

## BUDGET SUMMARY

Category	2023 Actual	2024 Actual	2025 Budget	2026 Adopted Budget	2025/2026 Variance
<b>Expenditures</b>					
Personnel Costs	207,589,757	112,468,449	162,505,678	173,654,107	11,148,429
Operations Costs	1,007,936	1,133,254	1,305,796	1,186,584	(119,212)
Interdepartmental Charges	2,830,111	3,015,691	2,810,479	3,641,266	830,787
<b>Total Expenditures</b>	<b>\$211,427,803</b>	<b>\$116,617,394</b>	<b>\$166,621,953</b>	<b>\$178,481,957</b>	<b>\$11,860,004</b>
<b>Revenues</b>					
Other Direct Revenue	23,848,499	21,878,877	22,598,214	21,671,609	(926,605)
<b>Total Revenues</b>	<b>\$23,848,499</b>	<b>\$21,878,877</b>	<b>\$22,598,214</b>	<b>\$21,671,609</b>	<b>(\$926,605)</b>
<b>Tax Levy</b>	<b>\$187,579,305</b>	<b>\$94,738,517</b>	<b>\$144,023,739</b>	<b>\$156,810,348</b>	<b>\$12,786,609</b>

*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 fringe benefit costs, and revenues from premium contributions for those benefits.

**Department Description:**

Appropriations for employee and retiree 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.

**2026 Budget Impact on Employees**

In 2026, Milwaukee County maintains an excellent package of fringe benefits for employees. The 2026 Budget includes minor adjustments to health insurance premiums, health insurance co-pays, and the County’s dental plan.

**Employee Total Compensation in 2026:**

**Take Home Pay Increase**

General employees will receive a 1% pay increase in January 2026. The funds for this salary increase are budgeted in departments. General employee pension contributions decrease to 4.9% in 2026 based on data from the pension actuary. Taking into account the general increase, health care premium increases, and pension contribution decreases, a general employee earning \$60,000 will see a 1.2% increase in take home pay in 2026.

**Health Insurance Premiums**

In 2025, the County paid approximately 84.1% of health care costs, while employees were responsible for about 15.9%. The industry standard is the employer covering 81%, while peer government organizations are in the 81% to 82% range. The 2026 budget includes a 4% increase to health care premiums, estimated to bring the County share of costs to be of health care costs to be 83.3%. This is the first increase to health care premiums since 2018, even though the County’s health care costs have grown significantly in that time. To minimize the impact to employees, the County is gradually moving to the 81% standard instead of including a larger increase in employee health care premiums for 2026.

2026 rates (after including Wellness credit):

Employee Only: \$101/month

Employee + Child: \$149/month

Employee + Spouse: \$235/month

Employee + Family: \$264/month

### **Pension Contribution**

The general employee ERS pension contribution decreases from 5.2% to 4.9%. Prior to 2023 Wisconsin Act 12, the employee contribution was 6.1% which means the 2026 pension contribution is 1.2% lower than 2023. Employees now contribute one-half of the pension normal cost and do not make contributions toward the unfunded liability. Public safety employee ERS contributions decrease from 9.1% to 7.1% based on calculations by the pension actuary.

