392,000
Pcntg Employee Share	8.0%	7.4%
After Change		
Employee Cost Share	24,150	435,910
Pcntg Employee Share	9.6%	8.2%

Single	Retirees	1.00	92.00
Family	Retirees	12.00	256.00
Enrollees	Retirees	13.00	348.00
Members	Retirees	26.00	690.00

	2010	2010
Health Costs	34,120	2,084,600
Copays/Deductibles	6,220	131,900.0
Premiums	-	-
Net Health Costs	27,900	1,952,700
Employee Share	6,220	131,900
Pcntg Employee Share	18.2%	6.3%
After Change		
Employee Share	10,820	245,900
Pcntg Employee Share	31.7%	11.8%

Action Required
 Finance Committee
 County Board (2/3 Vote)

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2011 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>1160 – DAS – Information Management Services Division</u>		
6147 – Professional Services – Data Processing		\$190,272
7915 – Computer Software		217,124
6637 – R/M Computer Equipment		209,000
7977 – Minor DP Equipment		209,000
2299 – Other State Grants and Reimbursement	\$816,396	

The Interim Chief Information Officer is requesting a transfer to recognize additional revenue and to increase expenditure authority relating to IMSD services to the State of Wisconsin. IMSD has been providing support services by contract to the State of Wisconsin in its operation of the Economic Support Division (ESD) since 2010. The 2011 Adopted Budget did not include a contract with the State because at the time the County budget was finalized a lease between the County and the State was still in negotiation.

The 2011 contract specifies a payment of \$5.50 per phone extension and dedicates three IMSD contract staff to support ESD State operations. Among other expenses, the 2011 contract calls for:

- maintenance of the 10 gig connection to the building that was installed using 2010 funds.
- business continuity applications such as Site Recover Manager, which automates recovery of a corrupted server, at a cost of \$60,000.
- An upgrade in the licenses for Active Directory (which controls access to servers and applications) for all county users.

This fund transfer recognizes the payment to the County for continued IMSD services and the related expense through December 31, 2011.

No tax levy impact results from this fund transfer.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
2) <u>2911 Alternatives to Incarceration</u>		
2699 – Federal Grant Reimbursement	\$100,000	
6148 – Professional Services		\$100,000

The Chief Judge is requesting a fund transfer of \$100,000 to increase expenditure authority on the universal screening project.

The 2011 Adopted Budget allocated \$250,000 to a universal screening pilot program. The program will assist in determining the risks and needs of individuals prior to their first court hearing. The information that is obtained from the program will assist in determining which individuals are better suited for diversion and/or alternatives to incarceration. The County Board approved a contract with Justice 2000 in the February 2011 cycle in the amount of \$250,000.

Combined Court Related Operations was awarded a grant from the Office of Justice Assistance to provide an additional \$100,000 towards the universal screening pilot program. Courts will increase the contract with Justice 2000 by \$100,000.

There is no tax levy impact from this transfer.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
3) <u>5700 – DTPW Facilities Management</u>		
6706 – R/M by Professional Services		\$40,899
8502 – Major Maint Bldg (Exp)		38,543
2450 – ARRA Revenues	\$79,442	

A fund transfer of \$79,442 is being requested by the Director of Transportation and Public Works to increase revenue and expenditure authority related to funding received under the American Recovery and Reinvestment Act (ARRA) for energy efficiency projects at various County facilities.

The grant, which totaled \$732,400, was received by Milwaukee County as part of an Energy Efficiency and Conservation Block Grant (EECBG) from the U.S. Department of Energy. The funds, which require no local match, were to be used for projects that would improve energy efficiency at various County facilities, including:

- The Courthouse
- The Milwaukee County Museum
- Mitchell International Airport
- Behavioral Health Division
- Washington Senior Center
- Wilson Senior Center
- Milwaukee County Research Park

The projects mainly included updated, energy efficient lighting and installation of variable speed controls for the Courthouse heating and cooling systems. The projects have been completed in accordance with the grant’s June 30 deadline. The entire grant amount was received in 2010 but a final payment of \$79,442 was not accrued and carried over before the end of the fiscal year. This fund transfer would recognize the receipt of the final amount and provide expenditure authority for the remainder of the project. There is no tax levy impact from this transfer.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

			<u>From</u>	<u>To</u>
4)	<u>7964- Eligibility Screening</u>			
	2299	A5RC Other State Grants & Reimbursement	\$155,000	
	6149	0000 Prof. Serv. – Nonrecur Oper		\$ 12,416
	2255	0000 Social Serv – Purchase		142,584
	<u>7973- Protective Services</u>			
	2255	A5BA Social Serv – Purchase	\$220,000	
	8123	A5CD Purchase of Service		\$220,000

A transfer of \$375,000 is requested by the Director, Department on Aging to recognize the receipt of revenue and to realign expenditures and revenues within the department.

On December 16, 2010, the County Board adopted resolution File No. 10-413, authorizing the County Executive to execute a contract with the Wisconsin Department of Health Services (WDHS) to enable the Milwaukee County Department on Aging to serve as the Aging Resource Center of Milwaukee County under Family Care for the period of January 1 through December 31, 2011, and to accept revenues and all increases in allocations during the contract year that WDHS may award to operate the Resource Center during the contract year.

On that same day, the County Board adopted resolution File No. 11-33(a) authorizing the County Executive to carry out the Department on Aging’s 2011 State and County contract covering administration of social services

and Community programs- Aging Programs. The County Executive is authorized to accept federal and state revenues including any and all increases in allocations during the contract year.

This transfer establishes revenue and expenditure authority of \$155,000 in the Resource Center due to an increase in the Resource Center Grant Allocation and \$77,416 in Protective Services due to an increase in Base Community Aids (BCA) for a total revenue increase of \$232,416.

Of the total increase in the Resource Center, \$12,416 will be used to cover the costs of temporary employees as the hiring process for Human Service Workers is being completed. Since the department received additional revenue from the resource center grant allocation that offset administrative and operational costs, this freed up \$142,584 in BCA funds. This transfer will move the remaining \$142,584 of BCA funds in the Resource Center and establish expenditure and revenue authority in Protective Services. With the increased demand for emergency one-time services for wats reviews and corporate guardianships, expenditures increased \$220,000 in Protective Services. This expense will be offset by BCA revenue of \$142,584 and \$77,416.

Approval of this transfer will result in a \$0 tax levy impact.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
5) <u>8440- Income Maintenance Payments</u>		
6816 – MA Transportation Payments		850,000
2255 – Social Services Purchase	850,000	

A transfer of \$850,000 is requested by the Interim-Director, Department of Health and Human Services to recognize increased revenue and associated expenditures related to the Medical Assistance (MA) Transportation Program in the Economic Support Division.

DHHS has been processing MA transportation payments from common carrier vendors for the state since its takeover in 2010. The department is reimbursed by the State for the transportation payments and the associated staff costs. In July 2011, the operation of the transportation broker program is expected to begin and DHHS will no longer need to process these payments. However, DHHS will continue to process payments for services provided on or before June 30, 2011, as vendors have up to a year to submit invoices from the date of service.

The 2011 budget included expenditures of \$6 million for MA transportation services. Through May of 2011, invoices have totaled \$4.6 million and average \$900,000 a month. The remaining expenditures for June to December are expected to be \$2,250,000 resulting in an increase of \$850,000. This fund transfer recognizes additional revenue and establishes associated appropriations to meet the projected year-end budget of \$6.85 million.

Approval of this transfer will result in a \$0 tax levy impact.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

Action Required
 Finance Committee
 County Board (2/3 Vote)

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2011 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>3010 – Election Commission</u>		
5199 – Salaries and Wages		\$ 3,061
6403 – Ballots and Election Services		8,500
6502 – Equipment Rental		2,323
6999 – Sundry Services		1,987
8124 – Miscellaneous Service Charges		70,287
<u>1945 – Appropriation for Contingency</u>		
8901 – Appropriation for Contingencies	\$86,158	

A transfer in the amount of \$86,158 is being requested by the Department Administrator of the Election Commission to increase the appropriations relating to the 2011 statewide recount of the April 5, 2011 election for the office of Justice of the Supreme Court.

In accordance with Wisconsin Statute Sec. 5.68(2) and 7.03(1)(bm), Milwaukee County is responsible for all election related costs for County, State and Federal elections. Each municipality provided its own poll workers to assist in the recount and subsequently submitted a list of expenses to the Election Commission. This transfer allows for sufficient appropriations to reimburse the municipalities for their costs. This transfer also funds service charges incurred by the Election Commission relating to rental of barricades and other items, transportation of ballots, programming costs, and salary expenses for hourly Election Clerks.

Other County Departments also incurred costs relating to the recount, specifically:

- The Parks Department provided the Sports Authority as a venue for the recount and provided food, including coffee, soda, snacks, and box lunches. Total costs incurred by the Parks Department are estimated at \$19,560.
- The Department of Transportation and Public Works (DTPW) moved ballots and equipment for the recount. Its costs are estimated at \$2,200.
- Sheriff's Deputies provided security for the recount effort. The security cost, based on an overtime rate for all deputies involved, totals \$79,923.

The DTPW, Parks and the Sheriff have indicated that the costs related to the recount can be covered by existing 2011 departmental appropriations.

Including expenses of municipalities, County Departments, and vendors, the total cost of the 2011 statewide recount is \$187,841.

There is no tax levy impact from this transfer.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

Action Required
Finance Committee
County Board (Majority Vote)

WHEREAS, your committee has received from the Department of Administrative Services, Fiscal Affairs, departmental requests for transfer to the 2011 capital improvement accounts and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2011 capital improvement appropriations:

	<u>From</u>	<u>To</u>
1) <u>WA17501 C Concourse Checkpoint Expansion</u>		
8509 – Other Building Improvement (CAP)		\$393,262
6149 – Prof. Serv. Non-recurring Operations		39,369
9706 – Prof. Serv. Div. Services		39,369
4707 – Contribution from Reserves	\$472,000	

An appropriation transfer of \$472,000 is requested by the Director of the Department of Transportation and Public Works (DTPW) to create expenditure authority and revenue for Project WA17501 C Concourse Checkpoint Expansion.

General Mitchell International Airport (GMIA) has experienced a substantial increase in passenger traffic over the last two years. This has caused periods of significant wait times in the security checkpoint lines in the C Concourse. With the recent acquisition by Southwest Airlines of AirTran Airlines, Southwest Airlines intends to move from their current preferential gates on the D Concourse to the C Concourse. In 2010, Southwest had 392,000 passengers and they are planning on adding additional seats in the future. The move of Southwest will further exacerbate periods of already significant wait times at the security checkpoints in the C Concourse.

This appropriation transfer will provide \$472,000 from the Airport Development Fund in order to remodel the C Concourse TSA checkpoint to allow for a 5th checkpoint lane. The additional checkpoint lane will alleviate long wait times during periods of high traffic. With the approval of this appropriation transfer, construction is anticipated to begin in October. As of July 5 2011, the balance of the Airport development fund is \$764,706.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
2) <u>WH01005 West College Avenue (51st to 27th)</u>		
6146 – Professional Services- Capital/Major Maintenance		\$1,623,894
2299 – Other State Grants and Reimbursement	\$798,831	
<u>WH01009 West Hampton Avenue (124th to 92nd)</u>		
8530 – Roadway Planning and Construction-(CAP)	\$1,373,152	
9706 – Professional Division Services	76,658	
6146 – Professional Services- Capital/Major Maintenance	2,862	
2299 – Other State Grants and Reimbursement		\$888,668
<u>WH02005 West Oklahoma Avenue (108th to 76th)</u>		
6146 – Professional Services- Capital/Major Maintenance	\$261,059	

An appropriation transfer of \$1,623,894 is requested by the Director of the Department of Transportation and Public Works (DTPW) to increase expenditure authority and revenue for Project WH01005 West College Avenue (51st to 27th), to decrease expenditure authority and revenue for Project WH01009 West Hampton Avenue (124th to 92nd), and to decrease expenditure authority for Project WH02005 W. Oklahoma Avenue (108th to 76th).

The 2010 Adopted Budget included \$2,100,000 for the design phase of the reconstruction of Project WH01005 West College Avenue (51st to 27th). In February 2011, Milwaukee County was informed by the Wisconsin Department of Transportation that the West College Avenue reconstruction project was not approved for the 2011-2014 funding cycle of the Surface Transportation Program (STP). Assuming that the project was selected for STP funds for the 2015-2017 funding cycle construction would not begin until 2019 or 2020. A March 2011 appropriation reallocated \$2,037,166 from the West College Avenue Project since STP funds were no longer available. This July 2011 appropriation transfer provides funding to Project WH01005 West College Avenue (51st to 27th) in order to perform base patching, milling, and overlaying. This work will extend the life of the existing pavement by eight to ten years until STP funding becomes available.

