

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: November 8, 2023

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request to amend the current 2023 – 2024 Collective Bargaining Agreement with the International Association of Firefighters (IAFF), Local 1072, to amend language regarding public safety employee pension contributions.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input 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 checked="" 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 ¹	Subsequent Year
Operating Budget	Expenditure	\$0	\$0
	Revenue	\$0	(\$53,384)
	Net Cost	\$0	\$53,384
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

¹ This revenue is attributable to the portion of the unfunded pension liability that the IAFF employees were responsible for paying. Although there is a net cost to the County of this specific action, the previously approved 0.4% sales tax will be used to fund the County’s entire unfunded pension liability contribution.

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.² 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. Proposal: To amend the 2023 -2024 CBA with the IAFF, Local 1072, to strike certain language relating to the employee pension contribution. Members of the IAFF, Local 1072, would instead be subject to Wisconsin State Statute as of January 1, 2024, which would require the members to pay one-half the normal cost as determined by the ERS actuary rather than one-half the annual required contribution as determined by the ERS actuary.

B. Direct Financial Impact: For 2023, there is no direct financial impact since the change will not occur until pay period 1 of 2024. For 2024, the IAFF, Local 1072, employee pension contribution percentage will be reduced from 9.8% to 6.9%, which would result in a loss of revenue of \$53,384. This revenue was previously attributable to the portion of the unfunded pension liability that the IAFF, Local 1072, employees were responsible for paying. Although there is a net cost to the County of this specific action, the previously approved 0.4% sales tax will be used to fund the County's entire unfunded pension liability contribution.

C. Budgetary Impact: There is no budgetary impact associated with this request in 2023 because the reduction in employee contribution percentage does not occur until the first pay period of 2024. The County Executive's 2024 budget assumed a reduction in employee contribution percentages from one-half the annual required contribution to one-half the normal cost, so there is no budgetary impact in 2024.

D. Assumptions: This fiscal impact assumes that total IAFF pensionable wages will be \$1,823,637. Any changes to this amount would impact the net cost to the County.

² 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.

Department/Prepared By Cynthia J Pahl

Authorized Signature Cynthia J Pahl



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required