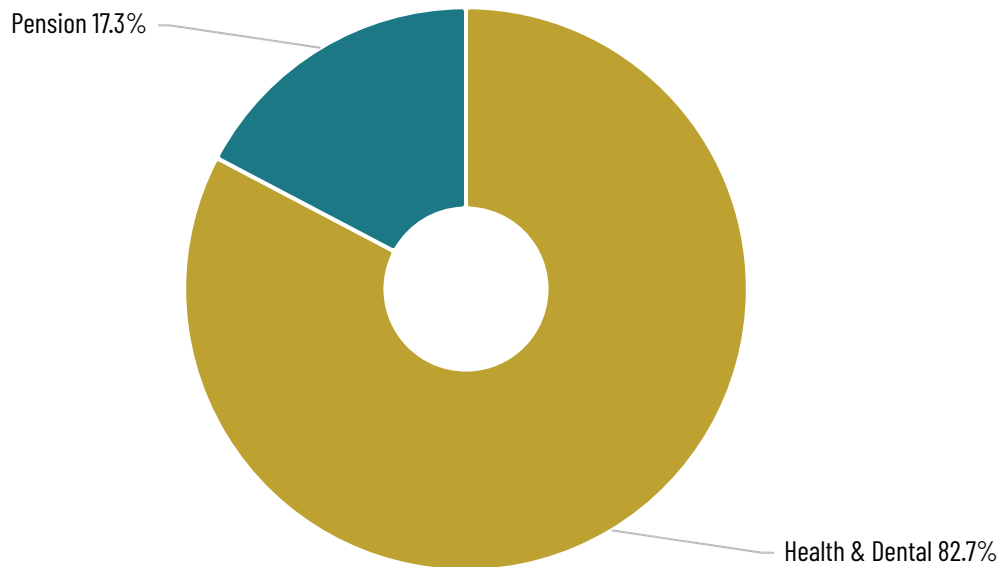
### **Flexible Spending Account**

The employee Flexible Spending Account is maintained in 2026. The County will match up to \$1,000 in employee contributions on a dollar-for-dollar basis for this tax advantaged account.

## 2025-2026 Fringe Benefit Budget Comparisons

Item	2025 Budget	2026 Budget	2025/2026 Change
Gross Health & Dental Costs	125,507,124	141,390,065	15,882,941
Gross Pension Costs	41,114,829	37,091,892	(4,022,937)
<b>TOTAL Gross Benefit Costs</b>	<b>\$166,621,953</b>	<b>\$178,481,957</b>	<b>\$11,860,004</b>
Less/Employee/Retiree Health Premiums	(10,457,808)	(10,671,609)	(213,801)
Less Employee/State Pension Contributions	(12,140,406)	(11,000,000)	1,140,406
<b>TOTAL Less Premiums and Contributions</b>	<b>(\$22,598,214)</b>	<b>(\$21,671,609)</b>	<b>\$926,605</b>
<b>TOTAL Net Benefit Costs</b>	<b>\$144,023,739</b>	<b>\$156,810,348</b>	<b>\$12,786,609</b>
<b>Estimated Revenue Offset at 14.5%</b>	<b>(\$20,883,442)</b>	<b>(\$22,737,500)</b>	<b>(\$1,854,058)</b>
<b>Approximate Direct Tax Levy Cost, Employee &amp; Retiree Fringe Benefits</b>	<b>\$123,140,297</b>	<b>\$134,072,848</b>	<b>\$10,932,551</b>

### 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, active employees account for roughly 60 percent of the tax levy funded benefits while retirees account for 40 percent.

The 2026 budget includes some substantial increases to health care/prescription drug costs and some minor plan modifications to help reduce the amount of increased costs. These substantial costs are due to an increase in the County’s employee count, increases in the cost of care, increases in the amount of services County employees are using, and some high-cost claims.

Based on recent experience, prescription drugs costs are expected to increase by \$4.4 million and health insurance claims are expected to increase \$10.9 million.

The following savings are included for plan design changes, and below is additional description behind these plan changes:

- \$240,000 in assumed revenue increases for a 4% increase in employee health premiums
- Establish a County dental plan structure in which employees contribution approximately 37% of total plan costs by:
  - **Increase Deductible from \$25/\$25 to \$50/\$100**
  - **Reduce covered X-Ray Frequency from three times per year to two times**
- Increase biweekly dental premiums by 2% as follows:
  - **Employee only: \$11.54 to \$11.77**
  - **Employee + Child/Children: \$23.08 to \$23.54**
  - **Employee + Spouse: \$23.08 to \$23.54**
- **Employee + Family: \$23.08 to \$23.54**
- Prescription drug copayments are adjusted as follows to better reflect current medication costs and maintain an equitable balance between employee and retiree contributions to the County’s cost of providing health insurance.
  - **Tier 2 Retail: \$30 to \$40**
  - **Tier 2 Mail Order: \$75 to \$100**
  - **Tier 3 Retail: \$50 to \$70**
  - **Tier 3 Mail Order: \$125 to \$175**
  - **Tier 4 (Specialty): \$75 to \$125**