The 2008 Budget included \$4,092,690 for the rehabilitation of West Hampton Avenue (124th to 92nd). Work on the project has been completed and the project has an estimated surplus of \$564,000. This July 2011 appropriation transfer will reallocate this funding to West College Avenue.

A March 2011 appropriation transfer provided \$6,920,000 for the construction phase of rehabilitation of West Oklahoma Avenue (108th to 76th). Subsequent to the appropriation transfer construction bids have been received. These bids came in lower than anticipated. The estimated cost for the construction is \$4,550,000. Therefore, \$261,059 is being reallocated from West Oklahoma Avenue to West College Avenue

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
3) <u>WH08003 Lake Park Bridge over Drainage Ravine</u>		
6146 – Professional Services- Capital/Major Maintenance		\$902,549
2699 – Other Fed Grants and Reimbursement	\$722,039	
<u>WH01007 South 13th Street (Rawson to College)</u>		
8529 – Utility Relocation-(CAP)	\$902,549	
2699 – Other Fed Grants and Reimbursement		\$722,039

An appropriation transfer of \$902,549 is requested by the Director of the Department of Transportation and Public Works (DTPW) to increase expenditure authority and revenue for Project WH08003 Lake Park Bridge over Drainage Ravine and decrease expenditure authority and revenue for Project WH01007 South 13th Street (Rawson to College).

The 2009 Adopted Budget included \$1,000,000 for the construction phase of the rehabilitation of the Lake Park Bridge. The construction bids for the rehabilitation were higher than anticipated due to the complexity of the restoration process and techniques required. This appropriation transfer will provide \$902,549 of additional expenditure authority. Financing is being provided from the reallocation of existing Surface Transportation Program (STP) funding and existing general obligation bonds from Project WH01007 South 13th Street.

The 2009 Budget included \$6,000,000 for the reconstruction of South 13th Street (Rawson to College). Prior to 2009, over \$2 million had been budgeted in prior phases for design and right-of-way. The reconstruction is 50% completed, and will be complete by the end of the year. The Department of Transportation and Public Works projects that savings of approximately \$2 million are available. This appropriation transfer will reallocate \$902,549 of expenditure authority from Project WH01007 South 13th Street (Rawson to College) to Project WH08003 Lake Park Bridge over Drainage Ravine.

There is also an appropriation transfer for the July 2011 cycle to reallocate \$707,955 in expenditure authority and \$566,364 in STP funding for Project WH08004 Kinnickinnic Parkway Bridge. If both appropriation transfers are approved there will be approximately \$400,000 in savings remaining.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
4) <u>WH08004 Kinnickinnic River Parkway Bridge</u>		
8530 – Roadway Planning & Construction		\$707,955
2699 – Other Fed Grants and Reimbursement	\$566,364	
<u>WH01007 South 13th Street (Rawson to College)</u>		
8529 – Utility Relocation-(CAP)	\$707,955	
2699 – Other Fed Grants and Reimbursement		\$566,364

An appropriation transfer of \$707,955 is requested by the Director of the Department of Transportation and Public Works (DTPW) to increase expenditure authority and revenue for Project WH08004 Kinnickinnic (KK) Parkway Bridge and decrease expenditure authority and revenue for Project WH01007 South 13th Street (Rawson to College).

The 2009 Adopted Budget included \$1,300,000 for the construction phase of the rehabilitation of the KK Parkway Bridge. The July 2011 appropriation transfer of \$707,955 is being requested since construction bids came in higher than anticipated Financing is being provided from the reallocation of existing Surface Transportation Program (STP) funding and existing general obligation bonds from Project WH01007 South 13th Street.

The 2009 Budget included \$6,000,000 for the reconstruction of South 13th Street (Rawson to College). Prior to 2009, over \$2 million had been included in prior phases of the budget for design and right-of-way. The reconstruction is 50 % completed, and will be complete by the end of the year. The Department of Transportation and Public Works projects that savings of approximately \$2 million are available. This appropriation transfer will reallocate \$707,955 of expenditure authority from Project WH01007 South 13th Street (Rawson to College) to Project WH08008 Kinnickinnic Parkway Bridge.

There is also an appropriation transfer for the July 2011 cycle to reallocate \$902,549 in expenditure authority and \$722,039 in STP funding for Project WH08003 Lake Park Bridge over Drainage Ravine. If both appropriation transfers are approved there will be approximately \$400,000 in projected savings remaining.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
5) <u>WJ05801 Metasys Extended Architecture System</u>		
8509 – Other Building Improvement (CAP)		\$56,557
<u>WJ04601 Replace HVAC Rooftop Unit- Surgis Center</u>		
8509 – Other Building Improvement (CAP)	\$56,557	

An appropriation transfer of \$56,557 is requested by the Office of the Sheriff to increase expenditure authority for Project WJ05801 Metasys Extended Architecture System and decrease expenditure authority for Project WJ04601 Replace HVAC Rooftop Unit- Surgis Center.

The 2009 Adopted Budget included \$101,000 for the replacement of the HVAC Rooftop Unit- Surgis Center. The HVAC unit at the Surgis Center was originally installed in 1988 and is now 23 years old. The unit is used to provide heat and air conditioning to the area of the HOC that contains the classrooms for Franklin Public Schools, Milwaukee Area Technical College and Wisconsin Community Service. There is a projected surplus of \$65,000 for the project. In order for the HVAC to function it needs to be connected to the existing Metasys PMI System.

The Metasys System is a computer system that controls all of the air-handling units at the South facility. The current system is no longer functioning and a Time and Material contractor has been brought in to manually monitor the air-handling units. The Metasys System is supposed to turn off the air-handling unit once a smoke detector is set up to stop from circulating the smoke within the dorms. There is a concern that while there is still control over the smoke detectors in the rooms, the linkage between the smoke detectors and the air-handling units may not be functioning and smoke may circulate within the dorms.

This appropriation transfer will provide Project WJ05801 Metasys Extended Architecture System with \$56,557 of expenditure authority so that the Metasys System can be replaced. Both the Metasys System and the HVAC Roof Top Unit at the Surgis Center will be replaced by October 2011.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

Action Required
 Finance Committee

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2011 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>1120 – Personnel Review Board</u>		
5199 – Salaries	\$28,560	
6050 – Contract Personal Services – Short		\$28,560

The Executive Secretary of the Personnel Review Board (PRB) is requesting authorization to transfer appropriations from salary savings to fund a contract for temporary help. Upon the vacancy of a staff position, the Executive Secretary has developed a revised staffing plan for the PRB and Ethics functions. This plan has been included in the 2012 Budget Request and will be evaluated as part of the budget process. This transfer funds a temporary help contract for the remainder of 2011.

There is no tax levy impact from this transfer.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
2) <u>1152 – DAS - Procurement</u>		
5199 – Salaries	\$21,462	
5312 – Social Security	1,938	
6050 – Contract Personal Services – Short		\$23,400

The Procurement Administrator is requesting the transfer of \$23,400 in appropriations from salaries and social security to fund temporary help.

The 2011 Adopted Budget for DAS – Procurement abolished a vacant Administrative Assistant position and transferred into the Division 0.5 FTE of a Clerical Assistant 2. The Clerical Assistant 2 was to be shared between DAS – Procurement and DAS – Fiscal. Due to administrative and organizational difficulties, the job sharing plan has not been implemented and Procurement has retained contract temporary help services. This transfer is necessary to fund temporary help for DAS – Procurement through the end of 2011.

There is no tax levy impact from this transfer.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

	<u>From</u>	<u>To</u>
3) <u>8361- Resource Center</u>		
6050 – Contract Pers Serv-Short		\$88,000
6147 – Prof. Serv- Data Process		42,000
<u>8306- DSD Clerical</u>		
6050 – Contract Pers Serv-Short		\$40,000
<u>8323- Remaining DSD Services</u>		
8132 – Purchase of Service	\$170,000	

A transfer of \$170,000 is requested by the Interim Director, Department of Health and Human Services (DHHS) to reflect actual costs for services in the Disabilities Services Division (DSD).

DSD’s contract with the State Department of Health Services for the Disabilities Resource Center (DRC) requires certain timelines, performance standards and reporting requirements that govern all aspects of the DRC. Due to a significant number of retirements that the division has experienced this year, staff is limited. In order to maintain the requirements of the State/County contract, the division has hired temporary help in the DRC and the DSD Clerical Unit to assist until the hiring process is complete. The total projected cost of the temp help is \$128,000.

In addition, the division has issued a \$42,000 professional service contract to develop the MIDAS system for use in the DRC. MIDAS is a database that tracks client information and case management and is also used by the Aging Resource Center. The vendor will conduct a gap analysis and determine the business needs of the DRC.

The total cost of \$170,000 will be offset by unexpended funds for a contract related to State Center Charges. In the past, DSD funded State Center services for individuals with developmental disabilities. With the implementation of Family Care, the division is no longer required to provide funding for these services.

This transfer would realign expenditures within the department. Approval of this transfer will result in a \$0 tax levy impact.

TRANSFER SUBMITTED TO THE COUNTY EXECUTIVE 7/18/11.

2011 BUDGETED CONTINGENCY APPROPRIATION SUMMARY

2011 Budgeted Contingency Appropriation Budget \$8,650,000

Approved Transfers from Budget through June 23, 2011

1950 - Acturial Services for Pension Related Matters (File No. 11-136/11-142)	\$	(50,000)
4000 - Unspent 2011 Funds Allocated for the WI Comm Svcs Contract (File No. 11-12(a)(a)/11-150)	\$	291,135
3010 - 2011 Special Election	\$	(67,500)

Unallocated Contingency Balance June 23, 2011 \$ 8,823,635

Transfers Pending in Finance & Audit Committee through 07/21/11

3010 - 2011 Statewide Recount of the April 5, 2011 Election for the Office of Justice of the Supreme Court	\$	(86,158)
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Total Transfers Pending in Finance & Audit Committee \$ (86,158)

Net Balance \$ 8,737,477

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**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : July 13, 2011

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

FROM : Scott B. Manske, Controller

SUBJECT: **Update of 2010 Fiscal Status**

As requested by the Finance and Audit Committee, the Department of Administrative Services (DAS) is providing *a final estimate* of the County's 2010 year-end fiscal position. In an updated report submitted to the Committee in February 2011, DAS provided a projection of County's year-end deficit which was approximately a (\$2.0) million deficit. This estimate was based upon financial information from September 2010, adjusted for known changes through year-end.

Based upon a review of the County's financial status to-date, we are currently estimating a breakeven for 2010. Any surplus will be placed into a reserve and will be used to offset the budget requests for 2012. The 2009 surplus reported to the County Board was \$4,144,000. The 2009 surplus was used to offset budget appropriations for 2011. A decrease in the surplus between years will increase the need for additional funding or cuts in appropriations for the 2012 budget.

Various changes have occurred to financial numbers that were previously reported to the County Board. Attachment A provides the surplus (deficit) projection of major departments compared to the previous projection provided to the County Board.

This is a final estimate but should not be considered to be the final results for 2010. We are at the last stage of the audit process, so the number should not see any significant variances.

Committee Action: This is an informational report only. This report should be referred to and reviewed by the Finance and Audit Committee.



