

BUDGET SUMMARY

Category	2021 Actual	2022 Actual	2023 Budget	2024 Recommended Budget	2023/2024 Variance
Expenditures					
Personnel Costs	210,032,530	206,828,376	211,179,430	131,951,159	(79,228,271)
Operations Costs	1,126,436	1,094,830	1,562,169	1,145,949	(416,220)
Interdepartmental Charges	2,198,512	1,658,479	2,830,111	2,832,210	2,099
Total Expenditures	\$213,357,479	\$209,581,685	\$215,571,710	\$135,929,318	(\$79,642,392)
Revenues					
Other Direct Revenue	23,465,570	22,647,898	22,930,000	19,721,890	(3,208,110)
State & Federal Revenue	0	0	0	0	0
Total Revenues	\$23,465,570	\$22,647,898	\$22,930,000	\$19,721,890	(\$3,208,110)
Tax Levy	\$189,891,909	\$186,933,787	\$192,641,710	\$116,207,428	(\$76,434,282)

Note: The budget summary table excludes charges to revenue departments to reflect the total fringe benefits costs more accurately.

Department Mission :

This non-departmental unit includes expenditures for employee and retiree (legacy) fringe benefit costs, and revenues from premium contributions for those benefits.

Department Description:

Appropriations for employee and legacy fringe benefits in this non-departmental unit include: health and dental insurance, contributions to pension plans, life insurance, Medicare premium contributions, employee bus passes, and health insurance actuarial services. The cost of these benefits, net of employee and retiree premium contributions (which are shown as direct revenues in the table above), are allocated out to revenue generating departments based on their share of countywide staffing levels. This enables the County to be reimbursed for its total personnel costs to provide services.

2024 Budget Impact on Employees

In 2024, Milwaukee County maintains an excellent package of fringe benefits for employees. The 2024 Budget does not include any major changes to benefits or employee contribution rates.

Employee Total Compensation in 2024:

Take Home Pay Increase

General employees will receive a January 2% pay increase in 2024. The funds for this salary increase are budgeted in departments. In addition to this 2% increase, the employee pension contribution for general employees decreases from 6.1% to 4.3%. An average employee will see a 4.7% increase in take home pay in 2024 compared to 2023.

Health Insurance Premiums

The County pays approximately 84% of active health benefit costs, while employees are responsible for about 16%. There are no changes to health insurance premiums in 2024. 2024 rates (after including Wellness credit):

Employee Only: \$97/month

Employee + Child: \$143/month

Employee + Spouse: \$226/month

Employee + Family: \$254/month

Pension Contribution

The general employee pension contribution is reduced from 6.1% to 4.3%. This is a result of Wisconsin Act 12, which altered the formula for employee pension contributions. Employees now contribute one-half of the pension normal cost and do not make contribution toward the unfunded liability. Public safety represented employee contributions are subject to collective bargaining.

Flexible Spending Account

The employee Flexible Spending Account is maintained in 2024. The County will match up to \$1,000 in employee contributions on a dollar-for-dollar basis for this tax advantaged account.

Long-Term Impact on County Budget

- Wisconsin Act 12 represents a significant benefit to the County's Budget. The new 0.4% sales tax is dedicated to pension costs and is projected to net \$84 million in revenue in 2024. This revenue consists of \$60.6 million in unfunded pension liability payments and \$23.4 in Pension Obligation Bond payments. The new revenue and costs covered by the revenue are budgeted in a new non-departmental unit titled "0.4% Sales Tax". The remainder (about \$3.4 million) of the Pension Obligation Bond payment for 2024 is budgeted in Employee Fringe Benefits.
- Since these pension costs are covered by sales tax rather than property tax in 2024, additional funding is available for the County to invest in mandated services, programs that support the County's strategic plan, and property tax relief.

