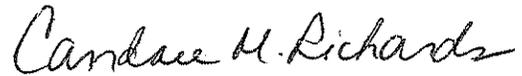


**COUNTY OF MILWAUKEE**  
**DAS - Department of Human Resources**  
INTER-OFFICE COMMUNICATION

**DATE** : July 5, 2011

**To** : Committee on Personnel



**FROM** : Candace M. Richards, Interim Director of Human Resources

**SUBJECT** : **Informational Report for 7/22/2011**  
**Personnel Committee Meeting**

Attached are a series of informational reports listing various personnel transactions that the Director of Human Resources intends to approve for implementation.

These reports (*reclassifications, advancements within the pay range, reallocations, and revisions to ECP*) are provided in accordance with the provisions of Chapter 17 and may be included on the agenda of the July 22, 2011 Personnel Committee Meeting for informational purposes.

In the event the Personnel Committee takes no action, the transactions noted on the reports will be implemented.

CMR:bdv

Copy: HR Managers

Personnel Committee Meeting Date: July 22, 2011

### Reclassification Report

In accordance with the provisions of 17.05 of the Milwaukee County General Ordinances, the Director of Human Resources intends to reclassify the position noted below. The Department of Administration has verified that funds are available within the adopted budget to cover the cost associated with this action.

Requestor	Org	Position	Current Classification (Title)	Current Pay Range	Proposed Classification (Title)	Proposed Pay Range	Current Year Impact (Top Step)	Annual Year Impact	Reason
8000	DHHS	44720	RN II Adult Services	18M	RN II Family Care	18N	\$0	\$0	Title Change
3270	Clerk	00007	Office Support Assistant 2	2PM	Clerical Assistant 1	3PM	\$474	\$1,121	Changes in Duties
9910	UWExt	00017	Clerical Assistant 2 NR	4PM	Executive Assistant UW Extension	6PM	\$1,480	\$3,500	Changes in Duties
<b>TOTAL</b>							<b>\$1,954</b>	<b>\$4,621</b>	

Personnel Committee Date: July 22, 2011

ADVANCEMENT WITHIN THE PAY RANGE REPORT

In accordance with the provisions of 17.10 of the County General Ordinances, the Director of Human Resources intends to approve the advancement within the pay range for the positions noted below. The Department of Administration has verified that funds are available within the adopted budget to cover the cost associated with these actions.

<u>REQUESTOR</u>	<u>DEPT ORG UNIT</u>	<u>TITLE CODE NO POS</u>	<u>CURRENT CLASSIFICATION</u>	<u>PAY RANGE</u>	<u>CURR YEAR</u>	<u>SUB YEAR</u>	<u>REASON</u>
Parks	9101	80360000001	Chief of Field Operations	902E	\$649	\$1,534	Performance & Comparable to other positions

Personnel Committee Date: July 22, 2011

**REALLOCATION REPORT**

In accordance with the provisions of 17.055 of the County General Ordinances, the Director of Human Resources intends to reallocate the positions noted below. The Department of Administration has verified that funds are available within the adopted budget to cover the cost associated with these actions. Fiscal note only reflects costs of wages and social security.

<u>DEPT</u>	<u>DEPT</u> <u>ORG</u>	<u>TITLE</u> <u>CODE</u>	<u>AUTH</u> <u>POS</u>	<u>FILLED</u> <u>POS</u>	<u>CURRENT CLASSIFICATION</u>	<u>CURRENT</u> <u>PAY RANGE</u>	<u>RECOMMENDED</u> <u>PAY RANGE</u>	<u>CURR</u> <u>YEAR</u>	<u>SUB YEAR</u>	<u>MAX YEAR</u>	<u>REASON</u>
-------------	---------------------------	-----------------------------	---------------------------	-----------------------------	-------------------------------	------------------------------------	--	----------------------------	-----------------	-----------------	---------------

**No Reallocations this Period**

**REVISIONS TO ECP REPORT  
Personnel Committee Meeting  
July 22, 2011**

Currently, there are no "Revisions to ECP" to report.

**COUNTY OF MILWAUKEE**  
**DAS - Department of Human Resources**  
INTER-OFFICE COMMUNICATION

DATE : July 5, 2011

To : Committee on Personnel

*Candace M. Richards*

FROM : Candace M. Richards, Interim Director of Human Resources

SUBJECT : **Informational Reports 7/22/2011**  
**For Personnel Committee Meeting**

Attached is an informational report listing ***appointments at an advanced step of the pay range***, which the Director of Human Resources intends to approve for implementation.

These reports are provided in accordance with the provisions of Chapter 17 of the County General Ordinances and may be included on the agenda of the July 22, 2011 Personnel Committee Meeting for informational purposes

In the event the Personnel Committee takes no action, the transactions noted on the reports will be implemented.

CMR:bdv

Attachment

**Appointments At An Advance Step Of The Pay Range  
Personnel Committee Report**

July 22, 2011

REQUESTOR	ORG UNIT	PREVIOUS CLASSIFICATION	CURRENT CLASSIFICATION	PREVIOUS PAY GRADE	CURRENT PAY GRADE	SALARY RANGE ANNUALIZED	STEPS IN PR	APPT STEP	REQUESTED STEP AMOUNT	REQUESTED STEP AMOUNT ANNUALIZED	PREVIOUS SALARY	DIFFERENCE IN ANNUAL PAY	CURRENT YEAR FISCAL IMPACT	JUSTIFICATION
Airport	5061	Asst Airport Oper Mgr	Asst Airport Oper Mgr	28N	28M	\$55,269.63 - \$51,899.57	5	4	\$26,387.0	\$59,044.8600	\$59,044.86	\$0.00	\$2,391.00	Previous Hire
Sheriff	4000	RN1 Pool	Shift Supervisor	51N1	27MN	\$59,689.33 - \$69,697.07	9	8	\$32,150.2	\$66,872.4160	HRLY Rate \$38.60	(\$6.45)	\$4,409.00	Promotion
BHD	6413	Administrative Coord BH	Clinic Psychologist III	27	31	\$63,273.16 - \$75,342.80	5	6	\$36,222.5	\$75,342.8000	\$63,273.16	\$12,069.62	\$3,736.00	Same Dept Promo
DHS	6333	Payroll Assistant	Clerical Specialist MH	04P	05P	\$31,885.36 - \$40,887.60	9	9	\$19,657.5	\$40,887.6000	\$37,949.81	\$2,937.79	\$932.00	Same Dept Promo
Parks	9176	Horticulturist I	Horticulturist II - In Charge	15P	22	\$44,648.07 - \$51,440.69	5	2	\$22,340.0	\$46,467.2000	\$40,172.70	\$6,294.50	\$753.00	Same Dept Promo
DAS-ERS	1189	Park Oper Analyst 2	Pension Info Systems Specialist	22M	28M	\$3,269.63 - 61,889.57	5	3	\$27,178.3	\$56,530.8640	\$49,937.89	\$6,592.97	\$1,130.00	Transfer Promotion
Reg of Deeds	3420	Child Support Asst	Fiscal Assistant I	04P	03P	\$27,711.22 - \$35,535.76	9	4	\$14,733.3	\$30,645.2640	\$29,593.62	\$1,051.64	\$810.00	Transfer Promotion
Aging	7900	No Previous Classification	Human Service Worker (Aging)	NR	16C	\$33,295.39 - \$53,335.78	17	4	\$17,284.8	\$35,910.7840	N/A	N/A	\$1,083.00	TRG/EXP*
Aging	7900	No Previous Classification	Human Service Worker (Aging)	NR	16C	\$33,295.39 - \$53,335.78	17	6	\$18,225.2	\$37,908.4160	N/A	N/A	\$1,910.00	TRG/EXP*
Aging	7900	No Previous Classification	Human Service Worker (Aging)	NR	16C	\$33,295.39 - \$53,335.78	17	4	\$17,284.8	\$35,910.7840	N/A	N/A	\$1,083.00	TRG/EXP*
County Board	1000	No Previous Classification	Legislative Assistant I	NR	6M	\$26,126.81 - \$30,645.06	7	5	\$14,008.7	\$29,133.9360	N/A	N/A	\$1,659.00	TRG/EXP*
County Clerk	3270	No Previous Classification	Student Intern	NR	01M	\$22,304.46 - \$34,155.89	15	6	\$12,601.3	\$28,219.7040	N/A	N/A	\$1,610.00	TRG/EXP*
DAS-Disabilities	1016	No Previous Classification	Disabilities Recreation Manager	NR	22M	\$42,915.60 - \$49,443.47	5	2	\$21,474.4	\$44,686.7520	N/A	N/A	\$547.00	TRG/EXP*
DAS-Fiscal Affairs	1157	No Previous Classification	Fiscal Management Analyst III	NR	33JM	\$56,530.86 - \$77,082.51	8	7	\$36,430.1	\$73,694.6080	N/A	N/A	\$12,081.00	TRG/EXP*
DAS-Fiscal Affairs	1157	No Previous Classification	Fiscal Management Analyst III	NR	33JM	\$56,530.86 - \$77,082.51	8	7	\$36,430.1	\$73,694.6080	N/A	N/A	\$12,081.00	TRG/EXP*
DHHS	6407	No Previous Classification	Secretarial Assistant	NR	04P	\$29,593.62 - \$37,949.81	9	5	\$16,236.4	\$33,771.7120	N/A	N/A	\$1,730.00	TRG/EXP*
DHHS	8000	No Previous Classification	Housing Firm Asst (REHAB)	NR	16Z	\$33,782.22 - \$42,936.61	8	3	\$17,364.8	\$35,910.7840	N/A	N/A	\$881.00	TRG/EXP*
Parks	9035	No Previous Classification	PUC I - Golf	NR	22M	\$42,915.60 - \$49,443.47	5	3	\$22,173.6	\$46,121.0880	N/A	N/A	\$1,327.00	TRG/EXP*
Parks	9041	No Previous Classification	Office Assistant I - Seasonal	NR	6	\$26,141.65 - \$31,863.28	7	4	\$14,145.9	\$29,419.3120	N/A	N/A	\$1,357.00	TRG/EXP*

\*FISCAL IMPACT= (Step employee hired at - Step 1) \* Pay Periods Remaining In Year \* 1.0765

\*TRG/EXP Denotes Training and Experience

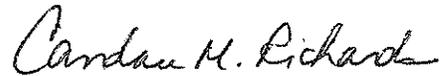
\*Pay Range 901E does not have steps but has a Minimum, Mid, and Maximum Range

In accordance with the provisions of 17.03(3) of the County General Ordinances, the Director of Human Resources must file an informational report with all County Board Supervisors relative to all new appointments at an advanced step of the pay range.

**COUNTY OF MILWAUKEE**  
**DAS - Department of Human Resources**  
INTER-OFFICE COMMUNICATION

DATE : July 5, 2011

TO : Committee on Personnel



FROM : Candace M. Richards, Interim Director of Human Resources

SUBJECT : **Informational Reports 7/22/2011**  
**For Personnel Committee Meeting**

Attached are a series of informational reports relative to ***dual employment, emergency appointment, and temporary appointment***. Reports reflect updates through the end of pay period 1. Also included is an informational report relative to ***temporary assignments to a higher classification***, which is updated through July 5, 2011.

These reports are provided in accordance with the provisions of Chapter 17 of the County General Ordinances.

CMR:bdv

Attachment

**Dual Employment Report  
Personnel Committee Meeting  
July 22, 2011**

<b>Organizational Unit</b>	<b>Name</b>	<b>Current Classification</b>	<b>Current Pay Range</b>	<b>Dual Employment</b>	<b>Dual Employment Pay Range</b>
Parks Department	Terrance Wycklendt	Process Server (HR)	16	Umpire	52
Parks Department	John Quinlan	Public Services Manager	26M	Umpire	52
Parks Department	Alyssa Kruegar	Park Unit Coordinator 1	22M	Umpire	52
Parks Department	Nick Spence	Park Worker 3 Seasonal	5108	Umpire	52
Parks Department	Kevin Quinlan	Food Service Operator Seasonal	9	Umpire	52

Emergency Appointment Report  
Personnel Committee Meeting  
July 22, 2011

<u>Requestor</u>	<u>Dept</u>	<u>Last Name</u>	<u>First Name</u>	<u>Title Description</u>	<u>Employee Class</u>	<u>Status</u>	<u>Emergency Appt Date</u>	<u>Pay Range</u>
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No Emergency Appointments this Period

**Temporary Appointment Report  
Personnel Committee Meeting  
July 22, 2011**

Requestor	Dept	Last Name	First Name	Title Code	Title Description	Emp Class	Status	# of Hours in Payroll Period	Temporary Appt Date	Appt Type
GMIA - Maintenance - General	5051	Benjamin	Christopher	32450	Airport Mtce Wkr	F	A	80	5/2/2011	TA
		Powell	Mary	32450	Airport Mtce Wkr	F	A	80	5/2/2011	TA
Total Employees =		2								