Scott B. Manske
Controller
Attachments

cc: Chris Abele, County Executive
Supervisor John Thomas, Chairman, Finance and Audit Committee
Finance and Audit Committee
Pat Farley, Director, Department of Administrative Services
Pamela Bryant, Interim Fiscal and Budget Administrator
Stephen Cady, County Board Fiscal and Budget Analyst
Department Heads

Milwaukee County
Projection for 2010 - Based on Activity as of December 31, 2010

Dept	Department Name	Sept 30, 2010		Dec 31, 2010
		Updated	Change	Prelim
1150	DAS - Risk Management	\$ (37,300)	(885,600)	\$ (922,900)
1160	Information Management Services Division	263,900	(338,200)	(74,300)
1188	DAS - Employee Benefits	94,900	(105,000)	(10,100)
2000	Combined Courts	(991,000)	533,400	(457,600)
2430	Child Support Enforcement	300,900	372,200	673,100
3400	Register of Deeds	(316,300)	310,700	(5,600)
4000	Sheriff's Office	189,000	1,231,300	1,420,300
4900	Medical Examiner	(277,600)	(7,700)	(285,300)
5300	DTPW - Fleet Services	600	83,100	83,700
5600	DTPW - Transit/Paratransit System	262,500	499,700	762,200
5800	DTPW - Administration	227,800	459,300	687,100
6300	Behavioral Health Division	(2,617,200)	(993,100)	(3,610,300)
7900	Department on Aging	577,000	466,100	1,043,100
7990	Department of Family Care (CMO)	2,092,600	2,822,600	4,915,200
7990	Contribution to Family Care Reserve	(2,092,600)	(2,822,600)	(4,915,200)
8000	Department of Health and Human Services	4,804,600	331,900	5,136,500
9000	Department of Parks, Recreation and Culture	(350,000)	1,407,509	1,057,509
	O'Donnell Parking Lost Revenue	(1,000,000)	-	(1,000,000)
9500	Zoological Department	(1,445,900)	11,900	(1,434,000)
	Other	99,658	877,079	976,737
	Departmental Total	(214,442)	4,254,588	4,040,146
	Capital Projects Funding	(598,000)	2,372,978	1,774,978 ⁽²⁾
1933	Land Sales	-	-	(100,001)
1945	Unallocated Contingency Fund	7,370,090	-	7,370,090
1950	Fringe Benefits	3,000,000	(3,290,473)	(290,473)
1972	Wage and Benefit Modifications	(7,192,000)	692,000	(6,500,000) ⁽¹⁾
1991	Reserve for Delinquent Property Taxes	-	(291,042)	(291,042)
1993	State Shared Revenue	(1,101,300)	181,000	(920,300)
1996	Sales Tax Revenue	(4,000,000)	(247,937)	(4,247,937)
9960	Debt Service Fund	742,000	(475,086)	266,914
	Non-Departmental Total	(1,779,210)	(1,058,560)	(2,937,771)
	Net Change to Debt Service Reserve	-	(1,094,195)	(1,094,195)
	Projected County Surplus (Deficit)	\$ (1,993,652)	\$ 2,101,833	\$ 8,180

(1) This amount is only related to the estimated fringe benefit savings budgeted for in Org 1972. It does not include savings related to wages and overtime.

(2) Amount of surplus generated from lapsing capital projects was transferred into Debt Service Reserve.

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : July 13, 2011
TO : Supervisor Lee Holloway, Chairman, Milwaukee County Board of Supervisors
FROM : Scott B. Manske, Controller
SUBJECT: 2011 Fiscal Report as of April 30, 2011

Policy Issue

County Ordinance 56.02(2) requires the Department of Administrative Services (DAS) to “report, on a quarterly basis or in a manner determined to be most useful and effective, on the financial condition of the county, which report shall identify all major variances from the adopted budget on a department-by-department basis.” To comply with this ordinance, DAS provides a projection of year-end financial results on a quarterly basis to the County Board and County Executive. This fiscal report is a projection of 2011 financial results based on first quarter financial data. The County’s 2011 fiscal year ends on December 31, 2011. For each fiscal year, the County prepares a balanced budget in which revenues equal expenditures. Therefore, a report of surplus or deficit for the County represents actual results that are in total above (surplus) or below (deficit) net budgeted funds.

Year-end Projection

Based on financial results through April 30, 2011, Milwaukee County’s projected year-end fiscal status for 2011 is a deficit of (\$4.4) million. The projected deficit assumes that the full amount appropriated in the contingency fund of \$5.6 million is applied to offset departmental and non-departmental deficits. To the extent the contingency fund is used during the year for deficit reduction, the projected deficit will increase.

This report projects year-end surpluses of \$5.6 million in the Unallocated Contingency Fund, \$0.45 million in Child Support Enforcement, \$0.7 million from the Sheriff Department, and \$2.7 million in the Department of Health and Human Services (DHHS).

Significant departmental deficits include: Behavioral Health Division (DHHS-BHD) of (\$2.7) million, and Combined Courts of (\$0.8).

Non-departmental deficits include: a shortfall in projected savings from fringe benefit modifications in Org Unit 1972 of \$(5.6 million), a shortfall in sales tax revenue of (\$2.0) million, a shortfall in revenue for capital projects that was to be funded with land sales of (\$2.5) million, and a projected increase in the Reserve for Delinquent Property Taxes of (\$1.0) million. The shortfall in land sale revenue is due to the deferral of \$5.0 million of land sale revenue from UW-Milwaukee to 2012. The land sale revenue was to be used to fund \$5.0 million of capital projects. All of the projects could not be cancelled, so the County must provide funding for \$2.5 million of the project cost.

The following attachments provide further detail:

- Attachment A: provides the projected surpluses and deficits in excess of \$100,000 by department.
- Attachment B: provides the projected surplus or deficit for 2011 by agency.

2011 Pension Contribution

The 2011 Budget includes an appropriation of \$31.5 million for contributions toward the County's Employee Retirement System (ERS) plan. Based upon the most recent actuarial report for ERS, the County is only required to contribute \$26.8 million to the pension plan in 2011. The required contribution is \$4.7 million less than the amount budgeted. The County Board and County Executive approved the original appropriation to ERS. Therefore, the County Board must make a change to the budget and to ordinances to decrease the amount that was already approved and submitted by the actuary in 2010 for 2011 budget. County ordinance currently requires the County to contribute the amount set within the budget for the current budget year. Any excess contribution is amortized as an offset to future contributions over a five year period. For purposes of the attached projections we did not change the budgeted contribution of \$31.5 million for 2011.

Org Unit 1972 – Wage and Benefit Modification Account

The 2011 budget included \$11.3 million of expenditure savings that were to come from modifications to employee salaries and fringe benefits. Various savings plans and contract changes have been implemented to achieve the required savings from Org Unit 1972. However, these savings will not be sufficient to meet the Org Unit 1972 budgeted requirement. Our current analysis is projecting a deficit of \$5.6 million from unachieved savings. The majority of the deficit is in fringe benefits.

The expenditure savings, which were originally budgeted in Org Unit 1972 – Wage and Benefit Modification Account, were allocated to departments in the final 2011 budget. The savings were to come from furlough days for AFSCME DC-48 represented employees, wage and benefit contract modifications with bargaining groups, possible layoffs of positions, and holding vacant positions. Twenty-six furlough days were allocated to certain members of AFSCME DC-48, who were neither in public safety, or public health positions.

Departments were allocated Org 1972 savings to budgeted personal service accounts including salaries and fringe benefits. Departments will have to account for any deficit in wages, due to Org 1972, in their fiscal reporting. The Org 1972 savings related to wages that was allocated to departments was \$1.6 million. These savings have been offset by furlough days for AFSCME DC-48, plus changes in overtime policy, and a freeze on step increases that will be implemented for AFSCME DC-48 during the last five months of 2011. Future fiscal reports from departments may show greater savings in salaries and wages due to vacant positions. These savings would help to offset the deficit anticipated in fringe benefits.

The budgeted fringe benefit savings from Org Unit 1972 that was allocated to departments was \$9.7 million. All of the savings from Org 1972, due to fringe benefits, will not be offset by savings generated during 2011. The County is projecting a deficit of \$5.6 million in org 1972 due to unachieved savings, from what was budgeted. This fringe benefit budgeted savings has

been offset by savings from pension contributions and health care changes for non-represented employees and AFSCME DC-48 members. The savings generated from the changes noted will provide \$4.1 million of savings to offset the \$9.7 million budgeted for fringe benefits.

Fringe Benefits – Org Unit 1950:

DAS-Fiscal Affairs is currently projecting a breakeven for fringe benefits for 2011, excluding the impact of Org Unit 1972. The breakeven is due to a surplus in revenues from the receipt of Federal ERRP funds, offset by a deficit in health care costs.

The Federal ERRP (Early Retirement Reinsurance Program) provided a payment of \$2.5 million in February 2011. Currently, this revenue is booked to fringe benefits to offset health care costs. The 2011 budget included revenue in the contingency fund for the ERRP of \$1.8 million. Transfer of these funds to the contingency fund, will increase the available appropriation for contingency, but increase the deficit projected for fringe benefits.

Health care costs for active and retired employees are currently projected to deficit by \$3.3 million, based on health data through May 2011. The deficit in health care is due to the budget including plan changes for 2011 for retired represented employees, which was not implemented for all of 2011. The budget included savings of \$6 million for retired health care plan changes. Currently changes for health care for retired members of AFSCME DC-48 will take effect in August 2011. The budget had anticipated those changes taking place as of January 1, 2011. While other retired members of other unions are a smaller group, certain health care changes will either not be implemented for them in 2011, or the implementation will also take place in August 2011.

Overview of Process for Determining County-wide Year End Financial Projections:

The projection of year-end results begins with an analysis of year-to-date actual results for the most recent quarter-end. These actual results become the basis for each department projecting twelve months of actual activity. Departments then submit a report of projected year-end results to DAS – Fiscal Affairs. The departmental projections include a fiscal report of budget versus projected actual results by appropriation category, a written report of variances between budgeted and projected actual results, and a written report of any corrective action plan that the department intends to implement to reduce any projected deficit.

DAS – Fiscal Affairs reviews the reports submitted by departments. During the review, questions may arise regarding departmental projections. Discussions will then occur with department personnel on the expected annual results. For purposes of this quarterly report, formal discussions were held with the larger departments. The meetings included department personnel, Administrative Services, Department of Audit, and County Board staff. In rare instances, when DAS – Fiscal Affairs projects different financial results, the County-wide report will reflect the DAS – Fiscal Affairs projection while noting the projection provided by the department.

DAS – Fiscal Affairs analyzes and projects financial results for most non-departmental accounts including fringe benefits, sales taxes, delinquent property taxes, investment income, unallocated contingency fund, debt service fund and capital projects fund. In addition, DAS – Fiscal Affairs

analyzes departmental salary projections and compares to the salary projections prepared by departments.

The projections by departments and DAS – Fiscal Affairs are combined to arrive at a year-end projection of financial results for the County. The fiscal report is then submitted to the County Board and County Executive.

Committee Action

This is an informational report only. This report should be referred to and reviewed by the Finance and Audit Committee.



Scott B. Manske
Controller

Attachments

- cc: Chris Abele, County Executive
Supervisor John Thomas, Chairman, Finance and Audit Committee
Finance and Audit Committee
Pat Farley, Director, Department of Administrative Services
Pamela Bryant, Interim Fiscal and Budget Administrator
Stephen Cady, Director of Research, County Board
Department Heads

Milwaukee County
Projection for 2011 - Based on Activity as of April 30, 2011

Dept	Department Name	April 30, 2011 Updated
1150	DAS - Risk Management	\$ -
2000	Combined Courts	(836,000)
2430	Child Support Enforcement	449,200
3400	Register of Deeds	(47,600)
4000	Sheriff's Office	732,900
4900	Medical Examiner	(74,000)
5300	DTPW - Fleet Services	52,000
5600	DTPW - Transit/Paratransit System	(22,100)
6300	Behavioral Health Division	(2,659,100)
7990	Department of Family Care (CMO)	-
8000	Department of Health and Human Services	2,748,700
9000	Department of Parks, Recreation and Culture	-
9500	Zoological Department	-
	Other	674,205
	Departmental Total	1,018,205
	Capital Projects Funding	(2,500,000) (2)
1945	Unallocated Contingency Fund	5,641,135
1950	Fringe Benefits	-
1972	Wage and Benefit Modifications	(5,600,000) (1)
1991	Reserve for Delinquent Property Taxes	(1,000,000)
1996	Sales Tax Revenue	(2,000,000)
9960	Debt Service Fund/Froedtert Lease Payment	-
	Non-Departmental Total	(5,458,865)
	Projected County Surplus (Deficit)	\$ (4,440,660) (3)

(2) The current projections include a deficit in revenue due to the deferral of land sale revenue from UWM to 2012.

(3) For 2011, the budgeted pension contribution for Milwaukee County is \$4.7 million higher than the required contribution from the actuary. If the County Board were to adjust the budgeted contribution to the actuarial required contribution, the \$4.7 million would increase the 2011 Contingency Fund, which would reduce the deficit shown above.

