



Milwaukee County Retirement Plan Services

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Date: August 18, 2023

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Erika Bronikowski, Director, Retirement Plan Services *EJ*

Subject: From the Director, Retirement Plan Services, Department of Human Resources, providing an informational report on 2023 Milwaukee County Pension Contributions

File Type: Informational Report

REQUEST/POLICY

Milwaukee County General Ordinance Chapter 201.24, Section 3.1 "[current year contributions](#)" requires that the Milwaukee County Pension Board "furnish to the committees on finance and personnel of the county board, annually, in time for the first county board committee cycle after the summer recess, a statement of the actual contribution required for the current year compared with the amount provided in the budget".

BACKGROUND

This mid-year report provides an update on 2023 pension contributions. The Budgeted 2023 Pension Contribution, inclusive of employee contributions, is \$72,314,000. This was provided in the January 1, 2022 ERS and OBRA valuations that were completed in early 2022:

2023 Budget ERS Employee Contributions	\$13,500,000
2023 Budget ERS County Contributions	\$58,628,000
2023 Budget OBRA County Contributions	\$186,000
Total	\$72,314,000

As of July 31, 2023, \$20,814,000 has been contributed to the ERS and OBRA by Milwaukee County, excluding employee contributions. The schedule of pension contributions for 2023 is as follows:

Description	Employees' Retirement System			OBRA*	Total
	Employee Contributions	County Contributions	Total		
<i>Payments Through 7/31/23</i>	\$7,954,323	\$20,628,000	\$28,582,323	\$186,000	\$28,768,323
<i>Upcoming Payment 9/15/23</i>	\$1,625,652**	\$19,000,000	\$20,625,652	-	\$20,625,652
<i>Upcoming Payment 12/15/23</i>	\$3,920,025**	\$19,000,000	\$22,920,025	-	\$22,920,025
Total Commitment	\$13,500,000	\$58,628,000	\$72,128,000	\$186,000	\$72,314,000

*All OBRA contributions are made by Milwaukee County.

** Values were estimated because the data was not available at the time the report was produced.

The purpose of this report is to provide “a statement of the actual contribution required for the current year compared with the amount provided in the budget”. Each year, a valuation is completed by the plan’s actuary that determines the upcoming year’s pension contributions. Because the valuation is completed using information as of January 1st of a given year to produce the costs for the following year’s contributions, assumptions must be made about investment performance and census data for the year (such as retirement rates and mortality). When the calculation of the Budgeted Contribution Amount is completed, the investment performance and census data of the pension fund for the remainder of that year is unknown. The following year, information about the investment performance of the fund and census data is available for the balance of that year and at that time, the contribution request is recalculated to determine the Actual Contribution Request. Milwaukee County generally plans their contributions based on the Budgeted Contribution Amount because it is available in time for the following year’s budget planning process. At the end of the year that the contributions are made, a final tallying of the actual contributions, with interest, is completed and if the Budgeted Contribution Amount is higher or lower than the actual amount of contributions made, the County pays the Budgeted amount and a “Funding Variance” is created which is amortized over five years.

During the valuation completed for January 1, 2022 in early 2022, an estimate of the 2023 contribution was completed that resulted in the County budgeting \$72,128,000 for 2023 ERS pension contributions. Upon completion of the January 1, 2023 valuation, the actuary revised the 2023 contribution request to \$72,936,000 after accounting for the investment performance and census experience of the pension fund during 2022. The higher revised contribution request is based on the investment performance of the pension fund, the amount of benefit payments, and contributions for 2022. The reconciliation of the Budget Contribution to the Actual Contribution can be found on page 29 of the [January 1, 2023 ERS valuation](#). Since Milwaukee County contributes based on the Budgeted calculation, this results in a negative variance of \$0.8 million (a negative variance is an increase in contributions), based on the revised 2023 contribution request. The negative variance is amortized over a five-year period and will slightly increase contributions in the future.

Budgeted ERS Contribution for 2023	Actual ERS Contribution Requested for 2023	Estimated Funding Variance <i>(rolled into 2024 contribution)</i>
\$72,128,000	\$72,936,000	\$808,000
Budgeted OBRA Contribution for 2023	Actual OBRA Contribution Requested for 2023	Estimated Funding Variance <i>(rolled into 2024 contribution)</i>
\$186,000	\$296,000	\$110,000

The final variance between the 2023 actual funding contribution by the County and the 2023 revised contribution request will not be determined until the next actuarial report is completed in early 2024. This will reflect the actual contributions made in 2023, plus interest. As an example, the contribution variance between the ERS 2022 budgeted/funded contribution (prepared in mid-2021) and the 2022 revised contribution request (prepared in mid-2022) was a positive \$1.74 million, as of January 1, 2022. The final variance between the 2022 total contributions made and the 2022 revised contribution request was a positive \$4.5 million. This schedule can be found on pages 25 and 26 of the [January 1, 2023 ERS valuation](#).

Please let me know if you have any questions.

FISCAL EFFECT

Fiscal Note Not Required

TERMS

N/A

VIRTUAL MEETING INVITES

- Erika.Bronikowski@milwaukeecountywi.gov
- Margo.Franklin@milwaukeecountywi.gov

PREPARED BY:

Erika Bronikowski, Director, Retirement Plan Services

APPROVED BY:

Margo Franklin, Chief Human Resources Officer

ATTACHMENTS:

None

Cc:

Supervisor Liz Sumner, Chair, Finance Committee

Supervisor Willie Johnson Jr., Chair, Personnel Committee

David Crowley, County Executive

Margo Franklin, Chief Human Resources Officer

Finance Committee

Personnel Committee

Mary Jo Meyers, Chief of Staff, Office of the County Executive

Aaron Hertzberg, Director, Department of Administrative Services

Joe Lamers, Budget and Management Director, Office of Strategy, Budget, and Performance

Scott Manske, Comptroller

Jennifer Folliard Director of Audit, Office of the Comptroller

Steve Cady, Research and Policy Director, Office of the Comptroller

Margaret Daun, Corporation Counsel