Grand Total of Employees: 2

**Temporary Assignment to a Higher Classification (TAHC) Report  
Personnel Committee Meeting  
July 22, 2011**

Dept	First Name	Last Name	Current Job Title	Pay Range	Start Date	Ext.	End Date	New Job Title	Pay Range
Corp Counsel	Jorgensen	John	Principal Asst- Corp Counsel	84Z	7/1/2011		7/1/2011	Exec Dir3-Corporation Counsel	903E
Dept of Family Care	Tovah	Bates	Program Coordinator - ASD	29M	5/2/2011		7/29/2011	Family Care Quality Manager	33M
CSE	Tarsha	Stallworth	Office Support Assistant 2	02P	5/9/2011		until filled	Executive Assistant Child Support	06PM
DAS	Patrick	Farley	ExecDir1-Deputy Controller	901E	6/20/2011		9/17/2011	Exec Dir 3 - Director DOA	903E
DAS - DHR	Camabe	Richards	Human Resources Mgr DHHS	916E	12/28/2010		until filled	Exec Dir3-Dir Human Resources	903E
DAS - Fiscal Affairs	Pamela	Bryant	Capital Finance Manager	917E	6/28/2011		9/25/2011	Exec Dir3 - Fiscal & Budget Manager	903E
DAS - Fiscal Affairs	Justin	Rodriguez	Capital Finance Plan Analyst 3	330M	6/28/2011		9/25/2011	Capital Finance Manager	917E
DAS - IMSD	Laurie	Panella	IT Director Business Development	902E	7/30/2010	*	until filled	Ex Dir3-Chief Info Officer	903E
DAS - Risk Management	Dennis	Dietscher	Employee Safety Coordinator	30M	5/9/2011		8/6/2011	ExecDir2-Risk Manager	902E
DHHS	Ara	Garcia	HR Coordinator	30M	12/28/2010	*	until filled	HR Manager DHHS	916E
DHHS	Geri	Lyday	ExDir2-Divadmindelig Clae	902E	12/25/2010		until filled	Exdir3-Director of Human Services	903E
DHHS	Niah	Harris	Payroll Assistant	04P	5/31/2011		8/1/2011	Management Assistant HR	06PM
DHHS-Disabilities Serv	Mark	Stein	ExDir2-Comm Res Administrator	902E	12/28/2010	*	until filled	ExDir2-Debt Program Director-Commse	902E
DTPW-Airport	Kevin	Doyne	Fire Fighter Equipment Operator	17B	5/1/2011		7/29/2011	Asst Chief Air Rescue & Fire Fighter	27M
DTPW-Facilities Mgmt	David	Polk	Facilities Grounds Supervisor	23M	4/4/2011		7/2/2011	Facilities Maintenance Coordinator	30M
DTPW-Facilities Mgmt	Gary	Waszak	Facilities Maintenance Coordinator	30M	10/16/2010	*	until filled	Executive Director (Facilities Management)	902E
Labor Relations	Frederick	Bau	Labor Relations Specialist 3	30M	6/21/2011	*	8/7/2011	Exec Dir 2 - Director of Labor Relations	
Parks	Robby	Lemmerman	PMW II - IC	18Z	4/18/2011		7/16/2011	Park Unit Coordinator	22M
Parks	Paul	Corrad	PMW II - IC	18Z	4/18/2011		7/16/2011	Park Unit Coordinator	22M
Parks	Dave	Engelman	PMW II - IC	18Z	4/18/2011		7/16/2011	Park Unit Coordinator	22M
Sheriff	Vernice	Sirapp-Pitts	Executive Assistant - Child Support	6PM	12/19/2010		until filled	Human Resources Coordinator-Sheriff	30M
Veterans Service	James	Duff	Veterans Assistant Prog Supervisor	22M	5/31/2011		8/28/2011	Veterans Service Officer	913E

\*Pursuant to M.C.G.O. 17.085(1), (2), or (7), the TAHC has been extended by the Director of DHR. The County Board of Supervisors and the County Executive must approve the second extension to a vacant unclassified position through adoption of a Resolution.

**Temporary Assignment to a Higher Classification (TAHC) Report  
Personnel Committee Meeting  
July 22, 2011**

<u>Dept</u>	<u>First Name</u>	<u>Last Name</u>	<u>Current Job Title</u>	<u>Pay Range</u>	<u>Start Date</u>	<u>Ext.</u>	<u>End Date</u>	<u>New Job Title</u>	<u>Pay Range</u>
Dept of Family Care	Tovah	Bates	Program Coordinator - ASD	29M	5/2/2011		7/29/2011	Family Care Quality Manager	33M
CSE	Tarsha	Stallworth	Office Support Assistant 2	02P	5/9/2011		until filled	Executive Assistant Child Support	05PM
DAS	Patrick	Farley	ExecDir1-Deputy Controller	901E	6/20/2011		9/17/2011	Exec Dir 3 - Director DOA	903E
DAS - DHR	Candace	Richards	Human Resources Mgr DHHS	916E	12/28/2010	*	until filled	Exec Dir3 Dir Human Resources	903E
DAS - Fiscal Affairs	Pamela	Bryant	Capital Finance Manager	917E	6/28/2011		9/25/2011	Exec Dir3 - Fiscal & Budget Manager	903E
DAS - Fiscal Affairs	Justin	Rodriguez	Capital Finance Plan Analyst 3	33JM	6/28/2011		9/25/2011	Capital Finance Manager	917E
DAS - IMSD	Laurie	Panella	IT Director Business Development	902E	7/30/2010	*	until filled	Ex Dir3-Chief Info Officer	903E
DAS - Risk Management	Dennis	Dietscher	Employee Safety Coordinator	30M	5/9/2011		8/6/2011	ExecDir2-Risk Manager	902E
DHHS	Ara	Garcia	HR Coordinator	30M	12/28/2010	*	until filled	HR Manager DHHS	916E
DHHS	Geni	Lyday	ExDir2-Divadmindelig Ctse	902E	12/25/2010	*	until filled	Exdir3 Director of Human Services	903E
DHHS	Niah	Harris	Payroll Assistant	04P	5/31/2011		8/1/2011	Management Assistant HR	06PM
DHHS-Disabilities Serv	Mark	Stein	ExDir2-Comm Res Administrator	902E	12/26/2010	*	until filled	ExDir2-Dept Program Director Commse	902E
DTPW-Airport	Kevin	Doyne	Fire Fighter Equipment Operator	17B	5/1/2011		7/29/2011	Asst Chief Air Rescue & Fire Fighter	27M
DTPW-Facilities Mgmt	Gary	Waszak	Facilities Maintenance Coordinator	30M	10/16/2010	*	until filled	Executive Director (Facilities Management)	902E
Labor Relations	Frederick	Bau	Labor Relations Specialist 3	30M	6/21/2011	*	8/7/2011	Exec Dir 2 - Director of Labor Relations	
Sheriff	Vernice	Strapp-Pitts	Executive Assistant - Child Support	6PM	12/19/2010	*	until filled	Human Resources Coordinator-Sheriff	30M
Veterans Service	James	Duff	Veterans Assistant Prog Supervisor	22M	5/31/2011		8/28/2011	Veterans Service Officer	913E

\*Pursuant to M.C.G.O. 17.085(1), (2), or (7), the TAHC has been extended by the Director of DHR. The County Board of Supervisors and the County Executive must approve the second extension to a vacant unclassified position through adoption of a Resolution.

**COUNTY OF MILWAUKEE**  
**DAS-Division of Human Resources**  
Inter-office Communication

DATE : July 12, 2011

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

FROM : Candace Mr. Richards, Interim Director of Human Resources *Candace M. Richards*

SUBJECT: **Proposed Resolution Regarding Extension of Gerald J. Schroeder's  
TAHC Assignment**

**Issue:**

A request is being made to seek an extension of the Temporary Assignment to a Higher Classification (TAHC) for Mr. Gerald J. Schroeder, currently serving in the position of Director of the Division of Employee Benefits, Department of Administrative Services, until July 29, 2011.

**Background:**

Mr. Schroeder has been serving in a TAHC for the position of Director of Employee Benefits since January 12, 2011. The TAHC has been extended once, per the approval of the DAS Director. Mr. Schroeder's TAHC ended on July 11, 2011.

**Recommendation:**

To assure continuity of operation and leadership within the Division of Employee Benefits (DAS), and based upon the experience he brings to this position, I am asking that the attached resolution be referred to the Personnel Committee and the County Board for approval to extend Mr. Schroeder's TAHC until July 29, 2011, at which time he is scheduled to retire from Milwaukee County employment.

Attachments

Cc: County Executive Chris Abele  
George Aldrich, Chief of Staff, County Executive's Office  
Terry Cooley, Chief of Staff, County Board of Supervisors  
Supervisor Joe Sanfelippo, Chairman, Personnel Committee  
Patrick Farley, Director, Department of Administrative Services  
Rick Ceschin, Senior Research Analyst, County Board  
Jodi Mapp, Committee Clerk

1  
2  
3  
4 (ITEM \*) From the County Executive's Office, requesting authorization to extend the  
5 Temporary Assignment to a Higher Classification (TAHC) for Mr. Gerald J. Schroeder to  
6 the position of Director of Employee Benefits, by recommending adoption of the  
7 following:

8  
9 **A RESOLUTION**

10  
11 WHEREAS, Temporary Assignments to a Higher Classification (TAHCs) are  
12 authorized for non-represented employees pursuant to Milwaukee County Code of  
13 General Ordinance 17.085; and

14  
15 WHEREAS, Milwaukee County Ordinance 17.085 states that employees in the  
16 classified and unclassified service may receive a temporary assignment to a vacant  
17 unclassified position for ninety (90) days or less with one (1) extension of ninety (90)  
18 days or less with the extension provision pursuant to approval by the Human Resources  
19 Director, or in this case the Director of Administrative Services; and

20  
21 WHEREAS, Milwaukee County Ordinance 17.085 states that any further  
22 extensions must be approved by the County Board; and

23  
24 WHEREAS, Mr. Gerald J. Schroeder has been serving since January 12, 2001  
25 and continues to serve through a TAHC in the position of Director of the Division of  
26 Employee Benefits since January 12, 2011; and

27  
28 WHEREAS, it is necessary to extend Mr. Schroeder's TAHC to ensure the  
29 continuity of functions that are critical to the working of Milwaukee County government,  
30 as well as to provide continuing leadership within the Division of Employee Benefits  
31 (DAS); now, therefore,

32  
33 BE IT RESOLVED, that Mr. Gerald J. Schroeder shall continue to serve through  
34 a Temporary Assignment to a Higher Classification (TAHC) as the Director of Employee  
35 Benefits until July 29, 2011, at which time he is scheduled to retire from Milwaukee  
36 County employment.

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 7/12/11

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Proposed Resolution Extending the TAHC for Gerald Schroeder to the position of Director of Employee Benefits

**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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	1,324	0
	Revenue	0	0
	Net Cost	1,324	0
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

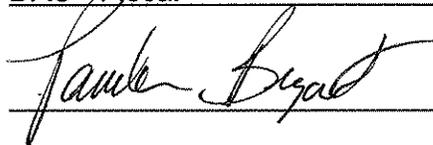
In the space below, you must provide the following information. Attach additional pages if necessary.

- 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.<sup>1</sup> 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 action being requested is extension of a TAHC for Mr. Gerald Schroeder to the position of Director of Employee Benefits for a 14 day period from July 12 through July 29, 2011. If the TAHC is not extended, Mr. Schroeder would return to his position as Retirement System Manager.
- B. The direct costs of this action are additional salary expense of \$1,324 in 2011 and \$0 in subsequent years.
- C. These costs can be absorbed with the budget for DAS – Employee Benefits and are offset with salary savings from other positions within the Employee Retirement System.
- D. The analysis assumes that the requested TAHC will extend from July 12 through July 29, 2011.

Department/Prepared By DAS - Fiscal

Authorized Signature



Did DAS-Fiscal Staff Review?  Yes  No

<sup>1</sup> 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 12, 2011

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

FROM : Candace Mr. Richards, Interim Director of Human Resources *Candace M. Richards*

SUBJECT: **Proposed Resolution Regarding Extension of Marian Ninneman's  
TAHC Assignment**

**Issue:**

A request is being made to seek an extension of the Temporary Assignment to a Higher Classification (TAHC) for Ms. Marian Ninneman, currently serving in the position of Employees' Retirement System (ERS) Manager, until such time as an appointment is made to fill this position.

**Background:**

Ms. Ninneman has been serving in a TAHC for the position of ERS Manager since January 12, 2011, during which period Mr. Gerald Schroeder, the ERS Manager, has been serving in a TAHC to the position of Director of Employee Benefits. Ms. Ninneman's TAHC has been extended once. Mr. Schroeder's TAHC will end on July 29, 2011, at which time he will retire from Milwaukee County employment.

**Recommendation:**

To assure continuity of operations within the Employees Retirement System, of the Division of Employee Benefits (DAS), in an efficient manner and based upon the experience she brings to this position, I am asking that the attached resolution be referred to the Personnel Committee and the County Board for approval to extend Ms. Ninneman's TAHC until such time as an appointment is made of a qualified candidate for the position.

Attachments

Cc: County Executive Chris Abele  
George Aldrich, Chief of Staff, County Executive's Office  
Terry Cooley, Chief of Staff, County Board of Supervisors  
Supervisor Joe Sanfelippo, Chairman, Personnel Committee  
Patrick Farley, Director, Department of Administrative Services  
Rick Ceschin, Senior Research Analyst, County Board  
Jodi Mapp, Committee Clerk

1  
2  
3  
4 (ITEM \*) From the Department of Administrative Services-Employees Benefit Division,  
5 requesting authorization to extend the Temporary Assignment to a Higher Classification  
6 (TAHC) for Ms. Marian Ninneman to the position of Employees Retirement System  
7 (ERS) Manager, by recommending adoption of the following:  
8

9  
10 **A RESOLUTION**

11 WHEREAS, Temporary Assignments to a Higher Classification (TAHCs) are  
12 authorized for non-represented employees pursuant to Milwaukee County Code of  
13 General Ordinance 17.085; and  
14

15 WHEREAS, Milwaukee County Ordinance 17.085 states that employees in the  
16 classified and unclassified service may receive a temporary assignment to a vacant  
17 unclassified position for ninety (90) days or less with one (1) extension of ninety (90)  
18 days or less with the extension provision pursuant to approval by the Human Resources  
19 Director, or in this case the Director of Administrative Services; and  
20

21 WHEREAS, Milwaukee County Ordinance 17.085 states that any further  
22 extensions must be approved by the County Board; and  
23

24 WHEREAS, Ms. Marian Ninneman has been serving on a TAHC to the position  
25 of ERS Manager since January 24, 2011, while Mr. Gerald J. Schroeder serves in a  
26 TAHC to the position of Director of Employee Benefits, which has been vacant since  
27 January 12, 2011; and  
28

29 WHEREAS, it is necessary to extend Ms. Ninneman's TAHC in order to  
30 administer the day-to-day operations of the Employees' Retirement System in an  
31 efficient manner; now, therefore,  
32

33 BE IT RESOLVED, that Ms. Marian Ninneman shall continue to serve, through a  
34 TAHC, as the Manager of the Employees Retirement System until a permanent Director  
35 of Employee Benefits is appointed and confirmed by the County Board.

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 7/12/11

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Proposed Resolution Extending the TAHC for Marian Ninnemann to the position of Retirement System Manager

**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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	11,060	0
	Revenue	0	0
	Net Cost	11,060	0
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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 action being requested is extension of a TAHC for Ms. Marian Ninneman to the position of Retirement System Manager until an appointment is made to the position.
- B. The direct costs of this action are additional salary expense of \$11,060 in 2011 and \$0 in subsequent years.
- C. These costs can be absorbed with the budget for DAS – Employee Benefits and are offset with salary savings from other positions within the Employee Retirement System.
- D. The analysis assumes that the requested TAHC will extend from July 12 through December 30, 2011.

Department/Prepared By DAS - Fiscal

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

<sup>1</sup> 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**

**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%.

<b>TABLE 1. 2011 BUDGETED AND FUNDED FTEs AND VACANCIES (AS OF 6/22/2011)</b>			
<b>Position</b>	<b>Funded</b>	<b>Vacant FTE as of 7/11*</b>	<b>Vacancy Rate as of 7/11*</b>
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%
<b>Subtotal - Psychiatry</b>	<b>30.30</b>	<b>6.70</b>	<b>22.1%</b>
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%
<b>Subtotal - Psychology</b>	<b>20.50</b>	<b>0.00</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>50.80</b>	<b>6.70</b>	<b>13.2%</b>

\*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.

