



Milwaukee County
Department of Human Resources
INTER-OFFICE COMMUNICATION

Date: November 13, 2020

To: Marcelia Nicholson, Chairwoman, County Board of Supervisors

From: Margo J Franklin, Chief Human Resources Officer, Department of Human Resources

Erika Bronikowski, Director, Retirement Plan Services

Subject: 2020 Furlough Service Credit

Background

After the onset of local and state-wide stay at home orders due to COVID-19, many Milwaukee County employees were furloughed. This raised questions around the impact of unpaid, furlough time on an individual's pension calculation. The pension benefit formula for employees in the Employees' Retirement System of Milwaukee County ("ERS") takes into account the service and compensation an individual earns while working as a Milwaukee County employee. We are requesting an Ordinance amendment to prevent employees from losing service credit while furloughed due to COVID-19.

The pension benefit formula currently in effect for general employees is:

$$1.6\% \times \text{Years of Service} \times \text{Final Average Salary} = \text{Monthly Pension Benefit}$$

Service is granted for hours worked and the pension Ordinances allow for service to be credited for unpaid time up to one month. A large portion of Milwaukee County's workforce has been affected by indefinite or intermittent furloughs as a result of COVID-19 and, therefore, have had unpaid time. We are requesting Ordinance amendments that allow for pension service to continue accruing for all furlough time related to COVID-19 beyond the existing one-month limit on service granted for unpaid time.

Another component of the pension benefit formula is Final Average Salary. We are not requesting any changes to the Final Average Salary Ordinances and in practice, the time spent on furlough is not included in the Final Average Salary calculation. Thus, a member's Final Average Salary is not reduced when they are affected by a furlough or unpaid leave.

Summary of Request

We are requesting that the County Board adopt these three Ordinance changes to allow members of the ERS to earn full pension service credit for time they are furloughed as a result of COVID-19.

The enclosed Ordinance amendments were drafted as a result of direction from the County's Emergency Operations Center ("EOC") which was comprised of County leaders who have guided the County's operational changes and policies as a result of COVID-19. Among other items, the EOC has discussed benefits and Human Resources-related topics such as employee furloughs

and their impact on employee benefits. The EOC consulted with subject matter experts and suggested operational and policy changes for the County.

The Human Resources Department has worked with Retirement Plan Services, Corporation Counsel, and external Counsel to the Pension Board and has consulted with the Comptroller's Office on these outlined pension changes to the Milwaukee County Code of General Ordinances.

Description of Proposed Ordinance Amendments

The proposed amendments would allow for service to be credited to employees who have been furloughed as a result of COVID-19, without limit, and would allow for earnings calculations to disregard unpaid time.

Proposed Amendments to Chapter 201.24 (2.7)

The proposed amendments revise the first paragraph to clarify that the definition of pension earnings does not include time on unpaid leaves, except when an employee is on a military leave of absence. This amendment allows for service to be credited to furloughed members and ensures furlough leaves do not affect an individual's Final Average Salary calculation.

Proposed Amendments to Chapter 201.24 (2.9)

The proposed amendments revise this section to ensure that there is consistency between this section of the Ordinance and Chapter 201.24 (8.7).

Proposed Amendments to Chapter 201.24 (8.7)

The proposed amendments revise this section to allow for service to be credited to employees who are on unpaid leaves for more than 30 days when those unpaid leaves are due to: COVID-19, worker's compensation, or military service.

Please let me know if you have any questions.

- Cc: Supervisor Jason Haas, Chairman, Finance Committee
Supervisor Eddie Cullen, Chairman, 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
Julie Landry, Director, Department of Administrative Services
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