¹ Org 1972 Fringe Benefit Modifications – The projected deficit of \$(5,600,000) reported above only represents the amount of savings included in the 2011 budget for healthcare and pension plan changes that have not been achieved through labor negotiations offset by savings expected to be achieved in second part of the year. This amount does not include the projected deficit amounts related to salary and FICA savings included in Org Unit 1972. Deficits related to salary and FICA savings are accounted for in the departmental projections.

Annual Fiscal Report of Surplus/Deficit as of April 30, 2011

	2011 Projected Revenues	2011 Budgeted Net Revenues	Revenue Variance	% Variance	2011 Projected Expenditures	2011 Budgeted Net Expenditures	Expense Variance	% Variance	Surplus (Deficit)	
Legislative, Executive & Staff										
1000	County Board	6,165	6,165	-	0%	6,765,462	6,765,462	-	0%	-
1001	Department of Audit	-	-	-	N/A	2,702,226	2,702,226	-	0%	-
1040	Disadv Bus Development County Executive	45,600	45,000	600	1%	1,176,829	1,176,832	3	0%	603
1011	General Office	-	-	-	N/A	1,229,649	1,229,649	-	0%	-
1021	Veterans Service	13,000	13,000	-	0%	353,566	353,566	-	0%	-
1110	Civil Service Commission	-	-	-	N/A	54,037	54,037	-	0%	-
1120	Personnel Review Board	-	-	-	N/A	230,378	230,378	-	0%	-
1130	Corporation Counsel Dept of Administrative Services	155,000	155,000	-	0%	1,775,652	1,775,652	-	0%	-
1019	Persons with Disabilities	172,500	172,500	-	0%	1,068,882	1,068,882	-	0%	-
1140	Human Resources	6,200	6,200	-	0%	2,243,910	2,243,910	-	0%	-
1188	Employee Benefits	1,861,560	1,861,560	-	0%	2,673,525	2,673,525	-	0%	-
1135	Labor Relations	-	-	-	N/A	542,516	542,516	-	0%	-
1150	Risk Management	8,138,795	8,138,795	-	0%	8,301,259	8,301,259	-	0%	-
1151	Fiscal Affairs Division	42,412	57,412	(15,000)	-26%	4,192,853	4,394,910	202,057	5%	187,057
1152	Procurement	-	-	-	N/A	716,697	716,697	-	0%	-
1160	Information Management Services	16,719,067	16,738,986	(19,919)	0%	17,581,360	17,601,279	19,919	0%	-
1190	Community and Housing Devel	-	-	-	N/A	-	-	-	N/A	-
3010	Election Commission	40,500	40,500	-	0%	-	648,206	648,206	100%	648,206
3090	County Treasurer	2,988,423	2,988,423	-	0%	1,647,524	1,647,524	-	0%	-
3270	County Clerk	512,350	512,350	-	0%	809,101	809,101	-	0%	-
3400	Register of Deeds	4,924,432	5,077,857	(153,425)	-3%	4,879,812	4,985,667	105,855	2%	(47,570)
	Total Legislative, Executive & Staff	35,626,004	35,813,748	(187,744)	-1%	58,945,238	59,921,278	976,040	2%	788,296
Courts and Judiciary										
2000	Combined Court Related Operations	9,309,354	9,745,354	(436,000)	-4%	39,779,178	39,379,178	(400,000)	-1%	(836,000)
2430	Dept. of Child Support Enforcement	18,382,030	18,733,727	(351,697)	-2%	19,441,604	20,242,523	800,919	4%	449,222
	Total Courts and Judiciary	27,691,384	28,479,081	(787,697)	-3%	59,220,782	59,621,701	400,919	1%	(386,778)
Public Safety										
4900	Medical Examiner	1,646,497	1,659,500	(13,003)	-1%	4,719,888	4,658,909	(60,979)	-1%	(73,982)
4000	Sheriff	21,478,070	21,865,996	(187,926)	-1%	153,949,645	154,870,494	920,849	1%	732,923
4500	District Attorney	7,170,544	7,170,544	-	0%	19,168,137	19,168,137	-	0%	-
	Total Public Safety	30,295,111	30,496,040	(200,929)	-1%	177,837,670	178,697,540	859,870	0%	658,941
Non-Departmental's										
1937	Potawatami Revenue	4,058,477	4,058,477	-	0%	-	-	-	N/A	-
1945	Contingency	-	3,250,000	(3,250,000)	-100%	-	8,891,135	8,891,135	100%	5,641,135
1950	Fringe Benefits	7,072,042	7,072,042	-	0%	7,304,569	7,304,569	-	0%	-
1972	Wage and Benefit Modifications	-	-	-	N/A	5,600,000	-	(5,600,000)	N/A	(5,600,000)
1991	Property Taxes	268,554,705	269,554,705	(1,000,000)	0%	-	-	-	N/A	(1,000,000)
1993	State Shared Revenue	39,207,108	39,207,108	-	0%	-	-	-	N/A	-
1996	Sales Taxes	62,426,365	64,426,365	(2,000,000)	-3%	-	-	-	N/A	(2,000,000)
	Other Non-Departmental	21,306,198	21,306,198	-	0%	(4,229,316)	(4,229,316)	-	0%	-
1900'S	Total Non-Departmental	400,346,257	406,596,257	(6,250,000)	-2%	8,675,253	11,966,388	3,291,135	28%	(2,958,865)

	2011 Projected Revenues	2011 Budgeted Net Revenues	Revenue Variance	% Variance	2011 Projected Expenditures	2011 Budgeted Net Expenditures	Expense Variance	% Variance	Surplus (Deficit)	
Public Works & Development										
5040	Airport Division	82,037,802	81,698,002	339,800	0%	87,464,940	87,125,140	(339,800)	0%	-
5070	Transportation Services Div	1,793,392	2,352,907	(559,515)	-24%	2,099,227	2,558,648	459,421	18%	(100,094)
5080	Architectural/ Environmental Svc	6,155,667	6,154,477	1,190	0%	7,379,033	7,312,345	(66,688)	-1%	(65,498)
5100	Highway Maintenance	17,720,390	17,663,517	56,873	0%	18,722,619	18,669,138	(53,481)	0%	3,392
5300	Fleet Management	10,202,265	10,150,265	52,000	1%	8,457,112	8,457,112	-	0%	52,000
5500	Utility	2,937,594	2,937,594	-	0%	3,058,997	3,058,997	-	0%	-
5600	Transit/Paratransit System	105,063,257	108,648,625	(3,585,368)	-3%	123,616,851	127,180,145	3,563,294	3%	(22,074)
5700	Public Works Facilities Mngmnt	23,718,826	23,557,277	161,549	1%	23,200,089	23,038,540	(161,549)	-1%	-
5800	Public Works Admin Div	2,438,500	2,438,500	-	0%	2,077,874	2,077,874	-	0%	-
	Total Public Works & Development	252,067,693	255,601,164	(3,533,471)	-1%	276,076,742	279,477,939	3,401,197	1%	(132,274)
Health & Human Services										
6300	Behavioral Health Division	126,666,115	129,236,364	(2,570,249)	-2%	190,758,567	190,669,724	(88,843)	0%	(2,659,092)
7200	County Health Related Programs	-	-	-	N/A	-	-	-	N/A	-
7900	Department on Aging	16,797,672	16,797,672	-	0%	18,663,626	18,663,626	-	0%	-
7990	Department of Family Care (CMO)	-	-	-	N/A	-	-	-	N/A	-
8000	Department of Human Services	106,558,924	103,687,897	2,871,027	3%	134,155,678	134,033,378	(122,300)	0%	2,748,727
	Total Health & Human Services	250,022,711	249,721,933	300,778	0%	343,577,871	343,366,728	(211,143)	0%	89,635
Parks, Recreation & Culture										
9000	Department of Parks	16,355,000	17,559,662	(1,204,662)	-7%	41,877,843	43,082,505	1,204,662	3%	-
9500	Zoological Department	19,266,712	19,683,056	(416,344)	-2%	24,228,839	24,645,183	416,344	2%	-
9700	Milwaukee Public Museum	-	-	-	N/A	3,502,376	3,502,376	-	0%	-
9910	University Extension	116,000	121,080	(5,080)	-4%	452,423	457,888	5,465	1%	385
	Total Parks, Recreation & Culture	35,737,712	37,363,798	(1,626,086)	-4%	70,061,481	71,687,952	1,626,471	2%	385
9960	Debt Retirement and Interest	14,657,723	14,657,723	-	0%	67,917,596	67,917,596	-	0%	-
1200-1899	Capital Improvements	98,371,014	100,871,014	(2,500,000)	-2%	175,547,772	175,547,772	-	0%	(2,500,000)
Expendable Trusts										
FUND 3	Zoo Trust Funds	985,049	985,049	-	0%	988,030	988,030	-	0%	-
FUND 5	Parks Trust Funds	-	-	-	N/A	100,000	100,000	-	0%	-
FUND 6	Office on Handicapped Trust Fund	25,000	25,000	-	0%	25,000	25,000	-	0%	-
FUND 7	Mental Health Complex Trust Funds	35,100	35,100	-	0%	35,100	35,100	-	0%	-
FUND 8	Airport PFC	-	-	-	N/A	-	-	-	N/A	-
FUND 11	Fleet Facilities Reserve Trust	-	-	-	N/A	-	-	-	N/A	-
	Total Expendable Trusts	1,045,149	1,045,149	-	0%	1,148,130	1,148,130	-	0%	-
	Projected Surplus (Deficit)	1,145,860,758	1,160,645,907	(14,785,149)	-1%	1,239,008,535	1,249,353,024	10,344,489	1%	(4,440,660)
	Reserves Expendable Trusts									
	Contribution to Family Care Reserve									
	Total Projected Surplus (Deficit)									(4,440,660)

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

19

Date: July 11, 2011

To: Chairman Lee Holloway, Milwaukee County Board of Supervisors
Supervisor James "Luigi" Schmitt, Chair, Committee on Intergovernmental Relations
Supervisor Johnny Thomas, Chair, Committee on Finance and Audit

From: Intergovernmental Relations and Department of Administrative Services

Re: Update on 2011-2013 budget

CC: Milwaukee County Board of Supervisors

Wisconsin Legislature Sends the 2011-2013 State Budget to the Governor

Since the November 2010 election, Intergovernmental Relations has worked with the Board of Supervisors and the Administration to articulate the legislative priorities of residents as reflected by local policymakers and later identified in the adopted Milwaukee County legislative package for the 2011-2012 legislative session.

- On Friday, June 3, 2011, the Joint Committee on Finance approved, on a partisan 12-4 vote, the passage of the 2011-2013 budget as modified by Assembly Substitute Amendment 1 (ASA 1) to Assembly Bill 40.
- On the morning of Thursday, June 16, 2011, the Wisconsin State Assembly, with all Republicans and one independent by a 60-38 vote, approved sending to the Wisconsin State Senate the 2011-2013 budget, as modified by Assembly Amendment 1 to ASA 1 and Assembly Amendment 1 to Assembly 1 to ASA 1. These modifications included changes to Act 10 and additional budget modifications proposed by the Assembly.
- On the night of Thursday, June 16, 2011, a partisan vote of 19-14, the Wisconsin State Senate concurred with the recommendations of the Assembly on the 2011-2013 budget without modification.
- On the afternoon of Sunday, June 26, 2011, Governor Walker signed Assembly Bill 40 into law (2011 Wisconsin Act 32) while issuing 50 vetoes. Among other items, these gubernatorial vetoes addressed court operations and property tax limitations.

The Joint Committee on Finance deviated from the Governor's position on a few matters, like SeniorCare and recycling. However, the majority party preserved the major tenets of the Governor's proposed budget, including many recommended 10% reductions. Below is a cursory summary of highlighted legislative changes to the Governor's 2011-2013 proposed budget that would affect the operations of Milwaukee County from a policy or fiscal perspective.

Key Legislative Modifications to the 2011-2013 Budget

Milwaukee County Circuit Court

For years, Milwaukee County has borne a disproportionate burden of funding the Wisconsin Court System on the property tax. Therefore, it is disappointing that the Legislature maintained the Governor's proposed 10% cuts to Wisconsin Counties for Circuit Court Support payments.

Milwaukee County TAD Program

- In a more positive courts-related development, the Senate Co-Chair of the Joint Committee on Finance included a provision in the 2011-2013 budget that would provide \$333,900 in fiscal year 2011-2012 for the Milwaukee County Treatment, Alternatives, and Diversion (TAD) Program. This funding would be provided as a grant, for which Milwaukee County would have to provide a 25% match. As introduced, Governor Walker's budget did not provide any funding to the Milwaukee County TAD Program. Intergovernmental Relations worked with the Milwaukee County Chief Judge to secure continued funding for the Milwaukee County TAD Program.