<b>TABLE 2. SELECT PSYCHOLOGY SALARY COMPARISONS</b>				
<b>Position</b>	<b>Current Milwaukee County Pay Range*</b>		<b>Current Veterans Affairs Pay Range</b>	
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.

<b>TABLE 3. SELECT PSYCHIATRY SALARY COMPARISONS</b>						
<b>Position</b>	<b>Current Milwaukee County Pay Range*</b>		<b>State of Wisconsin Pay Range**</b>		<b>Veterans Affairs Pay Range***</b>	
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.

<b>TABLE 4. OVERTIME BY POSITION (1/1/10-12/31/10)</b>		
<b>Position</b>	<b>Hours*</b>	<b>Earnings**</b>
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
<b>Subtotal - Psychiatry</b>	<b>1,321</b>	<b>\$ 77,948</b>
Clinic Psychologist I	-	\$ -
Clinic Psychologist III	42	\$ 272
Clinical Prog Dir - Psychology	601	\$ -
<b>Subtotal - Psychology</b>	<b>643</b>	<b>\$ 272</b>
<b>TOTAL</b>	<b>1,965</b>	<b>\$ 78,219</b>

\*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:

<b>Position</b>	<b>Current Hourly Pay Range*</b>		<b>New Hourly Pay Range</b>	
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.

<b>Position</b>	<b>Base Hourly Pay Rate*</b>	<b>Differential for New Hourly Position with No Benefits</b>	<b>New Hourly Pay Rate</b>
<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:

<b>Position</b>	<b>Current Hourly Pay Range*</b>		<b>New Hourly Pay Range</b>	
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.

<b>Staff Psychiatrist - Hourly</b>			
	<b>Base Hourly Pay Rate*</b>	<b>Differential for Critical Fill</b>	<b>New Hourly Pay Rate</b>
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**

<b>Reporting Source</b>	<b>Position</b>	<b>Minimum</b>	<b>Median</b>	<b>Maximum</b>
<b>Milwaukee County (2011)*</b>	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
<b>State of Wisconsin (2010)</b> [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		
<b>State of Illinois (2011)</b>	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
<b>Medical College of Wisconsin</b>	Associate Professor of Psychiatry		\$ 177,000	
	Professor of Psychiatry		\$ 219,000	
<b>Department of Veterans Affairs</b>	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
	<b>Horizon Health (Saginaw, MI)</b>	Medical Director-Psychiatric Services	\$ 220,000	
<b>Hennepin County Medical Center (Minneapolis, MN)</b>	Psychiatrist - hourly (pool)	\$ 145/hour		
<b>American Medical Group Association (National Reporting) - 2010 Physician Compensation Survey</b>	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.

<b>APPENDIX B. ADDITIONAL PSYCHOLOGY SALARY COMPARISONS</b>		
<b>Setting and Experience</b>	<b>Median Compensation</b>	<b>Mean Compensation</b>
<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.

25

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.

26

27

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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32

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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46

47

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

49

50

51

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

55

56

57

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

62

63

64

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

65

66

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

71

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

76

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

81

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

85

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

89

90 WHEREAS, the costs of these position actions totals \$153,078 in 2011, and  
 91 \$468,239 in the first full year of implementation; and

92

93 WHEREAS, the increase in expenditures will be absorbed within the DHHS budget  
 94 in 2011, and the budget will be adjusted in 2012 to include these expenditures; now,  
 95 therefore,

96

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

105

<b>Position</b>	<b>Current Hourly Pay Range*</b>		<b>New Hourly Pay Range</b>	
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

Position	Current Hourly Pay Range*		New Hourly Pay Range	
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.

119

120 FURTHER, BE IT RESOLVED, that the Interim Director of the Department of Health  
 121 and Human Services, or her designee, is authorized to abolish six vacant House Physician  
 122 III - Hourly (47321) positions; create six Staff Psychiatrist – Hourly (50771) positions; and  
 123 create three Clinical Psychologist I – Hourly, five Clinical Psychologist III – Hourly, and  
 124 five Clinical Prog Dir – Psychology – Hourly positions as follows; and  
 125

<b>Position</b>	<b>Base Hourly Pay Rate*</b>	<b>Differential for New Hourly Position with No Benefits</b>	<b>New Hourly Pay Rate</b>
<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.

126 FURTHER, BE IT RESOLVED, that applicable County Ordinances and/or Civil  
 127 Service Rules are amended to allow staff in Psychiatry, Physician, and Psychology positions  
 128 to reside in Illinois.  
 129

**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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	153,078	468,239
	Revenue		
	Net Cost	153,078	468,239
<b>Capital Improvement Budget</b>	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. <sup>1</sup> 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.

---

<sup>1</sup> 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

JUN 23 2011

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(ITEM ) From the County Executive, requesting authorization to amend Section 17 of the Milwaukee County Code of General Ordinances as it pertains to vacation and sick allowance benefits for non-represented employees, by recommending adoption of the following:

**A SUBSTITUTE RESOLUTION/ORDINANCE**

WHEREAS, the amount of sick allowance that an employee can accrue during service for Milwaukee County under current ordinances can result in substantial payments to retiring employees; and

WHEREAS, prior ordinance amendments have made changes to sick allowance policies, but additional reforms are appropriate; and

WHEREAS, payments of accrued sick allowance to retiring employees create budgetary and personnel issues for County departments; and

WHEREAS, Milwaukee County sick allowance policies are not consistent with the practices of other Wisconsin governmental entities; and

WHEREAS, State law prevents reductions to existing accrued sick allowance balances and formulas and allows policy changes only for future sick allowance accruals; and

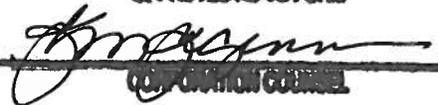
WHEREAS, current ordinances should be amended to prevent a former employee who returns to County employment from receiving a complete payout of restored sick allowance balances without performing an appropriate period of additional service to the County; and

WHEREAS, current ordinances should be amended to prevent a former employee who returns to County employment from receiving a payout of unused vacation without performing an appropriate period of additional service to the County; and

WHEREAS, current ordinances do not address policies related to vacation leave that is not used by an employee during the year in which it was granted, and therefore ordinances should be amended to clarify and set forth a policy to address carryover of unused vacation leave; and

WHEREAS, this SUBSTITUTE resolution/ordinance was submitted by, and contains the recommendations of, the Employee Benefits Workgroup; now, therefore,

DeBruin  
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moved refer  
to Committee  
to Personnel  
to Referral  
10-9

APPROVED AS TO FORM  
  
COUNTY CLERK

44 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby amends  
45 Sections 17.17, 17.18, and 17.184 of the Milwaukee County Code of General Ordinances  
46 by adopting the following:

47  
48 **AN ORDINANCE**  
49

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

52  
53 **SECTION 1.** Section 17.17 of the General Ordinances of Milwaukee County is amended  
54 as follows:

55  
56 **17.17. Vacations and holidays.**  
57

58 (1) The heads of all departments, bureaus, institutions, boards or commissions shall make  
59 provision for, designate, and allow annual leaves with pay to serve as vacation equivalent  
60 to eighty (80) hours for each employee who has completed one (1) year or more of service,  
61 unless as otherwise may be provided for by collective bargaining agreements; one hundred  
62 twenty (120) hours for each employee who has completed five (5) years or more of service;  
63 one hundred sixty (160) hours for each employee who has completed ten (10) years or  
64 more of service; two hundred (200) hours for each employee who has completed twenty  
65 (20) years or more of service; firefighter and equipment operators, employees paid on an  
66 hourly or per diem basis who customarily work less than forty (40) hours per week or two  
67 thousand eighty (2080) hours per annum, employees paid on a per call or clinic hourly  
68 basis, and part-time employees paid on a biweekly basis whose services are required less  
69 than half-time, unless as otherwise provided for by collective bargaining agreements;  
70 firefighter and equipment operators shall be allowed annual leave with pay to serve as  
71 vacation as follows: five (5) work days for each employee who has completed one (1) year  
72 or more of service, seven (7) work days for each employee who has completed five (5)  
73 years or more of service, ten (10) work days for each employee who has completed ten  
74 (10) years or more of service, and twelve (12) work days for each employee who has  
75 completed twenty (20) years or more of service. During the first year of employment, or in  
76 a return to service, an employee ~~may utilize the equivalent of forty (40) hours of vacation~~  
77 after six (6) months of service will be granted a proportional share of their hours of vacation  
78 entitlement based on the number of full calendar months remaining in the calendar year in  
79 which the employee was first hired or in which the employee was rehired, divided by  
80 twelve (12) and rounded up to the nearest whole hour, and shall be granted their full  
81 vacation entitlement on January 1 of the calendar year after being hired or rehired by the  
82 County. Years of service for a new non-represented employee, or non-represented  
83 employee returning to service, who was not discharged or involuntarily separated from the  
84 County, shall include any creditable pension service earned with Milwaukee County, the  
85 State of Wisconsin or any municipality within the State of Wisconsin. ~~Any employee who~~  
86 ~~returns to employment with Milwaukee County having previously been involuntarily~~  
87 ~~separated from Milwaukee County employment shall not be entitled to any prior service~~  
88 ~~credit for purposes of vacation entitlement.~~ An employee shall not receive payment for

89 unused vacation credit upon any termination of employment, including, but not limited to,  
90 a retirement, unless the employee has served 2080 hours after the employee's initial date  
91 of hire or rehire. Effective in 2002 all non-represented employees shall be eligible for five  
92 (5) weeks of vacation (two hundred (200) hours) after fifteen (15) years of service and six (6)  
93 weeks of vacation (two hundred forty (240) hours) after twenty (20) years of service.

94  
95 (2) Effective January 1, 2013, an employee may not carry over beyond the end of any  
96 calendar year any more than seven days (56 hours) of unused vacation leave. Departments  
97 may request to carry over hours in excess of 56 hours for any employee by submitting a  
98 request to the Director of Human Resources and must include in the request the written  
99 rationale for the request, the reason the department limited the use of vacation by the  
100 employee, and any other information requested by the Director. The Director shall have  
101 discretion to approve or deny such requests. All vacation leave previously credited to the  
102 employee in excess of seven days that has not been used prior to the end of the calendar  
103 year and that has not been approved by the Director for carry over shall be forfeited.

104  
105 ~~(23)~~ The following days of each year are holidays: January 1, the third Monday in  
106 February, the last Monday in May, July 4, November 11, the fourth Thursday in November,  
107 December 25, the day appointed by the governor as Labor Day, and the day of holding the  
108 general election in November, unless as otherwise may be provided for by collective  
109 bargaining agreements; county department, offices, and institutions may be closed on these  
110 holidays: January 1, the last Monday in May, July 4, the first Monday in September, the  
111 fourth Thursday in November, and December 25. Effective in 2002 the Friday after the  
112 fourth Thursday in November shall be a holiday for non-represented employees and  
113 employees who are represented by a collective bargaining unit which has agreed to this  
114 provision. All county departments, offices and institutions shall be open to the public for  
115 business on all other statutory holidays. All employees, including those in the building and  
116 mechanical trades group in section 17.32(2)(c), except employees paid on an hourly or per  
117 diem basis and firefighter and equipment operators who receive off days in lieu of  
118 holidays, shall be granted leave with pay on these days, provided that if an employee is  
119 required to work on such days because of the needs of the service, he shall be given  
120 equivalent time off or shall receive additional compensation, if such compensation is  
121 authorized by the provisions of subsection 17.16(5). Firefighter and equipment operators,  
122 who receive seven (7) off days in lieu of all holidays, shall be granted such off days during  
123 their first calendar year of employment as provided for in their collective bargaining  
124 agreements.

125  
126 ~~(34)~~ (a) A holiday falling on a Saturday shall be observed on the preceding scheduled  
127 workday and a holiday falling on a Sunday shall be observed on the following scheduled  
128 workday, except in the seven-day service where the present system of accruing and  
129 exhausting holidays shall remain in effect. This provision shall not apply to employees  
130 represented by certified bargaining representation.

131  
132 ~~(45)~~ For all employees not represented by certified bargaining unit representatives,  
133 beginning in January, 1988 and every year thereafter, the third Monday in January will be

134 observed as a holiday. All county departments, offices, and institutions shall be open to the  
135 public for business on this holiday.

136

137 (56) For employees not covered by a collective bargaining agreement, beginning in 1997,  
138 employees with an assigned work week of forty (40) hours who use no sick allowance and  
139 take no time without pay during the year, shall receive eight (8) hours of holiday time  
140 which may be used in the subsequent year. Use of excused time, including excused time  
141 used for medical appointments or bereavement leave, shall not be considered as sick  
142 allowance under this section.

143

144 **SECTION 2.** Section 17.18 of the General Ordinances of Milwaukee County is amended  
145 as follows:

146

147 **17.18. Leave of absence with pay on account of illness or other special causes.**

148

149 (1) All officers and employees who are compensated on a biweekly or annual basis and  
150 are required to work half-time or more, and all hourly employees who are customarily  
151 employed forty (40) hours in each calendar week, may be given leave of absence with pay  
152 for illness or other special causes of three and seven-tenths (3 7/10) hours for each pay  
153 period, or a proportionate credit for employees who regularly work less than forty (40)  
154 hours per week; provided, however, that such credit shall be cancelled for each pay period  
155 in which the employee is absent without pay for more than three-eighths of the required  
156 hours except absences due to disability in line of duty or leave for military service. Such  
157 leaves of absence with pay shall be granted solely on account of sickness, bodily injury, or  
158 other causes of absence which are considered as sufficient and legitimate excuses for the  
159 employee's failure to be present and in attendance on his duties; provided, however:

160 (a) That reasons for the absence and the good faith of the employee in taking  
161 such leave shall be supported by such reasonable evidence as may be required by  
162 the appointing authority including a physician's certificate, personal affidavit, or by  
163 other means; and

164 (b) That when the illness of an employee is such as may make it necessary to  
165 take leave of absence of more than three (3) days, a statement shall be made to the  
166 appointing authority in writing from a licensed physician or from an authorized  
167 Christian Science practitioner, stating the period of time the employee was unable  
168 to work because of illness.

169

170 (2) Such leave of absence with pay shall accrue during the first six (6) months of service,  
171 but shall not be granted until the completion of six (6) months of service, unless injury or  
172 disability is incurred in line of duty.

