

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: December 30, 2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request authorization for a one-year contract renewal with MetLife for basic and supplement life insurance coverage.

FISCAL EFFECT:

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

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

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	265,000	
	Revenue	40,000	
	Net Cost	225,000	
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

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

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

A.) Approval of this request would authorize a one-year renewal of the MetLife contract for Basic and Supplemental Life Insurance Coverage. The renewal would increase the base rate for basic life coverage by 10.34% from \$0.58 per thousand to \$0.64 per thousand.

B.) Based on current enrollment, the rate change would incur approximately \$265,000 in additional expenditures compared to 2011. This increase will be partially offset by increased revenue of approximately \$40,000 in line items 4945 and 4999.

C.) The increased expenditure will be absorbed by the current funding allocated to Org. 1950 - Fringe Benefits - line item 5404. The increase in this contract renewal is less than anticipated in the adopted 2012 budget and will result in a surplus in line item 5404.

D.) Financial comparison to 2011 assumes consistent enrollment/volume of covered salary between the two years. Changes to headcount, the number of vacant positions, or salaries will positively or negatively impact the estimate.

The surplus in line org 1950, line item 5404, does not ensure an overall surplus in Org. 1950.

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

Department/Prepared By Matthew Hanchek, Interim Director - Employee Benefits

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No