

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: October 1, 2015

Original Fiscal Note ☒

Substitute Fiscal Note ☐

SUBJECT: Request for authorization to terminate the current Ceridian Benefits contract and replacing it with 1) an agreement with Morneau Shepell for Benefits Administration services, and 2) an amendment to the contract with Employee Benefits Corporation expanding the scope to include COBRA services

FISCAL EFFECT:

☒ No Direct County Fiscal Impact

☐ Increase Capital Expenditures

☒ Existing Staff Time Required

☐ Decrease Capital Expenditures

☐ Increase Operating Expenditures
(If checked, check one of two boxes below)

☐ Increase Capital Revenues

☐ Absorbed Within Agency's Budget

☐ Decrease Capital Revenues

☐ Not Absorbed Within Agency's Budget

☐ Decrease Operating Expenditures

☐ Use of contingent funds

☐ Increase Operating Revenues

☐ Decrease Operating Revenues

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 | Subsequent Year |
|----------------------------|---------------------------------|--------------|-----------------|
| Operating Budget | Expenditure | 0 | \$170 |
| | Revenue | | |
| | Net Cost | | |
| Capital Improvement Budget | Expenditure | | |
| | Revenue | | |
| | Net Cost | | |

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.¹ 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/interpretations that were utilized to provide the information on this form.

A.) This item authorizes the Benefits Division to replace the current contract with Ceridian for benefits administration System and COBRA administration services by awarding a contract to Morneau Shepell for benefits administration, matching the same contract terms as the benefits administration portion of the current ceridian contract. This contract would be for August 1, 2015 – December 31, 2016. The COBRA services portion of the contract would be added to the scope of the County's current contract with Employee Benefits Corporation (EBC) and would run from November 2015 - December 2017

B.) There is no impact associated with the Benefits Administration System change to Morneau Shepell. All terms are consistent with the current contract. The COBRA services contract has slightly different terms, resulting in slight cost differences contingent on the number of benefits-eligible employees who leave County service in November and December 2015. Regardless of the difference in terms, the financial impact of the change will be negligible.

C.) There is no impact to the current year related to Morneau Shepell. There will be negligible differences with EBC COBRA services. All costs for these services are currently recognized in the Ceridian expenditures in org. 1921. Now that the systems cost is separated from the COBRA admin fees, it may be more appropriate to fund and pay the EBC contract from org. 1950.

D.) The cost projections for 2015 through 2017 are derived by applying the County's approximate current employee counts and COBRA participation rates to the proposed contract terms. Changes in the employee population or in COBRA enrollment will have a corresponding positive or negative impact on the projections.

¹ 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 Matthew Hanchek, Director of Benefits, Human Resources

Authorized Signature 

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?² ☐ Yes ☒ No ☒ Not Required