173

174 (3) Unless otherwise noted in a collective bargaining agreement, unused leave as provided  
175 in subsection (1) of this section shall accumulate on an unlisted basis over the entire period  
176 of an employee's continuous service. Unless otherwise specified in a collective bargaining  
177 agreement, continuous service shall be considered to be any period of service that has not

178 been interrupted by layoff in excess of two (2) years and one (1) day or by voluntary or  
 179 involuntary separation.

180

181 (4) Paid leave in accordance with the following formula shall be granted to employees  
 182 when the employee's presence is required, and if the employee has sufficient accrued sick  
 183 leave from which such leave shall be deducted:

184 TABLE INSET:

185

	Critical Illness	Death	Wedding
<i>Immediate family of employee</i>			
Husband, wife, child, brother, sister, parents, or foster parents, stepmother, stepfather, stepbrother, stepsister	3 days	3 days, plus travel	1 day
<i>Wife or husband of members of employee's immediate family</i>			
Son-in-law, daughter-in-law, brother-in-law, sister-in-law	1 day	1 day, plus travel	no provision
<i>Immediate family of spouse</i>			
Brother, sister, parents, or child of employee's spouse	1 day	1 day, plus travel	no provision
<i>Other close relatives</i>			
Aunt, uncle, first cousin, niece, nephew, grandparent, or grandchild of employee or spouse, great grandparent, grand nephew, grand niece, great aunt, great uncle, ex- husband, ex-wife	No provision	1 day, plus travel	no provision
<i>Other causes for excused time</i>			
Funeral of fellow worker	1/2 day if approved by department head.		

186

187 It shall not be necessary that such persons shall have resided with the employee to  
 188 come within such classification. Not to exceed three (3) days of leave with pay may be  
 189 allowed whenever both death and funeral occur in Milwaukee or its vicinity. Whenever  
 190 either death or the funeral occurs elsewhere, additional travel time may be allowed as  
 191 leave with pay as follows: Up to seventy-five (75) miles--none; between seventy-five (75) to  
 192 one hundred fifty (150) miles--one (1) day; over one hundred fifty (150) miles--two (2) days.

193 Reasons for the absence and the good faith of the employee in taking such leave shall be  
194 supported by such reasonable evidence as may be required by the appointing authority,  
195 including a physician's certificate, personal affidavit or by other means as may be approved  
196 by the appointing authority. Such leave with pay shall be deducted from the accrued sick  
197 leave balance of the employee and shall be subject to the following:

198 (a) Where one (1) day is authorized, it must be taken on the day of the  
199 funeral, and

200 (b) Where more than one (1) day is authorized such days must be  
201 consecutive calendar days, one (1) of which is the day of the funeral, and

202 (c) When two (2) travel days are authorized, one (1) day must precede the  
203 funeral and one (1) day must follow the day of the funeral, and

204 (d) Scheduled off days shall be considered as part of the total funeral leave  
205 allowed when such off days fall within the authorized leave when such days are  
206 considered consecutively. Scheduled vacation days falling within the bereavement  
207 period, may be rescheduled for liquidation during the remainder of the year.

208 (e) Any employee scheduled to work the night shift shall have the option of  
209 taking off the night before or the night of the funeral.

210

211 (5) In addition to other causes set forth in section 17.18(4), sick leave may be taken for the  
212 purpose of enabling employees to receive nonemergency medical attention during work  
213 hours. Such leave may be allowed for scheduled appointments for any type of medical or  
214 dental care. Excused time charged against sick leave for these purposes shall be limited to  
215 three (3) hours per incident including travel between the employees' work site and the  
216 place of their appointment. In order to be excused for this type of leave, the employee must  
217 present to their immediate supervisor a written notice from the practitioner treating the  
218 employee stating the date and time of the employee's appointment. Provisions of (5) shall  
219 apply to eligible employees in the classified service.

220

221 (6) Any employee entitled to accrue sick leave under the provisions of this section who is  
222 incapacitated by reason of injuries or illness resulting from his/her employment shall be  
223 entitled to receive eighty (80) percent of his/her established rate of compensation without  
224 deduction from accrued sick leave, when approval for such payment is made by the risk  
225 management section of the department of administration. Such payments may continue for  
226 a maximum period of one (1) year. After a period of one (1) year, the employee may  
227 continue to use any sick leave earned and unused during his/her entire period of service.  
228 Any payment made shall be in lieu of any payment or award under the worker's  
229 compensation laws of this state, or if an award is made thereunder such payment shall be  
230 applied thereon. If the Internal Revenue Service (IRS) determines that the injury pay  
231 benefits provided are taxable as wages, then beginning with the effective date of such  
232 determination, the county will no longer require the twenty (20) percent employee  
233 deduction from injury pay benefits provided for. Risk management will refer all employees  
234 receiving compensation under this provision to the return to work program in the  
235 department of human resources.

236

237 (7) The director of human resources may make such investigation or require such medical  
238 examinations as are warranted to substantiate or verify the employee's illness.

239

240 (8) Employees who have applied for retirement by filing an application with the proper  
241 official of the retirement system of which they are members shall be permitted to take any  
242 unused leave accumulated under the provisions of this section prior to the effective date of  
243 their retirement, not to exceed fifty (50) days plus sixteen (16) hours for each one hundred  
244 (100) hours or fraction thereof of accumulated sick leave in excess of four hundred (400)  
245 hours. Employees represented by a certified bargaining representative shall not be entitled  
246 to retirement leave in excess of thirty (30) days unless the collective bargaining agreement  
247 between said representative and the county specifically so provides. Where the needs of  
248 the service require the immediate filling of a vacancy resulting from the use of accumulated  
249 sick leave by an employee who is retiring, the position may be filled in accordance with  
250 the provisions of chapter 17 relating to the filling of vacancies, at any time during the  
251 period in which the retiring employee is on leave with pay which extends to the date of  
252 his/her retirement.

253

254 (9) All unused leave accrued under the provisions of this section shall be canceled upon  
255 the termination of an employee's active employment for any reason other than retirement,  
256 in which case the employee shall be eligible for the provisions of 17.184 retirement leave  
257 under 17.183. Except for former employees Former employees, except those who were  
258 discharged after a hearing before the personnel review board or resigned prior to such a  
259 hearing for discharge being heard, or those who have received retirement benefits under  
260 Chapter 201 or 203, or those who return to active employment more than three years  
261 following their previous termination of employment, former employees who return to  
262 active employment with Milwaukee County shall have all canceled leave restored receive  
263 twenty percent (20%) of such cancelled leave restored upon re-employment and shall have  
264 an additional twenty percent (20%) of such cancelled leave restored after every additional  
265 six months of service. Retirees who received retirement leave under the provisions of  
266 17.183 shall not be eligible for the restoration of such leave upon return to active  
267 employment. Individuals who are actively employed with Milwaukee County as of the  
268 effective date of this section (May 17, 2000) and had such leave canceled upon termination  
269 of prior service with Milwaukee County shall have such canceled leave restored under the  
270 provisions of this section.

271

272 **SECTION 3.** Section 17.184 of the General Ordinances of Milwaukee County is amended  
273 as follows:

274

275 **17.184. Sick allowance balance on retirement.**

276

277 (1) In the event membership in the employees' retirement system began prior to January 1,  
278 1994, the member shall receive accrued sick allowance at the time of retirement. The total  
279 payment shall equal the number of total hours of sick pay accrued at the time of retirement  
280 times the hourly rate applicable to the valuation of sick pay at the time of the member's  
281 retirement, unless the member is an elected official with accrued sick allowance or an

282 employee who is not represented by a collective bargaining unit, in which case the number  
283 of total hours shall not exceed the equivalent of fifty (50) days plus sixteen (16) hours for  
284 each one hundred (100) hours or fraction thereof of accumulated leave in excess of four  
285 hundred (400) hours. Such payment shall be made in a lump sum, and shall not be  
286 included in the calculation of the member's final average salary for pension calculation  
287 purposes, nor shall such payment impact the member's total pension service credit or the  
288 date that retirement benefits will commence. If approved by the Internal Revenue Service,  
289 the member shall receive this payment through the employees' retirement system, unless  
290 the member is covered by a collective bargaining agreement that requires the county to  
291 provide the member with the option of directly receiving this payment immediately upon  
292 retirement or receiving the payment through the employees' retirement system. In the  
293 event a member of the employees' retirement system who is eligible to retire dies prior to  
294 retirement, the full value of the member's accrued sick allowance shall be paid to the  
295 member's spouse or the beneficiary of the member's retirement benefit. If an employee  
296 who has previously retired from the County returns to County employment, the employee  
297 shall not be entitled to any sick leave payment based on their earned sick leave hours after  
298 being rehired.  
299

300 (2) In the event membership in the employees' retirement system began on or after  
301 January 1, 1994, the member shall have the full value of their accrued sick allowance at  
302 the time of retirement (total hours accrued times the hourly rate at the time of retirement)  
303 credited toward the cost of health insurance after retirement, unless the member is an  
304 elected official with accrued sick allowance or an employee who is not represented by a  
305 collective bargaining unit, in which case the number of total hours shall not exceed the  
306 equivalent of fifty (50) days plus sixteen (16) hours for each one hundred (100) hours or  
307 fraction thereof of accumulated leave in excess of four hundred (400) hours. Such health  
308 insurance coverage must commence within ten years of the member's retirement. When  
309 the amount credited is exhausted, the employee or eligible beneficiary may opt to continue  
310 their membership in the County Group Health Benefit Program upon payment of the full  
311 monthly cost as noted in 17.14(7) CGO. In the event a member of the employees'  
312 retirement system who is eligible to retire dies prior to retirement, the full value of the  
313 member's accrued sick allowance shall be credited toward the cost of continuing health  
314 insurance coverage for the member's spouse or beneficiary of the member's retirement  
315 benefit if such spouse or beneficiary was eligible for coverage prior to the member's death.  
316 If an employee who has previously retired from the County returns to County employment,  
317 the employee shall not be entitled to any sick leave credit toward the cost of health plan  
318 coverage based on their earned sick leave hours after being rehired.  
319  
320  
321

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326

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 06/13/2011

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Vacation and Sick Leave Proposal - Employee Benefit Work Group

**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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	0	-10,000
	Revenue		
	Net Cost	0	-10,000
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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 Employee Benefits Work Group (EBWG) is proposing changes to the ordinances that would change the following:

1. Change to Vacation Entitlement - grant a proportional share of vacation in the first year of employment, depending on the start date of the new employee. Full vacation entitlement would be given on the first January 1<sup>st</sup> following start of employment.

2. Change to Vacation Carryover - Vacation carryover will be limited to 56 hours of unused vacation time at the end of any fiscal year. Provision is provided for exceptions to the carryover limit.

3. Change to restoration of Accrued Sick Leave for returning employee - Returning employee will only be entitled to the restoration of 20% of "Cancelled" sick leave balance every six months upon return to the County. Cancelled leave is the leave they had accrued as of the date they previously left the County. Cancelled leave cannot be restored if employee has been away from the County for more than three years. Previous retirees will not be allowed to receive payout of sick leave benefits upon leaving the County for a second time.

4. Sick Leave Accrual Limit - No proposal at this time.

B. The cost for each of the changes to the proposed ordinance is as follows: The provisions will only apply to non-represented employees, since union contracts are currently in place.

1. Change to Vacation Entitlement - Approximately 31 employees in 2010 would have been impacted by this change, since they were either new employees with no previous Wisconsin government work, rehired employees, or new employees with previous Wisconsin government work. Under the current, rules these employees would have received a total of 1,960 hours in the

---

<sup>1</sup> 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.

first year, and 2,400 hours in the second year. Under the EBWG proposal the employees would have received 1,422 hours in the first year and 2,400 hours in the second year. The savings in total hours over a two year period would have been 538 under the EBWG proposal. Actual cash savings may or may not occur, depending on if overtime is worked for the staff work hours lost due to vacation time. These 538 hours is equivalent to \$11,300 in wages. However, no determination can be made of the impact on recruiting of having employees wait an extended period for the full entitlement of vacation to be earned.

2. Change to Vacation Carryover - Vacation carryover will be limited to 56 hours of unused vacation time at the end of any fiscal year. There were 458 non-represented employees that had vacation carryover. There are 227 non-represented employees who had vacation carryover that exceeded the proposed limit of 56 hours. The total hours of vacation carryover that exceeded the limit 56 hours limit was 8,752 hours. These hours will have to be taken over the next two years by these employees in order to reduce the vacation carryover to the required limit by December 31, 2012. If any of these employees work in departments that may require overtime, a cost could be incurred to cover the additional vacation time of these employees. Once implemented, this change in policy could reduce the vacation payout at retirement for employees. The average wage rate for these employees was \$35.00, so a potential cost savings in future years could occur of \$153,000, if vacation carryover is reduced before the year of retirement.

3. Change to restoration of Accrued Sick Leave for returning employee - Returning employee will only be entitled to the restoration of 20% of "Cancelled" sick leave balance every six months upon return to the County. Cancelled leave is the leave they had accrued as of the date they previously left the County. The restoration of a cancelled sick leave balance has occurred for less than 5 employees in the last two years. Savings would be generated by this change in policy if returning employees left in the first two and a half years, before their sick leave balance was fully restored. A recent rehire left within the first six months of employment, which cost the County \$25,000 under the current policy. The revised policy would have cost the County \$0, since his sick leave balance would not have been restored, because the individual had been gone from the County for more than 5 years.

4. Sick Leave Accrual Limit - No proposal at this time.

C. The savings in the current year would be limited under the four changes being made, but would provide savings over a longer period.

1. Change to Vacation Entitlement - Defer entitlement, limited savings in first year.

2. Change to Vacation Carryover - savings could occur in the future for retirees, who would have less of a carryover balance to be paid out at retirement.

3. Change to restoration of Accrued Sick Leave to returning employee -savings is limited, except for those rare cases where an employee returns and is paid out for sick leave, before being here 2.5 years.

4. Sick Leave Accrual Limit - No Proposal at this time.

D. Calculations were based upon a report of sick and vacation accruals as of December 31, 2010. The analysis is only based on Non-represented employees, and has not been extrapolated to other unions, since they are still under contract.

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

Authorized Signature



Did DAS-Fiscal Staff Review?