The Milwaukee County Clerk of Circuit Court sent a June 17, 2011, letter to Governor Walker requesting vetoes of two budget provisions added by the Joint Committee on Finance: a doubling of the small claims jurisdictional threshold and the return of bail bondsmen to Wisconsin. 2011 Wisconsin Act 32 retains the small claims measure, but Governor Walker vetoed the provision relating to bail bondsmen.

The People's Court

- In a wrap-up motion adopted by the Joint Committee on Finance, the majority party included a budget provision doubling the small claims jurisdictional threshold from \$5,000 to \$10,000. Intergovernmental Relations asked that this measure be pulled from the budget, so the proposal could go through the normal legislative process. The author of a similar legislative proposal, Assembly Bill 106, made a similar request.

Stewardship Funds for County Dams

The Joint Committee on Finance modified the Governor's recommendations for the Stewardship Program by also requiring the Department of Natural Resources (DNR) to set aside not less than \$6 million from the land acquisition subprogram for dam safety grants. DNR could award these grants to a county-owned dam under an agency order for maintenance, repair, modification, abandonment or removal as of the effective date of the bill. Grants could cover up to 25% of eligible project costs, with a maximum grant of \$2.5 million. According to the Legislative Fiscal Bureau, at least two Wisconsin Counties have dams under DNR order, Milwaukee County (1) Vernon County (5).

Shared Revenue and Property Tax Limitations

On the day the State Assembly was scheduled to take final action on the biennial budget, the Wisconsin Supreme Court ruled that the Legislature had not violated the open meetings law when passing the budget adjustment bill; thus, the collective bargaining restrictions in Act 10 were upheld. These provisions went into effect on June 29, 2011. The following is an analysis of the overall fiscal effect of the 2011-2013 budget to Milwaukee County, including possible savings achievable through the publication of Act 10.

County and Municipal Aid Payments

- The Joint Committee on Finance added \$19.25 million in 2012-13 to limit the Governor's proposed reduction to county and municipal aid. Under the legislative proposal, shared revenue payments to counties would be reduced by \$29.1 million instead of by \$36.5 million as recommended by the Governor.
- Under the Committee's prescribed allocation, Milwaukee County would receive no offsetting aid; thus, Milwaukee County's shared revenue reduction next year is estimated at \$8.3 million. In comparison, Racine County picked up roughly 10% (\$783,164) from the \$7.4 million boost provided by the Committee.
- Under the legislative proposal, shared revenue payments to municipalities would be reduced by \$47.7 million instead of by \$59.5 million as recommended by the Governor.
- The following municipalities in Milwaukee County would receive a portion of this supplemental aid: Bayside (\$20,100); Brown Deer (\$59,652); Fox Point (\$29,990); Greendale (\$81,032); Hales Corners (\$34,882); River Hills (\$2,900); Shorewood (\$78,082); Whitefish Bay (\$58,692); Franklin (\$178,452); Glendale (\$84,603); Greenfield (\$368,192); Oak Creek (\$363,906); and Wauwatosa (\$289,866).
- Under the prescribed allocation, the following municipalities in Milwaukee County would receive no offsetting revenue from this supplemental aid: West Milwaukee; Cudahy; Milwaukee; Saint Francis; South Milwaukee; and West Allis.

Levy Limits for Counties and Municipalities

- Under the Governor's original proposal, property tax increases would be limited to the rate of new construction growth. In 2010, the new construction rate in Milwaukee County was less than 1.0%.
- In addition, under the Governor's proposal, any decrease in debt service on general obligation debt issued prior to 2005 must result in a corresponding decrease in the property tax levy. In other words, the Governor's budget would require lower debt service costs to be used to lower the tax levy, rather than to offset expenses in the operating budget. Based on this formula, it was estimated that Milwaukee County's 2012 property tax increase would be limited to less than \$2.0 million.
- The Joint Committee on Finance only slightly loosened the proposed limits. Per the Committee's modifications, in addition to the net new construction amount, local governments could increase the levy equal to the difference between the prior year allowable levy and the prior year actual levy, but no more than 0.5% (one-half of one percent) if approved by a super-majority of the legislative body. Per conversations with the Wisconsin Department of Revenue (DOR), should the County choose to utilize this provision, it would still be required to reduce its tax levy by the decrease in debt service on general obligation debt issued prior to 2005. A three-quarters vote (15 of 19) of the Milwaukee County Board of Supervisors would be necessary to authorize this additional adjustment in 2012. Because the County anticipates a reduction in debt service of approximately \$8.0 million for bonds issued prior to 2005, this modification provides no additional allowable property tax levy for the County than the Governor's proposal.

- As an alternative to the super-majority option and available only for the 2012 budget year, a county may waive the provision requiring it to decrease its allowable levy in that year by an amount equal to the decrease from the prior year to the current year in the amount of debt service issued before July 1, 2005. In this scenario, the County is not allowed the additional 0.5% in property tax levy. Because the additional 0.5% in allowable tax levy does not exceed the reduction in debt service for general obligation bonds issued prior to 2005, the County receives the maximum allowable property tax levy under this alternative. Per conversations with the Wisconsin DOR, under this scenario, the County would have property tax levy capacity of \$9.8 million or 3.6 percent for 2012. Wisconsin DOR does not distribute its tax levy formula until August, at which time, these estimates could change.
- The Joint Committee on Finance also made the levy limits permanent by deleting the sunset provision. However, the minimum guaranteed allowable increase would be modified upward to 1.5% from the 0% proposed by the Governor beginning with the 2014 Budget.
- Through veto, the Governor removed the provision allowing a minimum guaranteed increase of 1.5% in 2014. Therefore, in 2013 and beyond the County will be limited to allowable tax levy increases of 0% or net new construction.

Milwaukee County Department of Health and Human Services: IM Services

With the introduction of the 2011-2013 budget, the Governor proposed a centralization of Income Maintenance (IM) programs in Wisconsin. Per 2009 Wisconsin Act 15, 271.5 Milwaukee County full-time employees already perform IM activities under state supervision. It was unclear whether these positions would be eliminated as part of the proposed centralization initiative or if they would be converted to a combination of state and county positions.

- An amendment adopted by the Joint Committee on Finance directs the Department of Health Service (DHS) to replace these Milwaukee County positions with state positions.
- On June 10, 2011, Milwaukee County Board Chairman Holloway sent a follow-up letter to the DHS Secretary noting that, *“the state needs to commit to making Milwaukee County whole for any actuarially determined unfunded pension liability cost for county employees who are transferred from the Employee’s Retirement System to the Wisconsin Retirement System.”* The ongoing legacy costs associated with these employees is estimated at \$4.9 million in the 2012 budget. The correspondence also seeks additional clarification about how the transition will progress.
- The DHS is required to communicate with Milwaukee County regarding issues relating to the transfer of Milwaukee County employees to the state within 30 days of enactment of the bill, and to submit to the Joint Committee on Finance information regarding this issue within 60 days of enactment of the bill.
- The current law provisions that require the Department of Health Services (DHS) and Milwaukee County to initiate discussions regarding which entity should operate IM in the future after the dismissal of the West litigation are repealed.
- Beginning in Calendar Year 2012, Milwaukee County’s basic county allocation under the community aids program will be reduced by \$2.7 million annually, and the current

statutory provision requiring Milwaukee County to commit \$2.7 million in property tax levy to the administration of IM will be repealed.

Mass Transit, Family Care, Child Support and Juvenile Justice

As part of their participation in the Wisconsin Counties Association (WCA) County Ambassador Program (CAP), several Supervisors made legislative visits in the State Capitol. They met with members of the Milwaukee County State Legislative Delegation and legislative leadership. Milwaukee County Supervisors and Administrators also presented testimony to the Joint Committee on Finance at the public hearing in West Allis.

During legislative deliberations on the 2011-2013 state budget, Intergovernmental Relations followed-up with key offices and stakeholders reinforcing the message that Milwaukee County made in the CAP visits and with public testimony: reverse the cuts to mass transit; lift the Family Care enrollment cap; fix the child support deficit; and provide additional placement options for juveniles with the closure of Ethan Allen. The following points summarize legislative improvements to the Governor's original recommendations and provide a preliminary analysis of the potential effect of the proposals that remain unchanged.

Mass Transit

The Joint Committee on Finance made several modifications to the Governor's original budget proposals for transit, but left in place the 10% cut in state operating assistance.

- Per the recommendation of the Joint Committee on Finance, the Legislature rejected the Governor's proposal to fund mass transit from the general fund. As a result, the 2011-2013 budget keeps mass transit in the Transportation fund and finances it with segregated revenues.
- Per the recommendation of the Joint Committee on Finance, the Legislature approved the provision of an additional \$2.5 million in each year of the biennium for paratransit service. No cuts to paratransit funding were recommended in the Governor's original budget recommendations.

This supplemental funding is available to transit systems that are eligible for state mass transit operating assistance. Under this budget provision, the Department of Transportation is required to distribute funding in a manner that maximizes the level of paratransit service provided by these systems and must give priority to eligible applicants for maintaining paratransit service that existed on the bill's effective date. Given these new parameters, further research is needed to determine the actual fiscal effect.

- Per the recommendation of the Joint Committee on Finance, the Legislature voted to disband the Southeastern Regional Transit Authority (SERTA). Originally, the Joint Committee on Finance voted to distribute SERTA's assets, estimated at close to \$1.3 million, *equally* among the three county region. In a wrap-up motion, the Joint Committee on Finance modified the original division and shifted additional dollars to Milwaukee County. Therefore, 50% of SERTA's assets (about \$635,000) will be distributed to Milwaukee County under the Legislature's version of the budget. The remainder will be split between the counties of Racine and Kenosha.

- While the Legislature did provide additional funding for paratransit, it maintained the 10% reduction in state transit operating assistance. Therefore, the Milwaukee County Transit System (MCTS) anticipates a \$7 million cut in state transit operating assistance next year. The Southeastern Wisconsin Regional Planning Commission has projected that a 10% cut to MCTS would result in an 8% service reduction or a 29% fare increase.
- On another transportation-related manner, the restoration of General Transportation Aids (GTA) was one of the primary lobbying objectives of the Wisconsin Counties Association. The Governor's budget originally recommended a 10% reduction in 2012, down from the 2011 aid level of \$104,416,800 to \$93,975,100 in 2012. Under the Governor's proposed budget distribution, it was projected that Milwaukee County's 2012 GTA payment would be reduced by 15% or \$641,851.
- With Motion #352, the Joint Committee on Finance voted to approve additional funding in county aid to minimize this cut to a 1.73% reduction, setting the assistance level at \$102,615,600 in 2012. Subsequent action of the Assembly, in large part, reversed this boost by cutting county aid by \$10 million and reducing it to \$94,615,600 for 2012.
- In a June 27, 2011, memo, the Legislative Fiscal Bureau estimates that Milwaukee County's 2012 GTA payment will be reduced by 10% or \$427,901 per the provisions of AB 40.

Family Care

The DHS still must reduce Medical Assistance by approximately \$500 million. DHS has broad authority to make these reductions, including through policy that could conflict with state law. The budget bill would repeal Act 10 provisions requiring that DHS policy changes in conflict with state law be made through the rule-making process, which includes public notice and hearings. It is still unclear how DHS plans to achieve this reduction and how Milwaukee County revenues could be affected. In 2010, total Milwaukee County Department of Health and Human Services Medicaid revenue was approximately \$44 million. Additionally, the Legislature approved the Governor's proposed enrollment cap in Family Care with minimal modification.

- A freeze on Family Care enrollment likely will result in increased Medical Assistance expenditures for costly nursing home care. The average cost of a nursing home is \$4,387 a month. In comparison, the Milwaukee County Department of Family Care receives a capitation payment of \$2,814 a month to manage long-term care services.
- The Joint Committee on Finance provided \$12.6 million a year to serve persons on waiting lists if the DHS determines that an individual is in urgent need of long-term care services. It is estimated this funding could be used to remove about 400 people from the waiting list statewide. In a June 30, 2011, memo, the DHS issued a preliminary memo clarifying the temporary use of this urgent funding.
- Milwaukee County Board Chairman Holloway sent a June 20, 2011, letter to Governor Walker asking him to veto a legislative budget amendment that would prohibit Family Care Care Management Organizations (CMO) from including in their contracts with providers any provision that that would require providers to return funding in excess of the cost of service to the CMO. Since 2002, the Milwaukee County Department of Family Care has recovered over \$1.7 million in overpayments from providers. In turn,

these dollars were returned to the Medicaid program. The provision is retained in 2011 Wisconsin Act 32.

