

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: July 11, 2011

TO: Johnny Thomas, Chairman, Committee on Finance and Audit
Joe Sanfelippo, Chairman, Committee on Personnel
Paul Cesarz, Chairman, Pension Study Commission

FROM: Mark Grady, Principal Assistant Corporation Counsel

SUBJECT: ORD 11-8; Proposed Substitute Ordinance Amendments for
Implementation of State-Mandated Employee Pension Contributions

Issue

A prior resolution and set of ordinance amendments were submitted to prepare for possible implementation of state-mandated employee pension contributions based on 2011 Wisconsin Act 10. At that time, it was not known whether the law would become effective and, if so, when. Since the submission of the prior proposal, 2011 Wisconsin Act 10 became effective on June 29, 2011.

In addition, after the prior amendments were provided to the County Board, the state adopted the biennial budget in 2011 Wisconsin Act 32. That Act now requires that current nonrepresented managerial law enforcement and firefighting employees be treated the same as current represented law enforcement and firefighting employees with respect to the pension contribution. Because represented members of the Deputy Sheriffs Association and the Firefighters Association are not required to make pension contributions, nonrepresented managerial law enforcement and firefighting employees cannot be required to make contributions. However, the biennial budget also provides that law enforcement and firefighting employees hired in the future are required to make the employee pension contribution; it prohibits collective bargaining concerning the employee pension contribution for deputy sheriffs and firefighters hired in the future. The attached substitute resolution and ordinance amendment incorporates these new provisions.

In addition, the prior resolution and ordinance amendments based the actuarial calculation of the amount of the employee contribution on the annual actuarial calculation of the “estimated budget contribution.” However, the actuary has

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Proposed **Substitute** Ordinance Amendments for Implementation of State-Mandated Employee Pension Contributions

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since recommended that the calculation instead should be based on the annual “actual contribution required for the current year.” Therefore, the attached substitute resolution and ordinance amendments incorporate that recommendation. It has been determined that the pension contributions are required beginning with the pay period starting July 24, 2011 (that is paid on August 18, 2011). The actuary has calculated that the required percentage of pay for the employee contribution for 2011 and 2012 should be 4.7%.

Recommendation

In order to conform the ordinance amendments to the most recent state law and to incorporate the now known effective date of the state law, the attached **substitute** resolution and ordinance amendments are being submitted. This resolution and ordinance amendment should be adopted as a substitute to the prior proposal.

cc: Chris Abele, County Executive
George Aldrich, Chief of Staff, County Executive
Terry Cooley, Chief of Staff, County Board
Carol Mueller, County Board Clerk
Jody Mapp, County Board Clerk
Employee Benefit Work Group members