2024 Employee & Retiree Fringe Benefits Summary

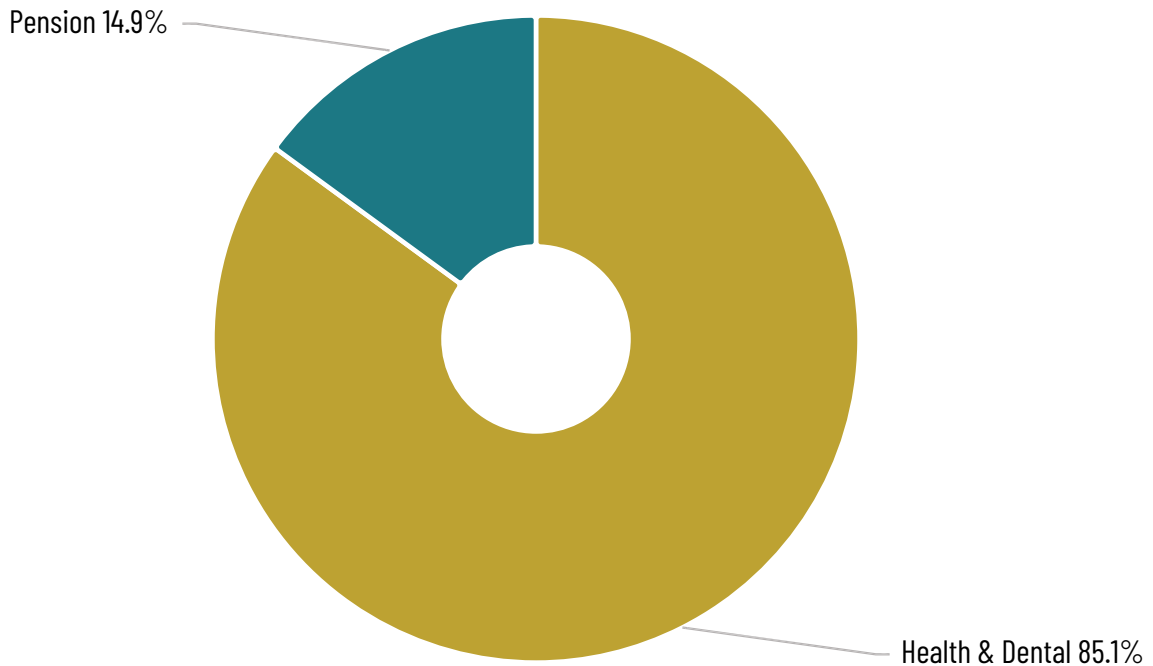
2023-2024 Fringe Benefit Budget Comparisons

Item	2023 Budget	2024 Budget	2023/2024 Change
Gross Health & Dental Costs	109,147,280	108,655,284	(491,996)
Gross Pension Costs	106,424,430	27,274,034	(79,150,396)
TOTAL Gross Benefit Costs	\$215,571,710	\$135,929,318	(\$79,642,392)
Less/Employee/Retiree Health Premiums	(9,630,000)	(9,820,000)	(190,000)
Less Employee/State Pension Contributions	(13,300,000)	(9,901,890)	3,398,110
TOTAL Less Premiums and Contributions	(\$22,930,000)	(\$19,721,890)	\$3,208,110
TOTAL Net Benefit Costs	\$192,641,710	\$116,207,428	(\$76,434,282)
Estimated Revenue Offset at 14.5%	(\$27,933,048)	(\$16,850,077)	\$11,082,971
Approximate Direct Tax Levy Cost, Employee & Retiree Fringe Benefits	\$164,708,662	\$99,357,351	(\$65,351,311)

The table above shows that the 2024 fringe benefits budget includes \$135.9 million in gross fringe benefit costs. This does not include \$84 million in ERS unfunded liability payments and pension obligation bond costs that are covered by the new 0.4% sales tax and not allocated to departments. Revenues directly related to fringe benefits, such as employee and retiree health insurance premiums, employee pension contributions required by State Statute, and other revenues offset approximately \$19.7 million of this total. The remainder, \$116.2 million, is allocated to revenue-generating departments. This is done for two primary reasons. One is to show the "true cost" of providing each service, as personnel costs including fringe benefits comprise a large share of the County's operating cost. The second reason for this allocation is that many departments receive outside revenue reimbursement for these costs, reducing the County's tax levy requirements. For instance, all personnel costs allocated to the Airport Division of the Department of Transportation are reimbursed by various fees and charges at the County's airports. In Child Support Services, approximately two-thirds of the cost is reimbursed by federal revenues. The remainder, approximately \$99.3 million in 2024, represents tax levy. Countywide, approximately 14.5 percent of fringe benefit costs that are allocated out are reimbursed by outside revenue sources.

Of the total tax levy cost (after reimbursement from outside revenue sources) for employee and retiree fringe benefits, health and dental costs make up the larger share at approximately 85% of the total, while pension costs are the remaining 15%.

Share of Net Tax Levy Cost



Health & Dental Benefits Overview

The County allocates its benefit costs to active employees and retirees based on estimates provided by various sources, including the health care actuary and the Office of the Comptroller. In some cases, benefits are solely categorized to either active employees (dental insurance) or to retirees (Medicare Part B premium reimbursements).

For health care expenditures, which include medical claims and Medicare Part B premium reimbursements, both retirees and active employees account for roughly 50 percent of the tax levy funded benefits.

Estimate Health Care Levy Costs (In Millions)



The 2024 Budget does not include any major changes to health benefits provided. Based on recent experience, prescription drugs costs are expected to increase by \$6.7 million. This cost increase is partially offset by a \$5.3 million decrease in health insurance claims, which is also driven by recent experience.

The Flexible Spending Account (FSA) employer contribution for 2024 is unchanged at a maximum of \$1,000. Employees eligible for an FSA must provide \$1,000 (a 1 dollar to 1 dollar match) to receive the maximum County contribution.