- In his letter, the Chairman again raised concerns with the Family Care enrollment cap, which went into effect on July 1, 2011. Under the enrollment cap, Milwaukee County would be unable to enroll new applicants into the program unless there is a disenrollment.
- Under the enrollment cap, elderly in Milwaukee County will be placed on a waiting list for the first time in more than a decade. The Milwaukee County Aging Resource Center indicates the initial waiting list for people age 60 or older will be about 400-500 individuals.
- Additionally, the 2,000 persons with disabilities who already are on a waiting list for service would remain in need.
- The efforts of the office of the Senate Health Committee Chair were instrumental in preventing the adoption of a motion by the Joint Committee on Finance that could have cost the Milwaukee County Department of Family Care millions by requiring that case management services be counted as administrative costs.

Juvenile Justice Reform

The Legislature approved the Governor's recommendations to reduce funding by 10% for the Youth Aids Program, retaining estimated cuts to Milwaukee County of \$1.8 million in 2011 and the \$3.6 million in 2012.

- The Legislature further approved the closure of the two juvenile correctional institutions closest to Milwaukee County, Ethan Allen School in Waukesha County and Southern Oaks Girls School in Racine County. Lincoln Hills, the other juvenile correctional facility, is about a 7 ½ hour round-trip car drive from Milwaukee County.
- Intergovernmental Relations worked closely with the Administrator of the Milwaukee County Delinquency and Court Services Division and Racine County to secure legislation giving Milwaukee County the statutory authority to extend from 30 to 180 days the placement of adjudicated delinquents at a juvenile detention facility.
- As the author of the Milwaukee County resolution advocating this legislative change, Chairman Holloway sent a June 20, 2011, letter to Governor Walker asking him to support the provision. Intergovernmental Relations coordinated similar efforts for support with Racine County and the legislator from Racine who advanced this measure. Governor Walker signed this measure into law.
- Under the biennial budget, the statutory daily rates the Department of Corrections charges Wisconsin Counties for juvenile institutional care at Lincoln Hills will increase from \$275 to \$284 in 2011 and to \$289 in 2012. A portion of this increase will be used to address the Department's juvenile correctional services deficit.

Child Support

The budget passed by the Legislature does not remedy the shortfall in funding for local administration of child support enforcement activities. As introduced, the Governor's budget

presented the Milwaukee County Office of Child Support with a \$3.6 million deficit in 2012. The Department of Child Support Enforcement (CSE) projected a loss of 38 positions would accompany a shortfall of this magnitude.

- As a result, the Milwaukee County Department of CSE estimates that 1,680 children would not have paternity established and 2,513 people would not have support orders in place. An estimated \$18 million in child support collections would be lost, with about 24,000 families receiving no support whatsoever.
- With the adoption of Motion #50, authored by the Co-Chairs, the Joint Committee on Finance directed the Department of Children and Families (DCF) to develop a plan to distribute child support incentive payments in a manner that puts Milwaukee County at a disadvantage when compared with other Wisconsin Counties.
- A modification adopted by the Assembly slightly improves Motion #50, by making the factors the DCF must consider in developing the allocation permissive instead of prescriptive.
- The Governor vetoed a provision of Motion #50 that would have prohibited the DCF from implementing these cuts on an across-the-board basis. The full effect of a new distribution method is still unknown.
- Intergovernmental Relations will continue to work with the Director of CSE to see if improvements can be made through state administrative action or, possibly, the Joint Committee on Finance process.

Budget Repair Bill

The Governor utilized the Budget Repair Bill to provide local governments with increased flexibility as it relates to employee non-base wages and benefits in order to offset the reductions included in his budget. The County's 2011 Adopted Budget includes over \$19.4 million in non-base wage and benefit modifications. This figure does not include savings from concessions included in the 2010 budget that have already been achieved through negotiation or applied to non-represented staff. In addition to the publication of 2011 Wisconsin Act 10, which became effective June 29, 2011, additional changes were made to collective bargaining through the State budget. These additional changes include:

- The design and selection of health care coverage plans for public safety employees is no longer a subject of bargaining.
- New public safety employees hired on or after the effective date of 2011 Act 32 (the State 2011-2013 Biennial Budget) are subject to the requirement that they pay the same amounts toward their pensions as general occupation employees as specified under the Budget Repair Bill.
- The pension contribution for Milwaukee County employees will begin prospectively effective with the pay period beginning July 24, 2011.

- The calculation of eligible wage increases under the Consumer Price Index (CPI) has been modified such that the Department of Revenue would calculate the average annual CPI for local bargaining units and that this calculation only applies to base wages of represented staff to provide uniformity across the state. The Department of Revenue will calculate the CPI upon a request from the WERC. The CPI calculation will be based on the 12 months preceding the date of the request from the WERC. If there is a decrease or no change in the CPI, the base pay of employees in the collective bargaining agreement is frozen.
- For those collective bargaining agreements that have expired or are operating under an extension, the union certification vote as originally outlined under Act 10 must now occur in the third month after the effective date of State biennial budget. The WERC is now required to assess and collect a certification fee for each election that is conducted.

Consequently, it would be possible for the County to achieve the \$19.4 million in budgeted savings even without achieving certain budgeted provisions pertaining to wage and benefit modifications for the Deputy Sheriffs and Firefighters. These provisions pertain to changes to the multiplier, retirement age, pension contribution, step freezes, and overtime changes for the Deputy Sheriffs and Firefighters and would save at least an additional \$2.0 million.

Based on provisions in the 2010 and 2011 Adopted Budgets, the following savings budgeted in 2011 will be achievable in 2012 both due to negotiated provisions in the Nurses contract and the implementation of Budget Repair Bill and State budget. Although the full savings budgeted for Deputy Sheriffs and Firefighters will not be achieved, additional savings through an increased pension contribution will partially offset those costs.

Table 1¹

2010 Health Care Plan Design Implementation - Active Employees	\$	1,308,800
2011 Health Care Plan Design Implementation - Retirees	\$	6,371,938
Overtime Changes	\$	1,406,385
Pension Multiplier Change from 2.0 to 1.6	\$	2,034,900
Step Freeze (Represented Employees)	\$	820,550
4.7 percent Pension Contribution	\$	9,053,000
Total Savings Possible	\$	20,995,573

As shown in Table 2 below, if the County applies the savings associated with the non-base wage and benefit changes included in the 2011 Budget and achievable by the Budget Repair Bill and State budget, it could offset all but \$4.0 million of the state aid reductions.² Had the

¹ These amounts are the amounts budgeted in the 2011 Adopted Budget with the exception of the 4.7 percent pension contribution. The pension contribution amount is based on the fiscal note for the State Mandated Employee Pension Contribution - Ordinance Change report referred to the County Board in a separate memo.

² This amount assumes that the County will apply the 2011 Health Care Plan Design changes to all represented staff with the exception of the deputy sheriffs and firefighters for an additional savings of \$3,690,936.

Repair Bill implemented the same provisions for employees represented by public safety bargaining units as well, it could have cut the deficit of \$4.0 million by approximately one-half.

Since \$17.4 million of these savings were used to balance the 2010 and 2011 budgets, they are unavailable to offset the state reductions and the County will instead face a \$21.4 million reduction in 2012.

Table 2

	Initial Report <i>Year 2012</i>	Current Report <i>Year 2012</i>
Total Reductions in State Aid	\$ (25,711,878)	\$ (28,715,991)
Total Wage and Benefit Savings	\$ 23,644,747	\$ 24,686,509
<i>Surplus/(Deficit)</i>	\$ (2,067,130)	\$ (4,029,482)
Budgeted Wage and Benefit Savings	\$ 16,286,497	\$ 17,420,317
<i>TOTAL 2012 Impact</i>	\$ (18,353,627)	\$ (21,449,799)

Table 2 includes the following changes from the initial report:

- Estimated pension contribution. The County had previously estimated a 6 percent contribution would be necessary; this was based on an initial calculation of one-half of the annual required contribution (ARC). The actual percentage will be presented to the Board under a separate action item, but for this report, the assumption has dropped from a 6 percent contribution to a 4.7 percent contribution.
- Reductions in state aid associated with legacy costs for County employees in the Milwaukee Enrollment Services (MiLES) program for income maintenance. Although the County will seek reimbursement for these costs, the loss is currently estimated at \$4.9 million.
- Savings related to health care plan design changes for deputy sheriffs and firefighters. Due to the modification of the Budget Repair Bill, the County will be allowed to implement health care plan design changes to active and retired deputy sheriffs and firefighters.

Recommendation

This is an informational report only.

Cc: Chris Abele, County Executive
 George Aldrich, Chief of Staff, County Executive
 Terry Cooley, Chief of Staff, County Board
 Steve Cady, Fiscal and Budget Analyst, County Board
 Jerry Heer, County Auditor

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
BHD	Community Recovery Services	\$ -	\$ -	<p>Governor/Joint Finance: Permit counties to use GPR funding DHS currently distributes for several community-based support services (community support services, community-based psychosocial services, and mental health crisis intervention services) to also fund the required state match for MA-eligible community recovery services. Base GPR funding for community based support services is \$4,175,000 GPR annually. The bill would provide a total of \$3,757,500 GPR annually for community-based support services programs, including community recovery services, to reflect the Governor's recommendations to reduce most GPR appropriations by 10% (-\$417,500) annually.</p> <p><i>*County currently receives no funding through this program so there is no budget impact at this time.</i></p>
BHD	Supplemental Payments to Nursing Homes	\$ -	\$ -	<p>Governor: Included \$37,920,600 annually to fund these supplemental payments. DHS provides these supplemental payments in addition to the daily rates each of these facilities receive. Joint Finance: Provide \$1,179,400 annually so that \$39.1 million (all funds) would be budgeted for supplemental payments to municipal nursing homes annually.</p>
BHD	Mental Health and Alcohol and Substance Abuse	\$ (980,244)	\$ (1,217,123)	<p>Governor/Joint Finance: Reduce funding by \$7,007,900 annually to reduce base funding for non-staff costs by 10% in most of the Department's GPR and PR appropriations. Includes 10% reduction in any GPR funded allocation (COP, IMD, TANF). 5% in 2011; 10% in 2012.</p>
Child Support	Base funding		\$ (3,664,779)	<p>Governor/Joint Finance: DCF submitted a budget with a base GPR allocation of \$4.25M instead of \$8.5 M as originally passed into law. Governor did not fix base budget and local child support administrations subject to a 50% GPR loss and corresponding federal match revenue.</p>
Courts	Circuit Court Support	\$ (366,336)	\$ (366,336)	<p>Governor/Joint Finance: Reduction statewide from 18,552,200 to 16,697,000</p>
Courts	Guardian Ad Litem	\$ (98,000)	\$ (98,000)	<p>Governor/Joint Finance: Reduction statewide from 4,691,100 to 4,222,000</p>
Courts	Cost of Circuit Court	\$ -	\$ -	<p>Governor/Joint Finance: Convert the 1.0 auditor position from a project position to a permanent position, and provide \$47,300 in 2011-12 and \$71,500 in 2012-13. The position was created under 2007 Act 20 to create a uniform chart of accounts program for county court costs and revenues. Continuation of the auditor position is intended to allow counties to be audited on a regular basis, to provide assistance to counties in streamlining reporting, and to ensure the completeness and accuracy of statewide county by county financial data related to operation of the circuit courts. Removal of the project position is included under the Supreme Court's standard budget adjustments, removal of non continuing items.</p>
Courts	AIM Grant Funding		\$ (495,000)	<p>Assess, Inform and Measure (AIM) grant funding was provided through American Recovery and Reinvestment Act (ARRA) funding. This funding is no longer available and there was no action taken to appropriate funds for this purpose.</p>

