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(ITEM ) A resolution by Supervisor Lipscomb, Sr., to quantify and develop a course of action related to an actuarial error made in the 2014 and 2015 calculation of required contributions to the Milwaukee County Employees' Retirement System, by recommending adoption of the following:

**A RESOLUTION**

WHEREAS, on July 2, 2015, the Milwaukee County Pension Board (MCPB) first publicly discussed revelations of issues related to the calculation of the 2016 budget contribution for pension liabilities; and

WHEREAS, it was discovered by the actuary, in preparing the valuation for the 2016 pension contribution, that the actuary made errors in the calculation of the 2014 and 2015 contributions related to the omission of the Cost of Living Adjustment (COLA) given to certain groups of retired employees; and

WHEREAS, in recent months, the MCPB has also been reviewing actuarial assumption changes that, if enacted, would reduce the overall cost of the pension benefit in the long-run but increase the annual funding requirements immediately; and

WHEREAS, on July 15, 2015, the actuary presented the results of the annual valuation to the MCPB; and

WHEREAS, a special meeting of the Committee on Finance, Personnel, and Audit also convened on July 15, 2015, to review the actuary's annual valuation and to better understand the impact on the annual funding requirements resulting from the COLA omission, other changes to actuarial assumptions, and data clean up; and

WHEREAS, it was reported at that meeting that the annual required contribution is expected to increase by \$20.1 million, from approximately \$38.3 million to \$59.4 million; and

WHEREAS, it is difficult to isolate the impact the omission of the retiree COLA had on the annual contributions for the last two years and on the expected cost going forward in conjunction with the other suggested actuarial assumption changes that were recommended by the actuary and embraced by the MCPB; and

WHEREAS, the retiree COLA omission for the 2014 and 2015 annual contribution occurred under the watch of administrative staff for the County Executive; and

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WHEREAS, policymakers and the public wish to better understand the impact of errors made by the actuary in calculating the annual pension contribution for 2014 and 2015 and determine what options are available to ensure that taxpayers and employees are not charged for actions that are no fault of their own; and

WHEREAS, it is important to hold those who are responsible for the error accountable for their actions, to ensure that similar errors do not occur in the future, to protect County services from being adversely impacted, and to maintain the stability of the pension system; and

WHEREAS, the Committee on Finance, Personnel, and Audit, at its meeting of July 23, 2015, recommended adoption of this resolution (vote 8-0); now, therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors (County Board) hereby requests the Office of Corporation Counsel, working in conjunction with the Office of the Comptroller, to provide a report to the County Board for the September 2015 meeting cycle to help quantify the costs and liability from the omission of the retiree Cost of Living Adjustment in the calculation of the pension contribution for all affected years; and

BE IT FURTHER RESOLVED, the report shall include the viability of various options that policymakers may have to remedy the errors, including but not limited to: 1) recovery through insurance (e.g. Errors and Omissions), 2) cancellation of the actuarial contract, 3) legal remedies for identified damages, and 4) other alternatives to reduce the burden on taxpayers and employees.

jmj  
07/23/15  
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