

**COUNTY OF MILWAUKEE**  
INTER-OFFICE COMMUNICATION

**DATE:** February 25, 2011

**TO:** Supervisor Johnny Thomas, Vice Chair, Committee on Finance and Audit  
Supervisor Patricia Jursik, Chairwoman, Committee on Personnel

**FROM:** Employee Benefits Workgroup  
*Prepared by Stephen Cady, Fiscal and Budget Analyst, County Board*

**SUBJECT: Status Report on a Voluntary Employee Benefits Association (VEBA)**

**Background**

In 2009 the County Board established the Employee Benefits Workgroup to review and analyze the Milwaukee County benefit package and to assess opportunities to reduce costs associated with those benefits. The Workgroup is comprised of staff from Corporation Counsel, Audit, County Board and the Department of Administrative Services (Fiscal, and Benefits) and Labor Relations, and outside health care, pension and legal consultants as needed. The Workgroup continues to meet to discuss budget directives and other fringe benefit cost saving opportunities.

**Request**

The 2011 Adopted Budget directed the Employee Benefits Workgroup to “examine and develop recommendations for the possible implementation of a voluntary employee benefits associations (VEBA), or similar program, to allow the County to make to make tax deferred employee payments (i.e. sick payouts) that can be used for post-retirement health care expenditures or other eligible expenses.” These types of programs can reduce both the employer’s and employee’s tax obligations. A report from the Workgroup is due in the March 2011 cycle.

**Discussion**

Wisconsin State Senate Bill 11 (budget repair bill) proposes numerous changes to employee fringe benefits and collective bargaining laws. Subsequent to this bill, the Governor will be issuing the proposed biannual budget for the State of Wisconsin. The Workgroup is focusing its efforts on trying to understand the issues related to the potential implementation of these changes for Milwaukee County employees. Quite simply, the VEBA initiative is a lower priority than focusing our efforts on meeting the 2011 budget targets.

**Recommendation**

The Employee Benefit Workgroup recommends that the development of a possible VEBA program be postponed until the impacts of the budget repair bill and the biannual budget can

be understood and, where required, properly implemented per statutory deadlines. The Workgroup will provide an update on the VEBA initiative as soon as practicable.

cc: County Executive Marvin Pratt  
Milwaukee County Board of Supervisors  
E. Marie Broussard, Deputy Chief of Staff, County Executive's Office  
Terry Cooley, Chief of Staff, County Board  
Jodi Mapp, Personnel Committee Clerk  
Carol Mueller, Finance and Audit Committee Clerk