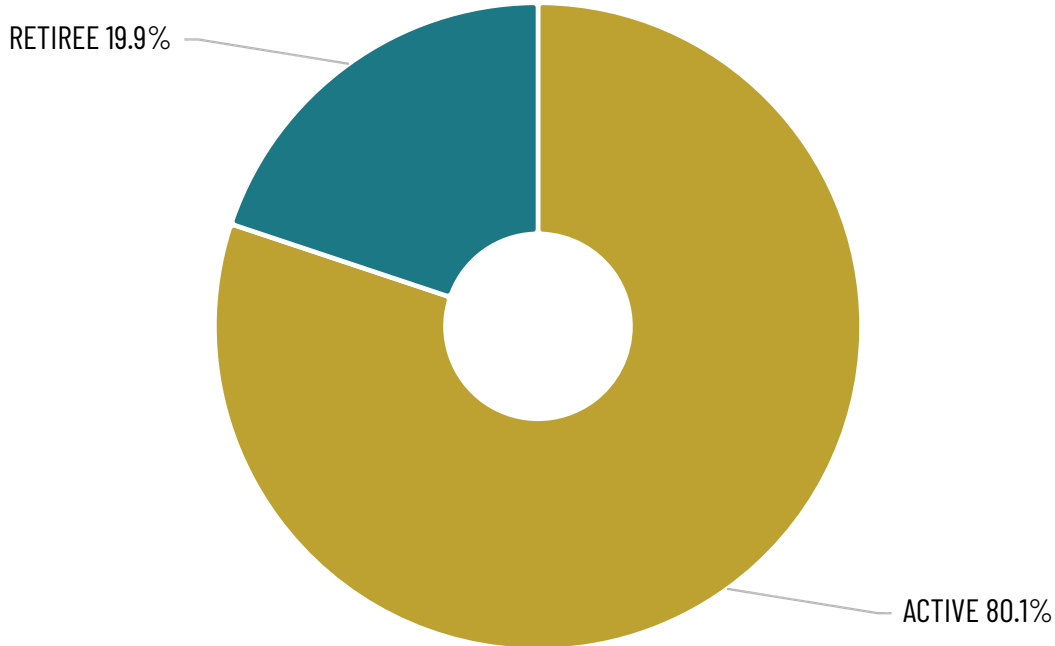
Expenditures in Org. 1950 - Employee Fringe Benefits include:

- Health and dental insurance benefits
- Third-party administrative costs for health insurance, prescription drugs, dental insurance, and wellness
- Fees required by the Affordable Care Act
- Employee Flu Shots

Pension Benefits Overview

Milwaukee County offers a pension benefit to vested employees through the Milwaukee County Employee Retirement System (ERS). ERS is one of the three public pension systems in the state of Wisconsin. As with health care and dental benefits, the County allocates pension-related costs between active employees and retirees. For 2024, the projected tax levy cost of pension benefits is approximately \$13.5 million. Of this total, approximately \$3.1 million or 19.9 percent is allocated to retiree costs and \$10.85 million or 80.1 percent is allocated to active employees .

Estimate Pension Levy Costs (In Millions)



The 2024 budget provides total appropriations for pension benefits of \$111.4 million (\$27.3 million budgeted in this org unit, \$84.1 million budgeted in the 0.4% sales tax org unit). This amount represents an increase of about \$4.9 million due to decreased Pension Obligation Bond costs based on a schedule maintained by the Office of the Comptroller which is more offset by higher normal cost and unfunded liability costs. The majority of these cost increases are due to the decrease in the ERS assumed rate of return from 7.5% to 6.8%. Appropriations for the OBRA pension system increase by almost \$1 million which represents the amount needed to bring the OBRA system to 100% funded.

Item	2023 Budget	2024 Budget	2023/2024 Change
OBRA Retirement System Contrib.	186,000	1,175,000	989,000
ERS Normal Cost	19,870,000	22,864,000	2,994,000
ERS Unfunded Actuarial Liability	52,258,000	-	(52,258,000)
Pension Obligation Bonds	34,110,430	3,235,034	(30,875,396)
TOTAL Pension Expenditures	\$106,424,430	\$27,274,034	\$ (79,150,396)

The OBRA retirement system contribution represents amounts recommended by the pension actuary, plus an additional contribution to bring the system to 100% funded. The ERS normal cost increase is based on the recommendation of the pension actuary. The ERS Unfunded Actuarial Liability is now budgeted in the 0.4% Sales Tax org unit. The total amount contributed for the unfunded liability increases from \$52 million to \$60 million based on a decrease of the assumed rate of return from 7.5% to 6.8%. Similarly, the portion of pension obligation bonds that are covered by the 0.4% sales tax is no longer budgeted in this org unit. The total pension obligation bond

payment decreases from \$34.1 million to \$26.7 million based on the debt service schedule maintained by the Office of the Comptroller. In 2024, \$23.4 million of this amount is covered by the 0.4% sales tax, while the remaining \$3.2 million represents tax levy costs.

Revenues

Revenues of \$9.9 million are budgeted in 2024. Revenues decrease due to a change in state law where employees are only required to contribute one half of the normal cost and no longer are required to contribute toward a portion of the unfunded liability. For 2024, general employees shall contribute 4.3 percent of salary to the pension plan. Public safety employee contributions are subject to collective bargaining.

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