Yes

No

**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  
6/14/2011  
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

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) Employes, 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, ~~t~~The  
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
<b>Valuation Results as of January 1, 2011</b>			
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
<b>Projected Contributions</b>			
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

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19150/C7145RET01-75&OutPricing April 13 2011.doc

cc: Mark Grady  
Paul Wilkinson

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 06/15/2011

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** State Mandated Employee Pension Contribution - Ordinance Change

**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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	-1,509,300	-6,709,600
	Revenue	0	0
	Net Cost	-1,509,300	-6,709,600
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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. Proposed County ordinance amendments are being made in preparation for implementation of the State-mandated employee pension contributions. The State budget repair bill included a statute change that would require employees to "pay half of all actuarially required contributions for funding benefits under the retirement system." The Pension Actuary, Buck Consultants, has issued a letter dated June 10, 2011, which provides for their interpretation of the State statute change, and the impact on Milwaukee County. The fiscal note is prepared based on letter issued by the actuary.

For 2011, the County adopted a pension contribution of 2% for non-represented employees, increasing to 3% in June, and 4% at the end of December. The pension contribution was matched with a wage increase of 1% in June and another 1% in December. The pension ordinance has already been adjusted for the pension contribution adopted for non-represented employees. The proposed ordinance changes would provide for the requirements that are proposed under the State statute.

In a question and answer document that was provided to employees, regarding the State Budget Repair Bill, a discussion occurred regarding the pension change. In that document, an initial pension contribution from employees was estimated at 6% for 2011. The City of Milwaukee currently has a 5% rate, and the State of Wisconsin was proposing a rate for members of its employee retirement system of 5.7%. The County contribution of 6% was based on an allocation of normal cost and prior service cost to contributing employees.

---

<sup>1</sup> 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 rate being proposed by the Actuary in the June 10, 2011 letter to the Pension Study Commission is 4.5%. This rate is a reduction from the earlier estimate. The employee pension contribution represents a sharing of the annual pension expense of the County's Employee Retirement System (ERS). The ERS pension expense consists of Normal Cost and Prior Service Cost. The The Actuary's interpretation of the State Statute finds that full normal cost should be allocated to active contributors and non-contributors. The normal cost represents the cost of benefits earned by active employees in the current year. Per the actuary, the prior service cost should be allocated based on the active employees proportional share of the actuarial liability. Active employees represent 31% of the Actuarial Liability. In addition, the actuary finds that the administrative cost portion of the annual pension expense should not be allocated to active employees, since it is not a benefit.

Attached to this fiscal note are schedules that breakdown the calculation of the employee contribution for active employees (Exhibit A). In addition, there is a breakdown of the budget impact of the State Budget Repair bill, based on different contribution rates, including the proposed rate from the Actuary (Exhibit B).

Exhibit C - Exhibit F provide an outlook of the pension contribution for the years 2012 - 2017. During these years, the normal cost increases by 3.5% per year, but the prior service cost increases at a greater rate, based upon the items that have occurred in prior years including the loss on investments in 2008, and the runout of the Mercer settlement that was contributed in 2009.

Under the proposed ordinance change, the actuary has based their estimates on waiting for actual pension expenses to be determined prior to determining an employee pension contribution rate. Exhibit G and Exhibit H provide a comparison of two methods of calculating the employee contribution. Exhibit G shows the change in employee contributions (based on actual expense) matched with the change in pension expense. Due to employee contributions lagging pension expense by one year, there is a delay in the catchup of employee contributions with pension expense of that one year. Exhibit H provides a comparison if both the pension expense and employee contributions were calculated on the same basis.

Exhibit I and J provide an estimate of the pension contribution by Union under different rate scenarios for 2012. Exhibit K and L provide an estimate of the pension contribution by Union under different rate scenarios for 2011. For 2011, the contribution rates would only apply to AFSCME DC-48, and non-represented employees.

B. Per Exhibit L, the County would have cost savings in 2011 of \$1,509,300 over a current budget for employee contributions of \$1,260,000. This estimate is based on an implementation of the State Budget Repair Bill on September 1, 2011. These additional savings would be used to offset fringe benefit costs that are currently not being achieved in org unit 1950, or in org unit 1972.

Per Exhibit J, the County would have net cost savings of \$6,709,600 for the 2012 year. The savings are after consideration of any revenue offsets for departments that receive outside revenue. The full gross contribution received would be \$8,807,000 for 2012. The schedule is broken down by union. It is anticipated that all unions will be participating in the employee contribution, except Deputy Sheriffs and Firefighters. These two unions are identified as the public safety unions. They have been exempted from the employee contribution under the State Statute. The County could negotiate a contribution from the public safety unions, but it is not anticipated that they will contribute in 2012.

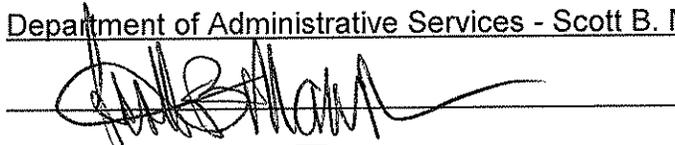
C. The savings generated by the change in State Statute, if made into law, will provide an offset to the costs in the 2011 and 2012 budget, and for years going forward. The cost savings is tied to

the pension expense and therefore provides an offset to the pension expense. The pension expense generally fluctates more due to prior service cost then due to normal cost. As stated earlier, the employee contribution is more tied to the normal cost then the prior service cost, therefore, the employee contribution will not fluctuate to the level of the pension expense. For example, in 2015, it is anticipated that pension expense will increase by \$9.2 million. Half of that contribution increase is \$4.5 million. However, the employee contribution would only be increased by \$1.4 million under a budget basis or by \$0 under an actual contribution calculation basis. The increase in pension expense in future years, due to changes in prior service costs, will have to be provided from other means then the employee contribution.

D. Calculations were based upon the June 10, 2011 report from the Actuary to the Pension Study Commission, the Annual Actuarial Report as of January 1, 2011 from Buck Consultants, a spreadsheet of the projection of annual pension cost prepared by the County and the County's Actuary, and calculations done by the Department of Administrative Services.

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

Authorized Signature



Did DAS-Fiscal Staff Review?  Yes  No

Milwaukee County

Analysis of Required Contribution based on State Budget Repair Bill

ERS Members only. OBRA is not in these numbers.

**EXHIBIT A**

		2012				<u>Proposed</u>	<u>Pcnt Salaries</u>
						<u>Dollars</u>	<u>of Contributors</u>
1	Normal Cost	\$	19,480,100	9	Full Contribution	\$ 26,808,000	13.85%
2	Prior Service Cost		<u>7,327,900</u>	10	Reduction for Administrative Cost	(1,558,200)	-0.81%
3	Total Pension Exp	\$	<u>26,808,000</u>	11	Reduction for Retiree portion of Prior Service Cost	(3,938,900)	-2.03%
4	Prior Service Cost			12	Reduction for Non-Contributors "Public Safety"	<u>(3,696,900)</u>	-1.91%
5	Admin Expense	\$	1,558,200			\$ 17,614,000	9.10%
6	Active		1,830,800			<u>50%</u>	
7	Retirees		<u>3,938,900</u>	13	Half of Actuarial Contribution		
8		\$	<u>7,327,900</u>	14	Employee Contribution	<u>\$ 8,807,000</u>	4.55%
Actuarial Liability of Contributors		\$	547,220,130	15	Salaries of Contributors	\$ 193,563,275	
Act Liability Non-Contributors and Retirees		\$	<u>1,544,706,521</u>				
Total Actuarial Liability		\$	<u>2,091,926,651</u>				

Schedule is intended to show the allocation of pension costs under the interpretation of the State Statute 59.875 (Budget Repair Bill) of half of all actuarially required contributions for funding benefits under the retirement system. The Actuary finds that normal cost is fully allocable under the State Statute to active employees. However, administrative costs charged to the pension plan, plus the prior service cost related to retirees is only partially allocable, therefore a portion of these costs are removed from allocation formula. Final adjustment is for the cost of non-contributors which reduces the contribution for employee groups who provide a contribution.

**Exhibit B**

<u>Employee Contributions</u>	<u>2011 Budget</u>	<u>2012 Budget</u>	<u>Contribution</u>	
			<u>Rate</u>	
Half ARC - No Adjustment	\$ 2,006,083	\$ 8,917,800	6.05%	
Adjusted Rate - Before Public Safety Offset	\$ 1,594,767	\$ 7,089,600	4.81%	
Adjusted Rate - with Public Safety Offset	\$ 1,509,300	\$ 6,709,600	4.55%	<u>Proposed</u>

Estimate of Budget impact under different scenarios presented in this fiscal note.

**EXHIBIT C**

Contribution Rate from Employees - 2012 - 2017

	<u>Full</u>	<u>Alloc Half ARC :</u>	<u>Adj For Prior</u>	<u>Proposed</u>
	<u>Contribution</u>	<u>No Adj.</u>	<u>Svc -</u>	<u>Non Public</u>
			<u>Combined</u>	<u>Safety - Adj</u>
				<u>Prior Svc</u>
2012	12.09%	6.05%	4.81%	4.55%
2013	13.73%	6.86%	5.07%	4.80%
2014	15.03%	7.52%	5.27%	4.99%
2015	13.73%	6.87%	5.07%	4.80%
2016	16.88%	8.44%	5.57%	5.27%
2017	17.40%	8.70%	5.65%	5.35%

The Full Contribution represents the total employee contribution based on the pension expense, including normal cost and prior service cost. The Allocation of the Half Arc, is simply half of the Full Contribution rate. The Adj for Prior Service Combined reduces prior service cost allocation for administrative cost and prior service cost allocatable to retirees based on their portion of the actuarial accrued liability. The non-public safety - adj for prior service cost, attempts to split the normal cost between public safety and non-public safety. Public safety has a higher percentage of normal.

Milwaukee County

Analysis of Required Contribution based on State Budget Repair Bill  
ERS Members only. OBRA is not in these numbers.

EXHIBIT D

**Future Full Pension Expense versus Allocable Pension Expense**

	Full Pension Expense			Allocated Under Proposal		
	Normal Cost	Prior Service Cost	Full Pension Expense	Normal Cost	Prior Service Cost	Proposed Pens Exp To Be Allocated
2012	\$ 19,480,000	\$ 7,328,000	\$ 26,808,000	\$ 19,480,000	1,830,800	21,310,800
2013	\$ 20,162,000	\$ 11,327,000	\$ 31,490,000	\$ 20,162,000	3,086,600	23,248,600
2014	\$ 20,868,000	\$ 14,827,000	\$ 35,695,000	\$ 20,868,000	4,181,100	25,049,100
2015	\$ 21,598,000	\$ 12,144,000	\$ 33,742,000	\$ 21,598,000	3,313,900	24,911,900
2016	\$ 22,354,000	\$ 20,574,000	\$ 42,928,000	\$ 22,354,000	5,972,800	28,326,800
2017	\$ 23,137,000	\$ 22,668,000	\$ 45,804,000	\$ 23,137,000	6,621,400	29,758,400

The actuary has determined that Normal Cost has a true relationship to active employees, and the actuary is allocating that cost to the groups based upon their pensionable wages. Contributions, as proposed, consist mostly of normal cost allocation. Prior Service Cost is being allocated based on the percentage of the actuarial accrued liability. As a result, the active employees are only 31% of the actuarial accrued liability, so they have a smaller share of that cost. As prior service cost rises, the employee contribution rises slower.

\* - employee contributions from contributors only. Non-contributors, as a result, do not make a contribution, and therefore are not part of this number.

EXHIBIT E

**Comparison of Employee Contributions based on Full and Allocable Pension Expense**

Contribution	Pension Expense	Employee Contib	Proposed Pens Exp To Be Allocated	Proposed Employee Contributions		
	Full Pension Expense	Alloc Half ARC - No Expense Adj.*		Adj For Prior Svc - Combined *	Non Public Safety - Adj Prior Svc *	Pub Safety Only - Adj Prior Svc
2012	\$ 26,808,000	11,706,000	21,310,800	9,306,000	8,807,000	
2013	\$ 31,490,000	13,750,000	23,248,600	10,152,000	9,606,000	
2014	\$ 35,695,000	15,586,000	25,049,100	10,938,000	10,349,000	
2015	\$ 33,742,000	14,733,000	24,911,900	10,878,000	10,294,000	
2016	\$ 42,928,000	18,744,000	28,326,800	12,369,000	11,702,000	
2017	\$ 45,804,000	20,000,000	29,758,400	12,994,000	12,293,000	

The Full Pension Expense represents the annual pension expense, as estimated by the Acutary, over the next several years. The proposed employee contributions, are based on the proposed pension expense to be allocated. Reductions have been made to the pension expense, based on an allocation of prior service costs, between active and retired participants.

\* - employee contributions from contributors only. Non-contributors, as a result, do not make a contribution, and therefore are not part of this number.

EXHIBIT F

**Variance of Employee Contributions based on Full and Allocable Pension Expense**

Employee Contribution Variance	Alloc Half ARC - No Expense Adj.*	Adj For Prior Svc - Combined *	Variance from Est Employee Contrib	Non Public Safety - Adj Prior Svc *	Proposed Variance from Est Employee Contrib
2012	11,706,000	9,306,000	(2,400,000)	8,807,000	(2,899,000)
2013	13,750,000	10,152,000	(3,598,000)	9,606,000	(4,144,000)
2014	15,586,000	10,938,000	(4,648,000)	10,349,000	(5,237,000)
2015	14,733,000	10,878,000	(3,855,000)	10,294,000	(4,439,000)
2016	18,744,000	12,369,000	(6,375,000)	11,702,000	(7,042,000)
2017	20,000,000	12,994,000	(7,006,000)	12,293,000	(7,707,000)

The variance between the Half Arc contribution and the other options, shows a growing gap, as the prior service cost increases in the future years.

Milwaukee County

Analysis of Required Contribution based on State Budget Repair Bill

ERS Members only. OBRA is not in these numbers.

**EXHIBIT G**

**Contribution based on Actual Expense**

	<u>Budgeted</u>	<u>Change in Exp</u>	<u>Alloc Half ARC - No Adj.</u>	<u>Adj For Prior Svc - Combined</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>	<u>Actual</u>
			<u>Change Contrib</u>	<u>Change Contrib</u>	<u>Change Contrib</u>	
2012 \$	31,490,000					\$ 26,808,000
2013 \$	35,695,000	\$ 4,205,000	2,044,000	846,000	799,000	\$ 31,490,000
2014 \$	33,742,000	\$ (1,953,000)	1,836,000	786,000	743,000	\$ 35,695,000
2015 \$	42,928,000	\$ 9,186,000	(853,000)	(60,000)	(55,000)	\$ 33,742,000
2016 \$	45,804,000	\$ 2,876,000	4,011,000	1,491,000	1,408,000	\$ 42,928,000
2017 \$	47,392,000	\$ 1,588,000	1,256,000	625,000	591,000	\$ 45,804,000

Under the current proposal contributions from employees would be based on actual costs and would therefore lag the budgeted pension expense. As can be seen on the table above, in 2015 there is a \$9.1 million increase in pension expense, but a \$55,000 decrease in pension contribution, based on actual expense from the prior year. Actual cost is a better method of determining pension contribution, since it is based on actual experience. Normal cost and plan prior service activity are trued up.

