

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: August 16, 2019

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: From the Office of Corporation Counsel requesting approval of a resolution authorizing a settlement of the Jennifer L. Aleman v. ERS and Jennifer L. Aleman v. Milwaukee County litigations.

FISCAL EFFECT:

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

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	\$41,000	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

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. Request to execute a settlement agreement with Jennifer L. Aleman to end her lawsuits brought against the Employees' Retirement System of the County of Milwaukee ("ERS"), the Pension Board of ERS, and Milwaukee County (the "County Defendants") and resolve a legal dispute, based on an interpretation of Milwaukee County ordinances, Pension Board rules, and Wisconsin law, over the definition of the survivorship pension benefit amount for payment to Ms. Aleman related to the death of her husband, Sergio Aleman, who was an employee of Milwaukee County and died in 2012 while on-duty as a deputy sheriff; and for which offset was sought to account for County-paid workers' compensation benefits.
 - B. Per the terms of the agreement, (i) Milwaukee County will pay Jennifer Aleman \$41,000 out of the Litigation Reserve; (ii) Ms. Aleman will pay workers' compensation offset balance back to ERS that remains to be paid after May 28, 2019, calculated to be \$94,755.75, through a reduction (i.e., offset) to her monthly pension payment of about \$141.40 per month over 55 years; (iii) ERS, through Pension Board action, will determine whether it agrees that the resolution of the corrected survivorship pension benefit amount means that \$157,643.31 already paid to Jennifer L. Aleman is part of that corrected benefit amount such that it will be paid from the ERS trust and not need not be repaid by Ms. Aleman (should the Pension Board reject that proposal, an alternative resolution of this matter may still be possible); (iv) the Internal Revenue Service will review this resolution of Jennifer L. Aleman's claims as part of its pending Voluntary Correction Program and the payment from the trust. If the correction and payment from the trust is disallowed by the Internal Revenue Service, the County may be required to pay \$157,643.31 to ERS to account for the amount already paid to Ms. Aleman. If this occurs, a separate resolution and fiscal note will be prepared for all issues from the Voluntary Correction Program that will need to be paid by the County to the Pension System. A source of funds will be denoted at that time.

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.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

C. No impact.

D. None.

Department/Prepared By Anne B. Kearney, Deputy Corporation Counsel

Authorized Signature *Anne B. Kearney*

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required