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
Courts	TAD Contribution Requirement		\$ (120,775)	Governor: Provide an additional \$110,000 annually in justice information system surcharge funding to provide additional resources for the treatment, alternatives, and diversion (TAD) grant program. The TAD PR annual appropriation is also subject to a \$70,500 annual budget reduction associated with a 10% reduction to supplies and other non-personnel costs. The reduction would be applied to supplies and services funding. As a result, the TAD program would see a net increase of \$39,500 annually from \$705,000 to \$744,500. Further, provide that any county receiving a grant under the TAD program on or after January 1, 2012, must provide matching funds equal to 25% of the amount of the grant. Joint Finance: Provide \$333,900 PR annually in additional funding for TAD grants. For 2011-12, provide this funding as a grant to Milwaukee County for its TAD program. A 25% match requirement would also apply to the receipt of this grant funding by Milwaukee County. Beginning in 2012-13, this TAD grant would also be subject to the competitive grant process.
Courts	People's Courts			Joint Finance: Increase the jurisdictional amount for small claims actions from \$5,000 or less to \$10,000 or less, except for third party complaints, personal injury claims, or tort claims, which would remain at the current jurisdictional amount. The provisions would first apply to actions commenced on the effective date of the bill. *The County retains \$30 for large claims and \$10.20 for small claims. Courts will monitor the impact over the next several months to determine what the fiscal impact will be.
Courts	Court Interpreter Funding	\$ -	\$ -	Governor/Joint Finance: Create a program revenue appropriation and provide \$134,000 in 2011-12 and \$232,700 in 2012-13 for state reimbursement to counties for court interpreter services, as follows: (a) \$57,300 in 2011-12 and \$117,000 in 2012-13 for projected increased caseload; and (b) \$76,700 in 2011-12 and \$115,700 in 2012-13 for projected increased use of certified court interpreters. Funding for the new appropriation would come from revenue from the justice information system surcharge. Under current law, the state reimburses counties for actual expenses for interpreters used in circuit court proceedings from a GPR appropriation. Base funding for court interpreter reimbursement is \$1,433,500 GPR. This bill creates an additional PR appropriation for court interpreter reimbursement. Governor/Joint Finance: Reduce funding for court interpreter services by 10% or (\$143,400) annually.
District Attorney	Milwaukee County Clerks Funding	\$ (22,800)	\$ (12,800)	Governor/Joint Finance: Make the following changes to the salary and fringe benefits funding of 6.5 clerks in the Milwaukee County District Attorney's Office who provide clerical services to prosecutors handling violent crime and felony drug violation cases in Milwaukee County's speedy drug and violent crime courts, and unlawful possession or use of firearms cases: (a) provide \$9,900 in 2011-12, and \$19,900 in 2012-13, to fully fund the salary and fringe benefits costs associated with these positions; and (b) reduce funding by \$32,700 annually associated with a 10% reduction in amounts provided to fund their salary and fringe benefits costs.
District Attorney	Victim Witness Funding	\$ (70,000.00)	\$ (138,000)	Governor/Joint Finance: Reduce funding by \$891,800 GPR and \$1,805,100 PR annually associated with a 10% reduction to supplies and other non-personnel costs. Includes a 10% reduction to Victim Witness Funding estimated at (\$140,800) statewide.

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
DHHS	Medical Assistance	\$ -	\$ -	Governor/Joint Finance: \$500M in unspecified Medical Assistance reductions has the potential to impact BHD, DHHS and Family Care
DHHS	Income Maintenance	\$ -	\$ (4,900,000)	Governor: Transfer administration of income maintenance programs, including eligibility determination for Medicaid and FoodShare, from counties and tribes to the state. This consolidation will improve the accuracy and timeliness of eligibility determinations, while reducing total income maintenance costs by \$48 million per year and decreasing the number of overall staff in the program by an estimated 270 FTE positions. Joint Finance: <i>Modify Governor's budget so that all Milwaukee County employees currently employed in IM will be replaced with State employees. Milwaukee County will likely be responsible for legacy costs related to these positions. Also modified so that individuals hired by the state who have not yet vested in the Milwaukee County ERS will be allowed to stay in the ERS until vested.</i>
DHHS	WIMCR	\$ -	\$ -	Governor/Joint Finance: Reduce funding to reflect a change in the process for claiming federal Medicaid funding under the Wisconsin Medicaid Cost Reporting program: -Reduce funding by \$1,685,200 in 2011-12 and increase funding by \$14,369,600 in 2012-13 to reflect the projected net fiscal effect of changes to the Wisconsin Medicaid Cost Reporting (WIMCR) program.
DHHS	GAMP Payment	\$ -	\$ -	Appears to maintain Repair Bill language so that the County does NOT have to make a \$6.8M payment
DHHS	Basic Community Aids	\$ -	\$ -	Joint Finance: <i>Repeal statutory provisions, effective January 1, 2012, which currently require Milwaukee County to expend at least \$2,700,000 annually for the operation of IM programs in the county. Beginning in calendar year 2012, reduce Milwaukee County's basic county allocation (BCA) under the community aids program by \$2,700,000 annually.</i>
DHHS	Children's Long Term Support	\$ -	\$ -	Governor/Joint Finance: Counties will remain responsible for all costs of locally-funded waiver slots, including TPA fees, created after January 1, 2011. For slots created before January 1, 2011, counties will remain responsible for provider costs, but the state will fund the TPA fees, since counties did not budget for this cost when they initially created these locally funded slots.
DHHS	Youth Aids	\$ (1,790,064)	\$ (3,580,092)	Governor/Joint Finance: Reduce community youth and family aids (youth aids) funding by \$9,834,100 annually associated with a 10% reduction to supplies and other nonpersonnel costs. Revise the calendar year allocations of youth aids to reflect adjusted distributions for the 2011-13 biennium, as follows: (a) \$45,478,000 from the last six months of 2011; (b) \$90,956,100 for 2012; and (c) \$45,478,000 for the first six months of 2013. <i>*For Milwaukee County, the amount of revenue due to loss of youth aids is offset by the decrease in the juvenile correction population. The potential loss based on an increase in the population would be \$1,790,064 in 2011 and \$3,580,092 in 2012.</i>
DHHS	Closure of Juvenile Corrections Facilities	\$ -	\$ -	Governor/Joint Finance: The Department of Corrections has been unable to reduce operating expenses at juvenile correctional facilities enough to accommodate lower populations, resulting in an increasing deficit. To better manage funds and control escalation of the rates charged to counties who place juveniles in institutions, the Department will close Ethan Allen School in Waukesha County and move the juveniles to Lincoln Hills School in Lincoln County. To further maximize savings, the Department of Corrections will close Southern Oaks Girls School in Racine County and transfer the female juveniles to Copper Lake School in Lincoln Hills.
DHHS	Juvenile Detention	\$ -	\$ -	Joint Finance: <i>Modify s. 938.34(3)(f) to allow a placement at a juvenile detention facility, a juvenile portion of a county jail, or a place of non-secure custody designated by the court for any combination of single or consecutive days from 30 days to 180 days</i>

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
DHHS	JCI Rates	\$ 15,000	\$ 30,000	Governor: Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile detention facilities, state aftercare supervision, and for each type of alternate care setting, including residential care centers for children and youth, group homes, treatment foster homes, and foster homes. Joint Finance: Specify that the \$17 add-on to the daily rates for juvenile facilities be added to statutory rates in future budgets until the deficit is eliminated 7/1/11 = \$284.00 (fifty cents below DHHS 2011 ADOP) JCI 7/1/12 = \$289.00 (\$1.00 below DHHS 2011 ADOP)
DHHS	Family Care - Aging and Disability Resource Centers	\$ -	\$ -	Governor/Joint Finance: Provide funding to fully fund ADRCs that began offering services in the 2009-11 biennium for which partial year funding is provided in the agency's base budget.
DHHS	Birth to Three	\$ -	\$ -	Governor/Joint Finance: Counties will remain responsible for all costs of locally-funded waiver slots, including TPA fees, created after January 1, 2011. For slots created before January 1, 2011, counties will remain responsible for provider costs, but the state will fund the TPA fees, since counties did not budget for this cost when they initially created these locally funded slots.
DTPW	Highways Capital Funding	\$ -	\$ -	Governor/Joint Finance: (a) Create a new program for funding Southeast Wisconsin freeways megaprojects; (b) defining a Southeast Wisconsin freeways megaproject as any highway project on a Southeast Wisconsin freeway with total costs of more than \$500 million, and indexing this threshold amount to construction inflation; (c) enumerating the Zoo Interchange project and the I-94 North-South Corridor project as megaprojects; and (d) providing a total of \$420 million for the two projects over the biennium, including \$151.2 million in general obligation bonding authority. This funding will allow the department to accelerate work on the Zoo Interchange and continue work on the I-94 North-South Corridor.
DTPW	General Transportation Aids	\$ -	\$ (427,901)	Governor: Adjusting expenditure authority for general transportation aids to reflect: (a) the 3 percent calendar year 2011 increase authorized in 2009 Wisconsin Act 28; (b) a 10 percent reduction in calendar year 2012; and (c) no increase in calendar year 2013. Changes to the general transportation aids distribution formula: (a) reduce the rate per mile amount for municipalities by 3 percent to \$2,053; and (b) set the maximum reduction in aid from the prior calendar at 15%. Joint Finance: Modified the Governor's recommendation by doing the following: (a) restoring the 2011 mileage aid rate of \$2,117 per mile for 2012 and thereafter; (b) increasing the proposed minimum aid guarantee from 85% to 90% of the prior year payment
DTPW	Transit Operating Aids	\$ -	\$ (6,858,300)	Governor/Joint Finance: Adjust expenditure authority for transit operating aids to reflect: (a) the 3 percent calendar year 2011 increase authorized in 2009 Wisconsin Act 28; (b) a 10 percent reduction in calendar year 2012; and (c) no increase in calendar year 2013.
DTPW	Transit Operating Fund	\$ -	\$ -	Governor: Recommends changing the funding source for transit operating aids from the transportation fund to the general fund beginning in FY13. Joint Finance: Modify the Governor's budget to keep mass transit funding in the Transportation Fund.
DTPW	Paratransit	\$ -	\$ 1,450,000	Joint Finance: Recommends providing an additional \$2.5 million in each year of the biennium for the paratransit service. *Per the Wisconsin Legislative Fiscal Bureau, the County may receive \$1.45 million in funding for Paratransit.
DTPW	SERTA Assets	\$ 635,000	\$ -	Joint Finance: Repeal the Southeastern Regional Transit Authority (SERTA) and to distribute 50% of the SERTA assets to Milwaukee County. The remaining assets will be split between Racine and Kenosha. ** The date of actual receipt of SERTA funds is unknown at this time.

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
DTPW	Transit Capital Assistance	\$ -	\$ -	Governor/Joint Finance: Eliminates \$100 million in general obligation bonding authority for transit assistance in Southeastern Wisconsin.
DTPW	Highway Maintenance	\$ -	\$ -	Governor: Provide a 2 percent increase in each year for state highway maintenance. Joint Finance: Provide an additional \$15,000,000 annually for the program, to provide a total increase of \$18,923,300 in 2011-12 and \$22,824,500 in 2012-13. Assembly: Provide \$15,000,000 in the first year only.
Family Care	Nursing home rates	\$ -	\$ -	Governor/Joint Finance: Modify a provision that currently requires DHS to incorporate acuity measurements under the most recent "resource utilization groupings (RUGs) III" methodology to determine factors for case-mix adjustments, for the purpose of determining medical assistance (MA) payments to nursing homes as follows. First, substitute the current reference to "resource utilization groupings III" with "resource utilization groupings." Second, permit, rather than require, the system to incorporate acuity measurements under the most recent RUGs. This item would permit DHS to decide whether to incorporate the most recent RUGs methodology in setting MA nursing home rates.
Family Care	Cap on enrollment	\$ -	\$ -	Governor: Reduce funding by \$67,442,100 in 2011-12 and by \$223,361,500 in 2012-13 to reflect estimates of savings that would result by placing a cap on enrollment in Family Care and related programs in the 2011-13 biennium. Prohibit DHS from enrolling, in a county, more persons into the Family Care, Family Care Partnership, PACE, or IRIS program than the number of persons participating in each of those programs in that county on June 20, 2011, or the effective date of the provision, whichever is later. The enrollment cap would not apply after June 30, 2013. Joint Finance: Provide \$12,639,000 in 2011-12 and \$12,600,800 in 2012-13 to provide long-term care services and support items that are offered under the Family Care program to individuals who are on a waiting list for the Family Care, PACE, Family Care Partnership, or IRIS programs and who are in urgent need of long-term care services, as determined by DHS. (These funds would provide services to individuals on waitlists who are in urgent/emergency need of LTC services as determined by DHS, with funds made available on a temporary basis until services for the individual can be funded with the regular appropriations for Family Care, IRIS, Partnership or PACE.)
Family Care	Adult Family Home Certification	\$ -	\$ -	Governor/Joint Finance: Under an alternative process, each Family Care MCO would be responsible for initial and ongoing certification of one- and two-bed AFHs that serve its members. MCOs would be responsible for provider network development. In Family Care counties, counties would be responsible for certifying one to two bed AFHs that serve county-funded clients and homes serving SSI recipients.
Non Dept	Library Maintenance of Effort	\$ -	\$ -	Governor/Joint Finance: Repeal the current law requirements under the statutory standards to be met by public library systems, that each county maintain its support for public library services at a level not lower than the average of the previous three years. Eliminate related provisions governing the calculation of that three-year average for a city, village, town or school district that gains an exemption from the county tax under a separate section of the statutes. Delete the provision that requires DPI to adjust the three-year average in any year, as necessary, to reflect cost savings realized as a result of consolidation or sharing of library services, under certain conditions. Repeal the requirement that a library receive funding from its governing body not less than the average of the previous three years in order to retain membership in a public library system. Each county proposed to be included within a public library system would continue to be required, as under current law, to demonstrate to the satisfaction of DPI its ability to provide adequate funding for libraries in order to implement a plan for library services.