**EXHIBIT H**

**Contribution based on Budgeted Expense**

	<u>Budgeted</u>	<u>Change in Exp</u>	<u>Alloc Half ARC - No Adj.</u>	<u>Adj For Prior Svc - Combined</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>	<u>Actual</u>
			<u>Change Contrib</u>	<u>Change Contrib</u>	<u>Change Contrib</u>	
2012 \$	31,490,000					\$ 26,808,000
2013 \$	35,695,000	\$ 4,205,000	1,836,000	786,000	743,000	\$ 31,490,000
2014 \$	33,742,000	\$ (1,953,000)	(853,000)	(60,000)	(55,000)	\$ 35,695,000
2015 \$	42,928,000	\$ 9,186,000	4,011,000	1,491,000	1,408,000	\$ 33,742,000
2016 \$	45,804,000	\$ 2,876,000	1,256,000	625,000	591,000	\$ 42,928,000
2017 \$	47,392,000	\$ 1,588,000	1,256,000	625,000	591,000	\$ 45,804,000

Under a modified proposal contributions from employees would be based on budgeted costs and would therefore match the actual expense. As can be seen on the table above, in 2015 there is a \$9.1 million increase in pension expense, but a \$1,408,000 increase in pension contribution, based on actual expense from the prior year.

Milwaukee County  
 Analysis of Required Contribution based on State Budget Repair Bill  
 ERS Members only. OBRA is not in these numbers.

**EXHIBIT I**  
**Contrib By Union 2012 - If Annualized Full Contribution**

	<u>Alloc Half ARC - No Adj.</u>	<u>Adj For Prior Svc - Combined</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>	<u>Pub Safety Only - Adj Prior Svc</u>
	6.05%	4.81%	4.55%	6.58%
Attorneys	297,700	236,600	224,000	
Bldg Trades	330,500	262,700	248,600	
Dist Council 48	6,786,600	5,395,100	5,105,900	
Dist Counc Seas	38,800	30,800	29,200	
Firefighter				67,400
Machinists	18,000	14,300	13,600	
Non Represented	3,025,400	2,405,100	2,276,200	
Nurses	1,014,700	806,700	763,400	
State Prosecutors	52,900	42,100	39,800	
Sheriff Deputies				1,781,300
Teamco	141,400	112,600	106,300	
	<u>11,706,000</u>	<u>9,306,000</u>	<u>8,807,000</u>	<u>1,848,700</u>

This schedule shows the breakdown in employee contributions by Union, under the different scenarios. The effective date is different for different unions depending on their contract expiration date.

**EXHIBIT J**  
**2012 Contribution Netted for Revenue Offset**

	<u>Alloc Half ARC - No Adj.</u>	<u>Adj For Prior Svc - Combined</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>	<u>Pub Safety Only - Adj Prior Svc</u>
Attorneys	222,800	177,100	167,700	
Bldg Trades	252,900	201,000	190,300	
Dist Council 48	4,719,400	3,751,800	3,550,700	
Dist Counc Seas	38,800	30,800	29,200	
Firefighter	-	-	-	-
Machinists	17,800	14,200	13,500	
Non Represented	2,541,100	2,020,100	1,911,800	
Nurses	950,800	755,900	715,400	
State Prosecutors	37,000	29,500	27,900	
Sheriff Deputies	-	-	-	1,781,300
Teamco	137,200	109,200	103,100	
	<u>8,917,800</u>	<u>7,089,600</u>	<u>6,709,600</u>	<u>1,781,300</u>

This schedule shows the breakdown in employee contributions by Union, under the different scenarios. The effective date is different for different unions depending on their contract expiration date. This shows the impact after revenue offset.

Milwaukee County

Analysis of Required Contribution based on State Budget Repair Bill  
ERS Members only. OBRA is not in these numbers.

**EXHIBIT K**

**Contrib By Union 2011 - If Annualized Full Contribution**

Assume a four month contribution

	<u>Alloc Half ARC - No Adj.</u>	<u>Adj For Prior Svc - Combined</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>
	6.05%	4.81%	4.55%
Attorneys			
Bldg Trades			
Dist Council 48	2,262,200	1,798,367	1,701,967
Dist Counc Seas	12,933	10,267	9,733
Firefighter			
Non Represented Budgeted	1,500,000	1,500,000	1,500,000
Non Represented Additional Contribution	500,066	397,537	376,231
Nurses			
State Prosecutors			
Sheriff Deputies			
Teamco			
	<u>4,275,200</u>	<u>3,706,171</u>	<u>3,587,931</u>
Budgeted	1,500,000	1,500,000	1,500,000
Addl Contributions	<u>2,775,200</u>	<u>2,206,171</u>	<u>2,087,931</u>

**EXHIBIT L**

**2011 Contribution Netted for Revenue Offset**

	<u>Alloc Half ARC - No Adj.</u>	<u>Adj For Prior Svc - Combined</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>
Attorneys			
Bldg Trades			
Dist Council 48	\$ 1,573,133	\$ 1,250,600	\$ 1,183,567
Dist Counc Seas	12,933	10,267	9,733
Firefighter			
Non Represented Budgeted	1,260,000	1,260,000	1,260,000
Non Represented Additional Contribution	420,017	333,901	316,000
Nurses			
State Prosecutors			
Sheriff Deputies			
Teamco			
	<u>\$ 3,266,083</u>	<u>\$ 2,854,767</u>	<u>\$ 2,769,300</u>
Budgeted	\$ 1,260,000	\$ 1,260,000	\$ 1,260,000
Addl Savings	<u>\$ 2,006,083</u>	<u>\$ 1,594,767</u>	<u>\$ 1,509,300</u>

**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, ~~t~~The  
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 Updated

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** State Mandated Employee Pension Contribution - Ordinance Change

**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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	-1,551,643	-6,897,400
	Revenue	0	0
	Net Cost	-1,551,643	-6,897,400
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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. Proposed County ordinance amendments are being made for implementation of the State-mandated employee pension contributions. The State budget repair bill included a statute change that would require employees to "pay half of all actuarially required contributions for funding benefits under the retirement system." The Pension Actuary, Buck Consultants, has issued a letter dated July 11, 2011, which provides their report on the State statute change, and the impact on Milwaukee County. The fiscal note is prepared based on letter issued by the actuary.

For 2011, the County adopted a pension contribution of 2% for non-represented employees, increasing to 3% in June, and 4% at the end of December. The pension contribution was matched with a wage increase of 1% in June and another 1% in December. The pension ordinance has already been adjusted for the pension contribution adopted for non-represented employees. The proposed ordinance changes would provide for the requirements that are proposed under the State statute.

In a question and answer document that was provided to employees on the State Budget Repair Bill, a discussion occurred regarding the pension change. In that document, an initial pension contribution from employees was estimated at 6% for 2011. The City of Milwaukee currently has a 5% rate, and the State of Wisconsin was proposing a rate for members of its employee retirement system of 5.7%. The County contribution of 6% was based on an allocation of normal cost and prior service cost to contributing employees, with no offset for retiree allocation.

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<sup>1</sup> 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 rate being proposed by the Actuary in the July 11, 2011 letter to the Pension Study Commission is 4.7%. This rate is a reduction from the earlier estimate. The employee pension contribution represents a sharing of the annual pension expense of the County's Employee Retirement System (ERS). The ERS pension expense consists of Normal Cost and Prior Service Cost. The The Actuary's interpretation of the State Statute finds that full normal cost should be allocated to active contributors and non-contributors. The normal cost represents the cost of benefits earned by active employees in the current year. Per the actuary, the prior service cost should be allocated based on the active employees proportional share of the actuarial liability. Active employees represent 31% of the Actuarial Liability.

Attached to this fiscal note are schedules that breakdown the calculation of the employee contribution for active employees (Exhibit A). In addition, there is a breakdown of the budget impact of the State Budget Repair bill, based on different contribution rates, including the rate from the Actuary (Exhibit B).

Exhibit C - Exhibit F provide an outlook of the pension contribution for the years 2012 - 2017. During these years, the normal cost increases by 3.5% per year, but the prior service cost increases at a greater rate, based upon the items that have occurred in prior years including the loss on investments in 2008, and the runout of the Mercer settlement that was contributed in 2009.

Under the proposed ordinance change, the actuary has based their estimates on waiting for actual pension expenses to be determined prior to determining an employee pension contribution rate. Exhibit G and Exhibit H provide a comparison of two methods of calculating the employee contribution. Exhibit G shows the change in employee contributions (based on actual expense) matched with the change in pension expense. Due to employee contributions lagging pension expense by one year, there is a delay in the catchup of employee contributions with pension expense of that one year. Exhibit H provides a comparison if both the pension expense and employee contributions were calculated on the same basis.

Exhibit I and J provide an estimate of the pension contribution by Union under different rate scenarios for 2012. Exhibit K and L provide an estimate of the pension contribution by Union under different rate scenarios for 2011. For 2011, the contribution rates would only apply to AFSCME DC-48, and non-represented employees.

B. Per Exhibit L, the County would have cost savings in 2011 of \$1,551,600 over a current budget for employee contributions of \$1,260,000. This estimate is based on an implementation of the State Budget Repair Bill on July 24, 2011. These additional savings would be used to offset fringe benefit costs that are currently not being achieved in org unit 1950, or in org unit 1972.

Per Exhibit J, the County would have net cost savings of \$6,897,400 for the 2012 year. The savings are after consideration of any revenue offsets for departments that receive outside revenue. The full gross contribution received would be \$9,053,000 for 2012. The schedule is broken down by union. It is anticipated that all unions will be participating in the employee contribution, except Deputy Sheriffs and Firefighters. These two unions are identified as the public safety unions. They have been exempted from the employee contribution under the State Statute. The County could negotiate a contribution from the public safety unions, but it is not anticipated that they will contribute in 2012.

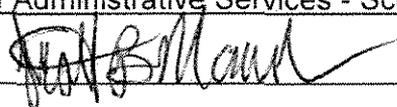
C. The savings generated by the change in State Statute, if made into law, will provide an offset to the costs in the 2011 and 2012 budget, and for years going forward. The cost savings is tied to the pension expense and therefore provides an offset to the pension expense. The pension expense generally fluctates more due to prior service cost then due to normal cost. As stated earlier, the employee contribution is more tied to the normal cost then the prior service cost,

therefore, the employee contribution will not fluctuate to the level of the pension expense. For example, in 2015, it is anticipated that pension expense will increase by \$9.2 million. Half of that contribution increase is \$4.5 million. However, the employee contribution would only be increased by \$1.4 million under a budget basis or by \$0 under an actual contribution calculation basis. The increase in pension expense in future years, due to changes in prior service costs, will have to be provided from other means than the employee contribution.

D. Calculations were based upon the July 11, 2011 report from the Actuary to the Pension Study Commission, the Annual Actuarial Report as of January 1, 2011 from Buck Consultants, a spreadsheet of the projection of annual pension cost prepared by the County and the County's Actuary, and calculations done by the Department of Administrative Services.

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

Authorized Signature \_\_\_\_\_



Did DAS-Fiscal Staff Review?        Yes        No

Milwaukee County

Analysis of Required Contribution based on State Budget Repair Bill  
ERS Members only. OBRA is not in these numbers.

**EXHIBIT A**

		2012			<u>Proposed</u>	<u>Pcnt Salaries</u>
					<u>Dollars</u>	<u>of Contributors</u>
1	Normal Cost	\$ 19,480,100	9	Full Contribution	\$ 26,808,000	13.8%
2	Prior Service Cost	7,327,900	10	Reduction for Administrative Cost	(1,063,788)	-0.5%
3	Total Pension Exp	<u>\$ 26,808,000</u>	11	Reduction for Retiree portion of Prior Service Cost	(3,938,900)	-2.0%
4	Prior Service Cost		12	Reduction for Non-Contributors "Public Safety"	<u>(3,697,312)</u>	-1.9%
5	Admin Expense	\$ 1,558,200			\$ 18,108,000	9.4%
6	Active	1,830,800				
7	Retirees	3,938,900	13	Half of Actuarial Contribution	50%	
8		<u>\$ 7,327,900</u>	14	Employee Contribution	<u>\$ 9,054,000</u>	4.7%
Actuarial Liability of Contributors		\$ 547,220,130	15	Salaries of Contributors	\$ 193,563,275	
Act Liability Non-Contributors and Retirees		<u>\$ 1,544,706,521</u>				
Total Actuarial Liability		<u>\$ 2,091,926,651</u>				

Schedule is intended to show the allocation of pension costs under the interpretation of the State Statute 59.875 (Budget Repair Bill) of half of all actuarially required contributions for funding benefits under the retirement system. The Actuary finds that normal cost is fully allocable under the State Statute to active employees. However, administrative costs charged to the pension plan, plus the prior service cost related to retirees is only partially allocable, therefore a portion of these costs are removed from allocation formula. Final adjustment is for the cost of non-contributors which reduces the contribution for employee groups who provide a contribution.

**Exhibit B**

<u>Employee Contributions</u>	<u>2011 Budget</u>	<u>2012 Budget</u>	<u>Contribution</u>	
			<u>Rate</u>	
Half ARC - No Adjustment	\$ 2,006,083	\$ 8,917,800	6.0%	
Adjusted Rate - Before Public Safety Offset	\$ 1,631,753	\$ 7,254,200	4.9%	
Adjusted Rate - with Public Safety Offset	\$ 1,551,643	\$ 6,897,400	4.7%	<u>Proposed</u>

Estimate of Budget impact under different scenarios presented in this fiscal note.

**EXHIBIT C**

Contribution Rate from Employees - 2012 - 2017

	<u>Full</u>	<u>Alloc Half ARC</u>	<u>Adj For Prior</u>	<u>Proposed</u>
	<u>Contribution</u>	<u>No Adj.</u>	<u>Svc -</u>	<u>Non Public</u>
			<u>Combined</u>	<u>Safety - Adj</u>
				<u>Prior Svc</u>
2012	12.1%	6.0%	4.9%	4.7%
2013	13.7%	6.9%	5.2%	4.9%
2014	15.0%	7.5%	5.4%	5.1%
2015	13.7%	6.9%	5.2%	4.9%
2016	16.9%	8.4%	5.7%	5.4%
2017	17.4%	8.7%	5.8%	5.5%

The Full Contribution represents the total employee contribution based on the pension expense, including normal cost and prior service cost. The Allocation of the Half Arc, is simply half of the Full Contribution rate. The Adj for Prior Service Combined reduces prior service cost allocation for administrative cost and prior service cost allocatable to retirees based on their portion of the actuarial accrued liability. The non-public safety - adj for prior service cost, attempts to split the normal cost between public safety and non-public safety. Public safety has a higher percentage of normal.

