



Office of the Comptroller

# Milwaukee County

Scott B. Manske • Comptroller

DATE: June 17, 2016

TO: The Honorable County Board of Supervisors and the Honorable County Executive

CC: Colleen Foley, Interim Corporation Counsel  
Marian Ninneman, Retirement Plan Services Director

FROM: Scott B. Manske, Comptroller

RE: Actuarial estimate of financial impact of court decision in Case No. 11CV16826 determining that members of AFSCME – DC48 were not represented on September 29, 2011 for purposes of certain pension benefits

On May 27, 2016, the Circuit Court ruled that pursuant Milwaukee General Ordinance (MGO) 201.24(4.1)(2) for purposes of certain pension benefits, that members of AFSCME – DC48 (DC48) were actually not represented by a collective bargaining agreement at the time the ordinance was passed, thus making them eligible for certain pension benefits of non-represented employees. Therefore, any members of DC48 who were hired between January 1, 1994 and December 31, 2005 would become eligible for the Rule of 75.

On June 16, 2016, the County received Buck Consultants calculation of the financial cost of providing the Rule of 75 benefit to this additional group of currently employed individuals. Based on that estimate, the County's overall total pension liability will increase \$6.8 million, or 0.30 percent of the total pension liability. It is worth noting that Buck Consultants did not review the financial impact of the approximately 180 individuals that have either retired or are in deferred retirement status. Any changes to these individuals' pension benefits could also increase the total pension liability.

The change in total pension liability as calculated by the actuary also increases the County's annual contribution by \$807,475. The contribution change is due to an increase in both the normal cost and an increase in the amortization of the unfunded liability.

<b>Annual Impact</b>	
Normal Cost Increase	\$ 193,850
Amortization Amount	<u>613,625</u>
Total	<u>\$ 807,475</u>



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The normal cost increase is a permanent increase as it covers the cost of benefits accruing in that year. Because current policy dictates that any change in the accrued actuarial liability be amortized over a 20-year period, the increase in the amortization amount will be paid over the next 20 years.

Because County employees are responsible for one-half of the actuarial required contribution, the additional \$807,475 owed to the ERS would be split between all County employees and the County. This will increase the percentage paid by County employees.

Scott B. Manske, Comptroller

CC: Kelly Bablitch, Chief of Staff, County Board of Supervisors  
Raisa Koltun, Chief of Staff, Office of the County Executive  
Teig Whaley-Smith, Director, Department of Administrative Services  
Kerry Mitchell, Director, Department of Human Resources  
Steve Kreklow, Budget Director, Department of Administrative Services