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
Parks	Repair of Dams	\$ -	\$ -	Governor/Joint Finance: Provide \$4 million for dam repair, reconstruction and removal projects, and would ensure greater program flexibility by removing the deadline for grant requests.
Parks	Repair of Dams	\$ -	\$ -	Joint Finance: Set aside not less than \$6 million for grants to a county-owned dam under an agency order for maintenance, repair, modification, abandonment or removal as of the effective date of this bill. Grants could cover up to 25% of eligible project costs, with a maximum grant of \$2.5 million. *There are 6 eligible dam projects, 1 of which is Estabrook Dam.
Revenue	State Shared Revenue	\$ -	\$ (8,316,885)	Governor: Reduce funding by \$96,000,000 in 2012-13 for making 2012 payments under the county and municipal aid program, a reduction of 11.6% relative to total 2011 payments. Specify that, of this amount, payments to municipalities (towns, villages, and cities) would be reduced by \$59,500,000 (an 8.8% reduction) and payments to counties would be reduced by \$36,500,000 (a 24.1% reduction). Specify that aid payments to individual counties and municipalities in 2013 and thereafter would be equal to the amount each county and municipality received in 2012. Joint Finance: Provide \$19,250,000 in 2012-13 for the program, to provide a net reduction of \$76,750,000. Specify that, of that amount, payments to municipalities would be reduced by \$47,663,400 and payments to counties would be reduced by \$29,086,600 (instead of \$59,500,000 and \$36,500,000, respectively, under the Governor's bill). Modify the percentage of 2011 aid component of the maximum reduction factor in the formula used to allocate proposed reductions to individual counties and municipalities, as follows: (a) reduce the percentage from 50% to 15% for cities with a population less than 110,000; and (b) reduce the percentage from 50% to 25% for cities with a population exceeding 110,000 and for all counties, towns, and villages.
Revenue	Property tax caps	\$ -	\$ -	The Governor proposed extending municipal and county levy limits by two years; allowing a levy increase limit by the greater of 0 percent or the increase in equalized value due to net new construction; removing the ability to carry forward of unused levy capacity; and making a negative debt service adjustment for debt issued prior to July 1, 2005, if debt service would be lower in the current year than in the prior year. JFC slightly modified the Governor's budget to allow a super-majority vote to allow an increase in the levy amount equal to the difference between the prior year allowable levy and the prior year actual levy, but not more than .5%. As an alternative to the super-majority vote, added a waiver in 2012 only to the provision requiring the negative debt service adjustment. JFC also made these caps permanent.
Budget impact		\$ (3,312,444)	\$ (28,715,991)	

1 By Supervisors Dimitrijevic, Biddle, Broderick, Romo West, Haas, Harris,
2 Weishan, Johnson and De Bruin Journal,
3 File No. 11-

4 **A RESOLUTION**

5 Authorizing and directing the Interim Director, Department of
6 Administrative Services – Division of Employee Benefits, to revise the
7 Milwaukee County Employee Health Plan to extend health benefits
8 coverage to domestic partners of eligible active Milwaukee County
9 employees and their dependents.

10 WHEREAS, in 2009 the State of Wisconsin expanded health benefits
11 for state government employee health plans to increase the dependent
12 eligibility age, provide for autism spectrum coverage and contraception
13 coverage, and extend benefits to domestic partners and their families
14 (Wisconsin Act 28); and

15 WHEREAS, the Milwaukee County Employee Health Plan has
16 implemented those health plan provisions of Wisconsin Act 28, with the
17 exception of extending benefits to domestic partners and their families;
18 and

19 WHEREAS, for purposes of health benefit eligibility, the State
20 provides a definition for non-married domestic partners (Wis. Stats.
21 40.02(21d)) as follows:

- 22 **40.02(21d)** "Domestic partnership" means a relationship between
23 two individuals that satisfies all of the following:
24 (a) Each individual is at least 18 years old and otherwise
25 competent
26 to enter into a contract
27 (b) Neither individual is married to, or in a domestic partnership
28 with, another individual
29 (c) The 2 individuals are not related by blood in any way that
30 would prohibit marriage under s. 765.03
31 (d) The 2 individuals consider themselves to be members of
32 each other's immediate family
33 (e) The 2 individuals agree to be responsible for each other's
34 basic living expenses
35 (f) The 2 individuals share a common residence. Two individuals
36 may share a common residence even if any of the following
37 applies:
38 1. Only one of the individuals has legal ownership of the
39 residence

- 40 2. One or both of the individuals have one or more
41 additional
42 residences not shared with the other individual
43 3. One of the individuals leaves the common residence with
44 the intent to return; and
45

46 WHEREAS, also as part of Act 28, the State of Wisconsin adopted
47 Chapter 770 of the state statutes, providing a process by which same
48 sex couples can apply for and receive a declaration of domestic
49 partnership through the office of the County Clerk, provided the
50 applicants meet the following criteria:

- 51 **770.05** Two individuals may form a domestic partnership if they satisfy
52 all of the following criteria:
53 (1) Each individual is at least 18 years old and capable of
54 consenting to the domestic partnership.
55 (2) Neither individual is married to, or in a domestic partnership with,
56 another individual.
57 (3) The 2 individuals share a common residence. Two individuals
58 may share a common residence even if any of the following
59 applies:
60 (a) Only one of the individuals has legal ownership of the
61 residence.
62 (b) One or both of the individuals have one or more additional
63 residences not shared with the other individual.
64 (c) One of the individuals leaves the common residence with the
65 intent to return.
66 (4) The 2 individuals are not nearer of kin to each other than 2nd
67 cousins, whether of the whole or half blood or by adoption.
68 (5) The individuals are members of the same sex; and

69 WHEREAS, since August 3, 2009, the first day that County Clerks in
70 Wisconsin were authorized to issue declarations of domestic partnership
71 to same-sex couples, the Milwaukee County Clerk has issued 317 such
72 declarations; and

73 WHEREAS, the Milwaukee County Clerk has indicated that there
74 are no significant administrative barriers to establishing a process by
75 which a Milwaukee County employee could apply for and receive,
76 upon qualification and for a fee, a Declaration of Domestic Partnership
77 for opposite-sex couples; and

78 WHEREAS, any eligible active Milwaukee County employee who
79 wishes to add a domestic partner to the Milwaukee County Health Plan

80 must provide a certified copy of a Declaration of Domestic Partnership
81 as qualified and issued by the Milwaukee County Clerk according to the
82 standards set either in Wis. Stats 770 or Wis. Stats. 40.02(21d); and

83 WHEREAS, according to a Human Rights Campaign database,
84 there are at least 819 different municipal or county governments or
85 school districts that provided domestic partner health benefits for their
86 employees, including the State of Wisconsin, the City of Milwaukee and
87 the Milwaukee Public Schools District; and

88 WHEREAS, a report from the Employee Benefits Research Institute,
89 citing a study by the human resources firm Hewitt Associates, found that
90 adding domestic partners to health benefits plans placed employers
91 "no more at risk than when adding spouses" and reported an average
92 cost increase of less than 1% to employers; and

93 WHEREAS, since allowing domestic partnership benefits in 2000,
94 the City of Milwaukee reports a participation level of approximately 35
95 out of a covered population of approximately 3,500 – a take-up rate of
96 one per cent; now, therefore,

97 BE IT RESOLVED, that the Interim Director, Department of
98 Administrative Services – Division of Employee Benefits (DAS-DEB), is
99 authorized and directed to revise the Milwaukee County Employee
100 Health Plan to extend health benefits coverage to domestic partners of
101 eligible active Milwaukee County employees and their dependents; and

102 BE IT FURTHER RESOLVED, that any active eligible employee
103 wishing to include a domestic partner and dependents under the
104 Milwaukee County Employee Health Plan must apply for and receive
105 upon qualification a Declaration of Domestic Partnership from the
106 Milwaukee County Clerk wherein the employee satisfies the criteria for
107 Domestic Partnership as set forth in Chapter 770 or Chapter 40.02(21d),
108 Wis. Stats, and pays the fee established in Chapter 59.15 of the
109 Milwaukee County Code of General Ordinances; and

110 BE IT FURTHER RESOLVED, that the Interim Director, DAS-DEB, is
111 further authorized and directed to work with the Milwaukee County
112 Clerk to establish administrative procedures and requirements necessary
113 to certify and authenticate the domestic partnership status of an
114 employee and that such procedures shall be implemented to coincide
115 with employee open enrollment for 2012; and

116 BE IT FURTHER RESOLVED, that consistent with County policy for all
117 plan participants, employees adding domestic partners or their

118 dependents may be subject to eligibility audits or reviews and/or
119 verification requests, and employees who provide false or misleading
120 information are subject to discipline up to and including termination and
121 reimbursement of claims incurred; and

122 BE IT FURTHER RESOLVED, that conforming ordinances shall be
123 drafted by the Division of Employee Benefits as necessary to implement
124 domestic partner health benefits to eligible active employees, to be
125 implemented January 1, 2012, and shall be submitted for approval by the
126 County Board in order to allow for enrollment of domestic partners in the
127 open enrollment period for 2012 .

128 dimitrijevic.domestic partnerships.2011.REVISED.doc_

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: June 30, 2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution authorizing and directing the Interim Director, Department of Administrative Services – Division of Employee Benefits, to revise the Milwaukee County Employee Health Plan to extend health benefits coverage to domestic partners of eligible active Milwaukee County employees and their dependents.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input checked="" type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	742,066
	Revenue	3,000	0
	Net Cost	-3,000	742,066
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

Adoption of this resolution will provide employee health benefits to domestic partners of eligible active Milwaukee County employees and their families beginning January 1, 2012. For 2011 an expenditure of staff time will be required to draft plan revisions and address open enrollment issues.

Studies have shown that for companies who extend health benefits to domestic partners the average increase in health costs has been roughly one percent. The City of Milwaukee's actual experience showed a take-up rate consistent with that projection.

The 2011 Adopted Budget provides for \$138 million in health benefits expenditures. Of this amount \$73,304,881 is attributed to the health benefits of active employees (basic health, dental, mental health/substance abuse and wellness), offset by \$4,595,050 in employee contributions for a net budgeted cost of \$68,709,831. Because FSA reimbursements for domestic partners are not allowed under federal law, those costs are not included.

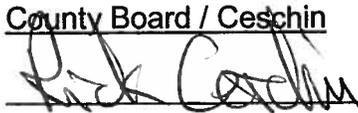
For 2012, DAS - Employee Benefits is estimating health costs to increase by 8% while employee contributions remain unchanged. Updated actuarial analysis, or changes to overall enrollment, head count, ongoing utilization or plan design may impact the estimate positively or negatively. At an 8% increase, the 2012 health expenditures for active employees would be budgeted at \$74,206,617, net of contributions. Using an estimated take-up rate of 1% and a corresponding cost increase of the same amount, extending benefits to domestic partners and dependents would project to a 2012 budget expense of \$742,066.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Additionally, a modest amount of revenue is anticipated in the County Clerk's Office from the fees collected for the domestic partnership declaration. Although the number of declarations is unknown - and some same-sex couples may have already paid for and received such a declaration - a revenue estimate of \$3,000 is included for 2011, based on potential declarations issued in advance of open enrollment this year.

Department/Prepared By County Board / Ceschin

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No