Milwaukee County  
 Analysis of Required Contribution based on State Budget Repair Bill  
 ERS Members only. OBRA is not in these numbers.

**EXHIBIT D**

**Future Full Pension Expense versus Allocable Pension Expense**

	Full Pension Expense			Allocated Under Proposal		
	Normal Cost	Prior Service Cost	Full Pension Expense	Normal Cost	Prior Service Cost	Proposed Pens Exp To Be Allocated
				87.3%		
2012	\$ 19,480,000	\$ 7,328,000	\$ 26,808,000	\$ 16,104,200	2,003,800	18,108,000
2013	\$ 20,162,000	\$ 11,327,000	\$ 31,490,000	\$ 16,668,100	3,051,900	19,720,000
2014	\$ 20,868,000	\$ 14,827,000	\$ 35,695,000	\$ 17,251,400	3,970,600	21,222,000
2015	\$ 21,598,000	\$ 12,144,000	\$ 33,742,000	\$ 17,855,200	3,271,800	21,127,000
2016	\$ 22,354,000	\$ 20,574,000	\$ 42,928,000	\$ 18,480,300	5,479,700	23,960,000
2017	\$ 23,137,000	\$ 22,668,000	\$ 45,804,000	\$ 19,127,100	6,029,900	25,157,000

The actuary has determined that Normal Cost has a true relationship to active employees, and the actuary is allocating that cost to the groups based upon their pensionable wages. Contributions, as proposed, consist mostly of normal cost allocation. Prior Service Cost is being allocated based on the percentage of the actuarial accrued liability. As a result, the active employees are only 31% of the actuarial accrued liability, so they have a smaller share of that cost. As prior service cost rises, the employee contribution rises slower.

\* - employee contributions from contributors only. Non-contributors, as a result, do not make a contribution, and therefore are not part of this number.

**EXHIBIT E**

**Comparison of Employee Contributions based on Full and Allocable Pension Expense**

	Pension Expense		Proposed Pension Exp To Be Allocated	Proposed Non Public Safety - Adj Prior Svc *
	Full Pension Expense	Employee Contib Alloc Half ARC - No Expense Adj.*		
<b>Contribution</b>				
2012	\$ 26,808,000	11,706,000	18,108,000	9,054,000
2013	\$ 31,490,000	13,750,000	19,720,000	9,860,000
2014	\$ 35,695,000	15,586,000	21,222,000	10,611,000
2015	\$ 33,742,000	14,733,000	21,127,000	10,563,000
2016	\$ 42,928,000	18,744,000	23,960,000	11,980,000
2017	\$ 45,804,000	20,000,000	25,157,000	12,578,000

The Full Pension Expense represents the annual pension expense, as estimated by the Acutary, over the next several years. The proposed employee contributions, are based on the proposed pension expense to be allocated. Reductions have been made to the pension expense, based on an allocation of prior service costs, between active and retired participants.

\* - employee contributions from contributors only. Non-contributors, as a result, do not make a contribution, and therefore are not part of this number.

**EXHIBIT F**

**Variance of Employee Contributions based on Full and Allocable Pension Expense**

	Alloc Half ARC - No Expense Adj.*	Non Public Safety - Adj Prior Svc *	Proposed Variance from Est Employee Contrib
<b>Employee Contribution Variance</b>			
2012	11,706,000	9,054,000	(2,652,000)
2013	13,750,000	9,860,000	(3,890,000)
2014	15,586,000	10,611,000	(4,975,000)
2015	14,733,000	10,563,000	(4,170,000)
2016	18,744,000	11,980,000	(6,764,000)
2017	20,000,000	12,578,000	(7,422,000)

The variance between the Half Arc contribution and the other options, shows a growing gap, as the prior service cost increases in the future years.

Milwaukee County  
 Analysis of Required Contribution based on State Budget Repair Bill  
 ERS Members only. OBRA is not in these numbers.  
**EXHIBIT G**  
 Contribution based on Actual Expense

	<u>Budgeted</u>	<u>Change in Exp</u>	<u>Alloc Half ARC - No Adj.</u>	<u>Proposed Non Public Safety - Adj Prior Svc Change Contrib</u>	<u>Actual</u>
2012 \$	31,490,000				\$ 26,808,000
2013 \$	35,695,000	\$ 4,205,000	2,044,000	806,000	\$ 31,490,000
2014 \$	33,742,000	\$ (1,953,000)	1,836,000	751,000	\$ 35,695,000
2015 \$	42,928,000	\$ 9,186,000	(853,000)	(48,000)	\$ 33,742,000
2016 \$	45,804,000	\$ 2,876,000	4,011,000	1,417,000	\$ 42,928,000
2017 \$	47,392,000	\$ 1,588,000	1,256,000	598,000	\$ 45,804,000

Under the current proposal contributions from employees would be based on actual costs and would therefore lag the budgeted pension expense. As can be seen on the table above, in 2015 there is a \$9.1 million increase in pension expense, but a \$48,000 decrease in pension contribution, based on actual expense from the prior year. Actual cost is a better method of determining pension contribution, since it is based on actual experience. Normal cost and plan prior service activity are trued up.

**EXHIBIT H**  
 Contribution based on Budgeted Expense

	<u>Budgeted</u>	<u>Change in Exp</u>	<u>Alloc Half ARC - No Adj.</u>	<u>Proposed Non Public Safety - Adj Prior Svc Change Contrib</u>	<u>Actual</u>
2012 \$	31,490,000		2,044,000	806,000	\$ 26,808,000
2013 \$	35,695,000	\$ 4,205,000	1,836,000	751,000	\$ 31,490,000
2014 \$	33,742,000	\$ (1,953,000)	(853,000)	(48,000)	\$ 35,695,000
2015 \$	42,928,000	\$ 9,186,000	4,011,000	1,417,000	\$ 33,742,000
2016 \$	45,804,000	\$ 2,876,000	1,256,000	598,000	\$ 42,928,000
2017 \$	47,392,000	\$ 1,588,000	1,256,000	598,000	\$ 45,804,000

Under a modified proposal contributions from employees would be based on budgeted costs and would therefore match the actual expense. As can be seen on the table above, in 2015 there is a \$9.1 million increase in pension expense, but a \$1,417,000 increase in pension contribution, based on actual expense from the prior year.

Milwaukee County  
 Analysis of Required Contribution based on State Budget Repair Bill  
 ERS Members only. OBRA is not in these numbers.

**EXHIBIT I**  
**Contrib By Union 2012 - If Annualized Full Contribution**

	<u>Alloc Half ARC - No Adj.</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>	<u>Pub Safety Only - Adj Prior Svc</u>
	6.0%	4.7%	6.6%
Attorneys	297,700	230,200	
Bldg Trades	330,500	255,600	
Dist Council 48	6,786,600	5,249,200	
Dist Counc Seas	38,800	30,000	
Firefighter			67,400
Machinists	18,000	13,900	
Non Represented	3,025,400	2,340,100	
Nurses	1,014,700	784,800	
State Prosecutors	52,900	40,900	
Sheriff Deputies			1,781,300
Teamco	141,400	109,200	
	<u>11,706,000</u>	<u>9,053,900</u>	<u>1,848,700</u>

This schedule shows the breakdown in employee contributions by Union, under the different scenarios. The effective date is different for different unions depending on their contract expiration date.

**EXHIBIT J**  
**2012 Contribution Netted for Revenue Offset**

	<u>Alloc Half ARC - No Adj.</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>	<u>Pub Safety Only - Adj Prior Svc</u>
Attorneys	222,800	172,300	
Bldg Trades	252,900	195,600	
Dist Council 48	4,719,400	3,650,300	
Dist Counc Seas	38,800	30,000	
Firefighter	-	-	-
Machinists	17,800	13,800	
Non Represented	2,541,100	1,965,500	
Nurses	950,800	735,400	
State Prosecutors	37,000	28,600	
Sheriff Deputies	-	-	1,781,300
Teamco	137,200	105,900	
	<u>8,917,800</u>	<u>6,897,400</u>	<u>1,781,300</u>

This schedule shows the breakdown in employee contributions by Union, under the different scenarios. The effective date is different for different unions depending on their contract expiration date. This shows the impact after revenue offset.

Milwaukee County  
 Analysis of Required Contribution based on State Budget Repair Bill  
 ERS Members only. OBRA is not in these numbers.

**EXHIBIT K**  
Contrib By Union 2011 - If Annualized Full Contribution

Assume a four month contribution

	<u>Alloc Half ARC - No Adj.</u>	<u>Proposed Non Public Safety - Adj Prior Svc 4.68%</u>
Attorneys		
Bldg Trades		
Dist Council 48	2,262,200	1,749,733
Dist Council Seas	12,933	10,000
Firefighter		
Non Represented Budgeted	1,500,000	1,500,000
Non Represented Additional Contribution	500,066	386,793
Nurses		
State Prosecutors		
Sheriff Deputies		
Teamco		
	<u>4,275,200</u>	<u>3,646,527</u>
Budgeted	<u>1,500,000</u>	<u>1,500,000</u>
Addl Contributions	<u>2,775,200</u>	<u>2,146,527</u>

**EXHIBIT L**  
2011 Contribution Netted for Revenue Offset

	<u>Alloc Half ARC - No Adj.</u>	<u>Proposed Non Public Safety - Adj Prior Svc</u>
Attorneys		
Bldg Trades		
Dist Council 48	\$ 1,573,133	\$ 1,216,767
Dist Council Seas	12,933	10,000
Firefighter		
Non Represented Budgeted	1,260,000	1,260,000
Non Represented Additional Contribution	420,017	324,876
Nurses		
State Prosecutors		
Sheriff Deputies		
Teamco		
	<u>\$ 3,266,083</u>	<u>\$ 2,811,643</u>
Budgeted	<u>\$ 1,260,000</u>	<u>\$ 1,260,000</u>
Addl Savings	<u>\$ 2,006,083</u>	<u>\$ 1,551,643</u>

Milwaukee County  
 Analysis of Required Contribution based on State Budget Repair Bill  
 ERS Members only. OBRA is not in these numbers.

**EXHIBIT M**

**Comparison of State, County and City Pension Plans**

	Milwaukee County (ERS)	City of Milwaukee	Wisconsin Retirement System (WRS)
Pension Multiplier	2%	2%	1.60%
Limitation on Payout	80% of Final Average Salary (FAS)	70% of FAS	70% of FAS
Final Average Salary	Three Highest Consecutive	Three Highest	Three Highest
Vesting Period	5 years	4 years	immediate
Employee Contribution	4.70%	5.5%, not paid by all employees	5.80%
Normal Retirement Age	Age 60 or Rule of 75, if eligible	Age 60 or age 55 plus 30 years of svc	Age 65 or age 57 plus 30 years of svc. May retire earlier with reduced benefit
Early Retirement	Age 55 plus 15 years of svc	Age 55	Age 55 plus 15 years of svc
Reduction for Early Retirement	5% per year	based on table	varies by amt of service
Active Employees	4,837	263,186	11,581
Retired Employees	7,308	144,033	11,082
Ratio of Active to Retired	0.66	1.83	1.05
Interest Assumption	8.0%	7.2%	8.5%
Wage Inflation	3.0%	4.0%	3.0%
Economic Spread	5.0%	3.2%	5.5%
Funded Ratio	95.7%	99.7%	99.1%
Annual Post-Ret Increase	2% flat	Invest Earnings; reductions possible	1.5% incr to 2%

July 11, 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. The attached amendment incorporates the most recent law and one of our recommendations (see below). We understand that the attached will be proposed for adoption in the place of an earlier draft. This ordinance amendment is a result of Section 166 of 2011 Wisconsin Act 10, as amended by Section 1684p of 2011 Wisconsin Act 32. This letter replaces our letter dated June 10, 2011 on the same subject. County staff and the actuary have worked together to collect more information in an attempt to be as consistent as possible with the implementation of Wisconsin Act 10 utilized by the Wisconsin Retirement System (WRS).

Section 166 of 2011 Wisconsin Act 10, as modified by Section 1684p of 2011 Wisconsin Act 32, adds section 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) (a) Beginning the effective date of this subsection, in any employee retirement system of a county, except as provided in a collective bargaining agreement entered into under subch. IV of ch. 111 and except as provided in par. (b), 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.

(b) 1. An employer shall pay, on behalf of a nonrepresented law enforcement or fire fighting managerial employee, who was initially employed by the employer before the effective date of this subdivision, the same contributions required by par. (a) that are paid by the employer for represented law enforcement or fire fighting personnel who were initially employed by the employer before the effective date of this subdivision.

2. An employer shall pay, on behalf of a represented law enforcement or fire fighting employee, who was initially employed by the employer before the effective date of this subdivision, and who on or after the effective date of this subdivision, became employed in a nonrepresented law enforcement or fire fighting managerial position with the employer, or a

successor employer in the event of a combined department that is created on or after the effective date of this subdivision, the same contributions required by par. (a) that are paid by the employer for represented law enforcement or fire fighting personnel who were initially employed by the employer before the effective date of this subdivision.

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 some of 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 and how the Wisconsin Retirement System has implemented the Act. 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. This is similar to WRS treatment of Act 10, which has limited the contribution rates to four groups: two for protective members and two for all others.
- 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. This treatment is consistent with the WRS. Under WRS, different rates are calculated for each of the four groups. In addition, retirees liabilities are not assigned to the rates assigned to actives.

Supervisor Paul M. Cesarz  
Chairman  
Pension Study Commission  
July 11, 2011  
Page 3

- In our previous letter, we interpreted the term “employees shall pay half of all actuarially required contributions for funding *benefits* under the retirement system” to mean that contributors do not pay for the amortization of administrative *expenses* contained in the actuarially required contributions from the County. Under the WRS, administrative expenses are assigned to each rate group. As such, we have now allocated administrative expenses to the contributor rates in proportion to the contributor liability.
- 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. As noted earlier, we understand that the attached substitute resolution will be offered in order to incorporate our recommendation on this point. 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 on the next page. 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
<b>Valuation Results as of January 1, 2011</b>			
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	\$ 1,572,550,948	\$ 647,041,952	\$ 2,219,592,900
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
<b>Projected Employee Contribution for 2012</b>			
1. Actual Contribution for 2011			
a) Normal Cost with Interest	\$ 3,375,936	\$ 16,104,153	\$ 19,480,089
b) Net Annual Amortization Payments **	5,411,054	1,916,894	7,327,948
c) Total Contribution: ((a + b), not less than zero)	\$ 8,786,990	\$ 18,021,047	\$ 26,808,037
2. Employee Contribution (50% of 1c for Contributors)	N/A	\$ 9,010,523	N/A
3. Expected Salaries in 2011	28,084,168	193,563,275	221,647,443
4. Employee Contribution Rate (2÷3)	N/A	4.7%	N/A
<b>Projected Employee Contribution for Future Years***</b>			
2013		4.9%	
2014		5.1%	
2015		4.9%	
2016		5.4%	

\* 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 was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued liability of the Retirement System. These payments include amortization payments for administrative expenses.