**Spousal Surcharge:** A significant share of the County’s highest-cost claims come from spouses on the plan. Many spouses have access to their own employer-sponsored coverage but remain on the County plan because it is more generous and less expensive. Many spouses have access to their own employer-sponsored coverage but remain on the County plan because it is more generous and less expensive. The Department of Human Resources – Employee Benefits Division, in coordination with the County’s healthcare actuaries, shall provide a report to the County Board no later than the June meeting cycle providing detailed metrics on spousal healthcare usage and access to alternative insurance coverage. It should also outline potential methods for waiving a future spousal surcharge for employees whose spouses do not have access to other health insurance options.

**Premium Increase (4%):** Employees have not had a premium increase since 2018. Over that time, medical inflation and plan costs have risen significantly. The County has therefore continued to cover a larger share of plan costs. A 4% increase moves the employee share from 15.9% to 16.7%. The actuarial benchmark is 19%, with most peer organizations falling in the 18–19% range. By moving gradually, we maintain affordability while responsibly moving toward market standards.

**Copay Increase:** Office visit copays for employees and beneficiaries on the County health plan are currently lower than many peer organizations. This creates higher health care plan costs and doesn’t steer members toward lower-cost care settings. Increasing office visit copays by \$10 creates \$369,000 in savings and better aligns with other large employers. Importantly, in many instances employees can avoid copays altogether by using County-operated onsite clinics, which are high quality, more cost-effective, and provide a \$0 copay option for members.

**Dental/Orthodontic Adjustments:** The County’s dental plan is unusually generous compared to both public and private benchmarks. Our per-employee dental costs are approximately 15% higher than the database average. By reducing orthodontic coverage, lowering coinsurance levels, increasing deductibles, and aligning x-ray frequency to industry standards, we reduce costs by more than \$550,000 while still maintaining a competitive benefit. Employees will continue to have access to strong dental coverage, but at a level more in line with the market.

The Flexible Spending Account (FSA) employer contribution for 2026 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 2026, the projected tax levy cost of pension benefits is approximately \$23.1 million. Of this total, approximately 53 percent is allocated to retiree costs and 47 percent is allocated to active employees.

The 2026 budget provides total appropriations for pension benefits of \$123.7 million (\$38.1 million budgeted in this org unit, and \$85.6 million budgeted in the 0.4% sales tax org unit). This amount represents a decrease of about of about \$1 million due to decreasing ERS normal cost and unfunded liability payments.

**Tax Levy Supported Pension Costs**

Item	2025 Budget	2026 Budget	2025/2026 Change
OBRA Retirement System Contrib.	420,000	328,000	(92,000)
ERS Normal Cost	20,825,447	19,236,334	(1,589,113)
WRS Normal Cost	1,500,000	3,200,000	1,700,000
ERS Unfunded Actuarial Liability	-	-	-
Pension Obligation Bonds	18,364,382	15,354,699	(3,009,683)
<b>TOTAL Pension Expenditures</b>	<b>\$41,109,829</b>	<b>\$38,119,033</b>	<b>\$(2,990,796)</b>

The portion of pension obligation bonds that are covered by the 0.4% sales tax are no longer budgeted in this org unit. The total pension obligation bond payment decreases from \$37.3 million to \$37.0 million based on the debt service schedule maintained by the Office of the Comptroller. In 2026, \$21.6 million of this amount is covered by the 0.4% sales tax, while the remaining \$15.3 million represents debt service tax levy costs.

**Revenues**

Revenues of \$11 million are budgeted in 2026. Revenues decrease due to a decrease in the employee pension contribution in 2026.