

COUNTY OF MILWAUKEE
DAS-Division of Human Resources
INTER-OFFICE COMMUNICATION

DATE : May 17, 2011

TO : Supervisor Joe Sanfelippo, Chairman, Personnel Committee

FROM : Candace M. Richards, Interim Director of Human Resources
Gerald J. Schroeder, Interim Director of Employee Benefits

Candace M. Richards
G. J. Schroeder

SUBJECT : **From the Interim Directors of the Division of Human Resources and the Division of Employee Benefits, submitting an informational report regarding pension and employee benefits relating to the rehiring of prior County employees. (Informational only unless otherwise directed by the Committee)**

- 1. How are benefits – sick allowance and vacation, primarily – re-established for employees who return to service after a period of absence, including those employees who have retired?**

The Division of Human Resources implements the following provisions of the Milwaukee County General Ordinance when former employees are rehired to a position with the County or return to active employment after a period of retirement:

MCGO 17.17 (1) “Vacations and Holidays” allows annual leave with pay to serve as vacation based on an employee’s years of service with Milwaukee County. Years of service includes any credible pension service earned with Milwaukee County, the State of Wisconsin or any municipality within the State of Wisconsin. Any employee returning after an involuntarily separation from Milwaukee County employment shall not be entitled to any prior service credit for the purposes of vacation entitlement. This provision also applies to new hires with credible pension service earned while employed by other municipalities or the State of Wisconsin.

MCGO 17.18 (9) “Leave of Absence with pay on account of illness or other special causes”, allows for the reinstatement of sick leave hours to former employees, except those who were discharged after hearing before the Personnel Review Board or resigned prior to such hearing. Specifically, the ordinance reads “former employees, who return to active employment with Milwaukee County shall have any canceled leave restored. Retirees who received retirement leave under the provisions of 17.183 (Retirement Leave) shall not be eligible for the restoration of such leave upon return to active employment.”

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2. What are the effects on the pension for a retiree who returns as a County employee? What happens to the existing pension and how are future benefits calculated?

When a County retiree returns to work as an active employee, that member is considered a re-employment. Milwaukee County Ordinance 201.24, Sections 11.1 and 11.2 addresses re-employment of both former and retired members. Under this Ordinance, re-employed members can be restored to membership in the Employees' Retirement System (ERS) provided they are vested and have not withdrawn their membership account. Under re-employment, the earning of service credit resumes. This can result in the recalculation of the ERS pension upon subsequent re-retirement.

Upon re-employment, pension payments and retirement status are suspended. The retirement is not rescinded; no such condition exists in Ordinance or ERS Procedures. At this point the member is paid as an active County employee. Upon subsequent re-retirement, the pension is recalculated using the new service credit and earnings. The pension formula doesn't change for recalculation. ERS merely combines the previous service credit with the additional service credit earned. This provides a new service credit total that is used in the pension formula. The original three highest consecutive years of earnings, is reviewed to include the additional pay as appropriate. Should the result be a new final average salary, this amount is included in the recalculated pension.

Re-employment does not allow for any retirement conditions to be altered, such as options elected or beneficiaries selected. It does not modify previously determined eligibility or ineligibility for benefits or incentives. If the re-employed member was paid a backdrop payment upon original retirement, the backdrop is not recalculated. Members that retired under the City/County Transfer program and subsequently become re-employed at the County will be calculated at the time of retirement in the same fashion as all other re-employed members. City/County Transfer determination is a point-in-time process that is never again revisited.

3. How are vacation and sick allowance accruals handled at termination or retirement?

The following provisions of the MCO and Civil Service Rules are implemented when employees retire, resign, or are terminated from Milwaukee County service:

MCGO 17.184 "Sick allowance balance upon retirement", states that employees whose Membership in the ERS began prior to January 1, 1994, shall receive accrued sick allowance at the time of retirement, and that the total payment shall equal the total hours of sick pay accrued at time of retirement times the hourly rate applicable to the valuation of sick pay at the

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time of the employee's retirement. For non-represented employees and elected officials, sick allowance is paid out for the first 400 hours and at 16 hours for every 100 hours or fraction thereof. Payments are made in a lump sum, and not included in the member's final average salary for pension calculation purposes.

For employees whose membership in the ERS began on or after January 1, 1994, the full value of the accrued sick allowance is credited toward the cost of health insurance after retirement. For non-represented staff and elected officials, sick leave hours are credited toward health insurance at the rate of 400 hours and at 16 hours for every 100 hours or fraction thereof.

Civil Service Rule VIII, Section 3, (5), states "an employee retiring from service may be granted his/her entire vacation balance prior to his/her retirement, provided he/she is entitled to such vacation under the provisions of these rules".

Employees terminating or resigning employment with Milwaukee County are paid out for all eligible vacation hours provided he/she has earned said hours in accordance with MCGO 17.17 "Vacation and Holidays". An employee's sick leave balance is not paid out under this provision.

Employees resigning in absentia or employees discharged by the Personnel Review Board are not paid for accrued vacation or personal days, but are eligible for any overtime accrued and holiday pay earned.

Cc: Chris Abele, County Executive
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