\*\*\*Based on 8% investment return on a market value basis for years beginning in 2011 and all other actuarial assumptions being realized.

Supervisor Paul M. Cesarz  
Chairman  
Pension Study Commission  
July 11, 2011  
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Based on the above analysis, \$9,010,523 of the \$26,808,037 actual contribution for 2011, to be made in 2012, will be shifted from the County to active employees.

*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 \$221,647,000 to arrive at an employee contribution rate of 6.0% 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 \$193,563,000, resulting in an employee contribution rate of 6.9% 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 and furthermore, it is inconsistent with the WRS implementation.
- 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.
- Computed total employer contribution rates for WRS over the 25-year period ending December 31, 2010 have ranged from a low of 10.3% to a high of 12.9%. When compared to the contribution range for Milwaukee County over the past 25 years, the WRS exhibits an extremely

Supervisor Paul M. Cesarz  
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Pension Study Commission  
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low level of contribution volatility. There are two primary drivers of the contribution's lack of volatility. First, unlike ERS, under WRS benefits for members receiving payments can be increased or reduced based upon the actual experience of WRS. Second, according to page I23 of its latest actuarial valuation report, a "fundamental WRS objective is stable contribution rates." As a result, WRS contribution rates are based on reserves and other smoothing techniques which are not currently in use by the Milwaukee County Employees Retirement System. Because of that, large market volatility such as that seen during 2008 can result in significant changes in both employer and member contributions for ERS. The projection of employee contributions shown on page four is based on all assumptions being met. If all assumptions are met, contributions will increase from 4.7% to 5.4% over the next five years. Large market volatility as seen in 2008 can result in increases or decreases of 1.0% of employee pay per year. In the event of sustained market losses or gains, these increases or decreases may persist for several years. Stakeholders may wish to consider similar contribution volatility techniques to provide for stable contributions in the County of Milwaukee Employees Retirement System.

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

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cc: Mark Grady  
Paul Wilkinson

**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 (cc) 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 26<sup>th</sup>. 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 1<sup>st</sup>, 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 employees may continue to apply to change their health plan to one (1) of the  
74 options available to employees 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 employees to sign an authorization enabling  
78 non-county employees to audit medical and dental records. Information obtained as a  
79 result of such audits shall not be released to the county with employee 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 employees 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 employees 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 employees 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 employees 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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	(-69,400)	(-166,560)
	Revenue		
	Net Cost	(-69,400)	(-166,560)
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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

<sup>1</sup> 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.

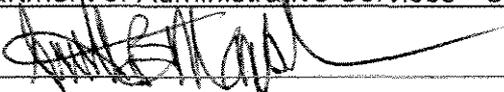
the related resolution. If separate health changes are proposed for 2012 as part of the 2012 budget or in a separate resolution, the savings for 2012 will increase from the amount reported.

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

<b>Fire Fighters Union Impact of Health Care Changes Proposed</b>			<b>2011</b>	<b>2012</b>
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

<b>Deputy Sheriffs Union Impact of Health Care Changes Proposed</b>			<b>2011</b>	<b>2012</b>
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

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

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

	<b>2010</b>	<b>2010</b>
Health Costs	252,700	5,326,000
Copays/Deductibles	7,500	97,400.0
Premiums	12,600	294,600.0
<b>Net Health Costs</b>	<b>232,600</b>	<b>4,934,000</b>
Employee Cost Share	20,100	392,000
Pcntg Employee Share	8.0%	7.4%
<b>After Change</b>		
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
<b>Members</b>	<b>Retirees</b>	<b>26.00</b>	<b>690.00</b>

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

**COUNTY OF MILWAUKEE**  
**INTEROFFICE COMMUNICATION**

**11**

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

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

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

<b>5070 - DTPW Transportation</b>	<b>8.00</b>
Hiring in Process	1.00
Organizational needs have changed	4.00
Plan to fill later in the year	3.00
<b>5080 - DTPW A&amp;E</b>	<b>3.00</b>
Hiring in Process	1.00
Plan to fill later in the year	2.00
<b>5100 - DTPW Highway Maintenance</b>	<b>30.88</b>
Organizational needs have changed	1.00
Other (Explain)	29.88
<b>5300 - DTPW Fleet</b>	<b>5.00</b>
Hiring in Process	4.00
Organizational needs have changed	1.00
<b>5700 - DTPW Facilities</b>	<b>19.00</b>
Budget Management	7.00
Hiring in Process	1.00
Other (Explain)	2.00
Plan to fill later in the year	9.00
<b>5800 - DTPW Director's Office</b>	<b>1.00</b>
Hiring in Process	1.00
<b>6300 - BHD</b>	<b>185.00</b>
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
<b>7900 - Aging</b>	<b>16.00</b>
Hiring in Process	2.00
Organizational needs have changed	11.00
Plan to fill later in the year	2.00
Recently Filled	1.00
<b>7990 - Family Care</b>	<b>21.00</b>
Hiring in Process	2.00
Organizational needs have changed	14.00
Plan to fill later in the year	5.00
<b>8000 - DHHS</b>	<b>65.00</b>
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
<b>9000 - Parks</b>	<b>37.00</b>
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
<b>9500 - Zoo</b>	<b>18.50</b>
Budget Management	10.50
Hiring in Process	8.00
<b>Grand Total</b>	<b>727.48</b>

**-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.<sup>1</sup> 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.

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<sup>1</sup> 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**

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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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	-1,142	-2,699
	Revenue	0	0
	Net Cost	-1,142	-2,699
<b>Capital Improvement Budget</b>	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. <sup>1</sup> 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

<sup>1</sup> 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 18, 2011  
To: Chairman Lee Holloway, Milwaukee County Board of Supervisors  
From: Sue Black, Director, Department of Parks, Recreation and Culture  
Subject: **Request to Abolish 1.0 FTE Office Assistant III (Title Code 01390) (12) and Create 1.0 FTE Clerical Specialist NR – HR Parks (Title Code \_\_\_\_\_) (\_\_\_)**

**POLICY**

The Department of Parks, Recreation and Culture respectfully requests the abolishment of 1.0 FTE Office Assistant III position, which is currently vacant, and the creation of 1.0 FTE Clerical Specialist NR – HR Parks.

**BACKGROUND**

DPRC requests the creation of a Clerical Specialist NR – HR Parks and the appropriate title code be assigned to reflect its non-bargaining unit status, i.e. supervisory or confidential. The function and duties of this position meets the criteria for exclusion from classified service, as defined by the WERC in Chapter 324 of the Wisconsin Human Resources Handbook. This is the only administrative support 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. 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. There are no other similar human resources positions contained in any bargaining unit, either in or out of Milwaukee County.

**RECOMMENDATION**

The Parks Director respectfully requests the abolishment of 1.0 FTE Office Assistant III position, which is currently vacant, and the creation of 1.0 FTE Clerical Specialist NR – HR Parks.

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

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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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
<b>Capital Improvement Budget</b>	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. <sup>1</sup> 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

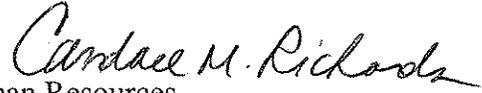
<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.  
Personnel - July 22, 2011 - Page 143

**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



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

Date: July 18, 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

1 By Supervisors Dimitrijevic, Biddle, Broderick, Romo West, Haas, Harris, Weishan,  
 2 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 Milwaukee  
 7 County Employee Health Plan to extend health benefits coverage to domestic  
 8 partners of eligible active Milwaukee County employees and their dependents.

9 WHEREAS, in 2009 the State of Wisconsin expanded health benefits for  
 10 state government employee health plans to increase the dependent eligibility age,  
 11 provide for autism spectrum coverage and contraception coverage, and extend  
 12 benefits to domestic partners and their families (Wisconsin Act 28); and

13 WHEREAS, the Milwaukee County Employee Health Plan has implemented  
 14 those health plan provisions of Wisconsin Act 28, with the exception of extending  
 15 benefits to domestic partners and their families; and

16 WHEREAS, for purposes of health benefit eligibility, the State provides a  
 17 definition for non-married domestic partners (Wis. Stats. 40.02(21d)) as follows:

- 18 **40.02(21d)** "Domestic partnership" means a relationship between  
 19 two individuals that satisfies all of the following:  
 20 (a) Each individual is at least 18 years old and otherwise competent  
 21 to enter into a contract  
 22 (b) Neither individual is married to, or in a domestic partnership  
 23 with, another individual  
 24 (c) The 2 individuals are not related by blood in any way that  
 25 would prohibit marriage under s. 765.03  
 26 (d) The 2 individuals consider themselves to be members of  
 27 each other's immediate family  
 28 (e) The 2 individuals agree to be responsible for each other's  
 29 basic living expenses  
 30 (f) The 2 individuals share a common residence. Two individuals  
 31 may share a common residence even if any of the following  
 32 applies:  
 33 1. Only one of the individuals has legal ownership of the residence  
 34 2. One or both of the individuals have one or more additional  
 35 residences not shared with the other individual  
 36 3. One of the individuals leaves the common residence with  
 37 the intent to return; and  
 38

39 WHEREAS, also as part of Act 28, the State of Wisconsin adopted Chapter  
40 770 of the state statutes, providing a process by which same sex couples can apply  
41 for and receive a declaration of domestic partnership through the office of the  
42 County Clerk, provided the applicants meet the following criteria:

43 **770.05** Two individuals may form a domestic partnership if they satisfy all of the  
44 following criteria:

- 45 (1) Each individual is at least 18 years old and capable of consenting to the  
46 domestic partnership.
- 47 (2) Neither individual is married to, or in a domestic partnership with,  
48 another individual.
- 49 (3) The 2 individuals share a common residence. Two individuals may share  
50 a common residence even if any of the following applies:  
51 (a) Only one of the individuals has legal ownership of the residence.  
52 (b) One or both of the individuals have one or more additional residences  
53 not shared with the other individual.  
54 (c) One of the individuals leaves the common residence with the intent to  
55 return.
- 56 (4) The 2 individuals are not nearer of kin to each other than 2nd cousins,  
57 whether of the whole or half blood or by adoption.
- 58 (5) The individuals are members of the same sex; and

59 WHEREAS, since August 3, 2009, the first day that County Clerks in  
60 Wisconsin were authorized to issue declarations of domestic partnership to same-  
61 sex couples, the Milwaukee County Clerk has issued 317 such declarations; and

62 WHEREAS, the Milwaukee County Clerk has indicated that there are no  
63 significant administrative barriers to establishing a process by which a Milwaukee  
64 County employee could apply for and receive, upon qualification and for a fee, a  
65 Declaration of Domestic Partnership for opposite-sex couples; and

66 WHEREAS, any eligible active Milwaukee County employee who wishes to  
67 add a domestic partner to the Milwaukee County Health Plan must provide a  
68 certified copy of a Declaration of Domestic Partnership as qualified and issued by  
69 the Milwaukee County Clerk according to the standards set either in Wis. Stats  
70 770 or Wis. Stats. 40.02(21d); and

71 WHEREAS, according to a Human Rights Campaign database, there are at  
72 least 819 different municipal or county governments or school districts that  
73 provided domestic partner health benefits for their employees, including the State  
74 of Wisconsin, the City of Milwaukee and the Milwaukee Public Schools District;  
75 and

76 WHEREAS, a report from the Employee Benefits Research Institute, citing a  
77 study by the human resources firm Hewitt Associates, found that adding domestic

78 partners to health benefits plans placed employers “no more at risk than when  
79 adding spouses” and reported an average cost increase of less than 1% to  
80 employers; and

81 WHEREAS, since allowing domestic partnership benefits in 2000, the City  
82 of Milwaukee reports a participation level of approximately 35 out of a covered  
83 population of approximately 3,500 – a take-up rate of one per cent; now,  
84 therefore,

85 BE IT RESOLVED, that the Interim Director, Department of Administrative  
86 Services – Division of Employee Benefits (DAS-DEB), is authorized and directed to  
87 revise the Milwaukee County Employee Health Plan to extend health benefits  
88 coverage to domestic partners of eligible active Milwaukee County employees and  
89 their dependents; and

90 BE IT FURTHER RESOLVED, that any active eligible employee wishing to  
91 include a domestic partner and dependents under the Milwaukee County  
92 Employee Health Plan must apply for and receive upon qualification a Declaration  
93 of Domestic Partnership from the Milwaukee County Clerk wherein the employee  
94 satisfies the criteria for Domestic Partnership as set forth in Chapter 770 or  
95 Chapter 40.02(21d), Wis. Stats, and pays the fee established in Chapter 59.15 of  
96 the Milwaukee County Code of General Ordinances; and

97 BE IT FURTHER RESOLVED, that the Interim Director, DAS-DEB, is further  
98 authorized and directed to work with the Milwaukee County Clerk to establish  
99 administrative procedures and requirements necessary to certify and authenticate  
100 the domestic partnership status of an employee and that such procedures shall be  
101 implemented to coincide with employee open enrollment for 2012; and

102 BE IT FURTHER RESOLVED, that consistent with County policy for all plan  
103 participants, employees adding domestic partners or their dependents may be  
104 subject to eligibility audits or reviews and/or verification requests, and employees  
105 who provide false or misleading information are subject to discipline up to and  
106 including termination and reimbursement of claims incurred; and

107 BE IT FURTHER RESOLVED, that conforming ordinances shall be drafted by  
108 the Division of Employee Benefits as necessary to implement domestic partner  
109 health benefits to eligible active employees, to be implemented January 1, 2012,  
110 and shall be submitted for approval by the County Board in order to allow for  
111 enrollment of domestic partners in the open enrollment period for 2012 .

112 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<br>(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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	0	742,066
	Revenue	3,000	0
	Net Cost	-3,000	742,066
<b>Capital Improvement Budget</b>	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. <sup>1</sup> 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.

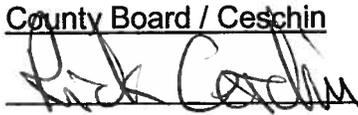
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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should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