



Milwaukee County Retirement Plan Services

Timothy Coyne, Director


901 N. 9th Street, Courthouse, Room 210-C

Milwaukee, WI 53233

(414) 278-4207 (877) 652-6377

Date: February 13, 2019

To: Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

From: Timothy Coyne, Director, Retirement Plan Services 

Subject: Implementation of Governance Review recommendations for the Milwaukee County Employees' Retirement System as developed by Funston Advisory Services through a comprehensive governance audit

Milwaukee County Employees' Retirement System –Governance Review Implementation

Background

Under the direction of Jerome Heer, the previous Director of Audit for Milwaukee County, the County engaged Funston Advisory Services to conduct a comprehensive review of the governance of the Milwaukee County Employees' Retirement System (MCERS), including OBRA¹. Phase one was completed and presented to County stakeholders, including the Chairman of the County Board of Supervisors, and the Pension Board in December 2018.

Subsequently and upon request of County stakeholders and the Pension Board, Funston Advisory Services submitted a proposal for implementation of the recommendations in the phase one. The implementation proposal covers multiple scopes of work across three stages:

1. Consensus on the *End State*
2. Standing Up the New Organization
3. Pension Board Governance with a focus on Pension Board onboarding and continuing education

Governance Review Implementation

The phase two implementation proposal by Funston Advisory Services is quite comprehensive and reflects several months of work to complete implementation. The proposal specifies that the project principals from Funston Advisory Services, including Lisa Morris, who was previously the Executive Director of the Ohio School Employees' Retirement System, spend nearly three weeks over the course of the project on the ground in Milwaukee working directly with Retirement Plan Services and County government stakeholders to carry out the successful implementation.

¹ Retirement Plan Services (RPS) is the umbrella term for the Milwaukee County department that currently administers and carries out the day-to-day operations for MCERS and OBRA. One of the detailed recommendations of the governance review is that Milwaukee County define the Milwaukee County Employees' Retirement System (MCERS) as the body that administers the ERS and OBRA retirement benefits.

The Pension Board unanimously approved moving forward with the governance review recommendations at its January 23, 2019 meeting. In the spirit of collaboration and partnering with Milwaukee County government stakeholders, the Pension Board also approved paying for half of the cost of engaging Funston Advisory Services to guide the County on implementing the detailed recommendations in the implementation proposal. The total cost to engage Funston Advisory Services for implementation is \$289,000.00. The Pension Board unanimously voted to pay \$144,500.00 – 50% of the total – in collaboration with the County, as plan sponsor, approving the expenditure of \$144,500.00 towards implementation. Retirement Plan Services has confirmed with the County Office of Performance Strategy and Budget that there is sufficient funding in the FY2019 County budget contingency budget line item for that expense.

In general, there is widespread agreement that the status quo for administration of the County's employee retirement system needs to change to reflect best and leading practices of public pension systems throughout the Country. Retirement Plan Services (RPS) has already taken several steps towards achieving this, including the development and launching of a two-year strategic plan and implementation of external pension administration benchmarking through CEM Benchmarking. Similarly, the County Board of Supervisors, Pension Board, Administration, Office of Corporation Counsel and Comptroller have worked to develop a package of pension ordinance amendments designed to rectify pension payment errors, provide certainty and clarity on the correction of errors, and simplify pension benefit calculations going forward. While these are important steps towards improving the administration of the Employees' Retirement System, rectifying the governance of the retirement system is integral for ensuring effective, ongoing administration in the future. The expertise and experience that Funston Advisory Services will provide the County on implementing the much-needed pension governance reforms is critical to the County having a successful outcome.

Thank you.

Cc: Supervisor James Schmitt, Chairman, Finance and Audit Committee
Supervisor Eddie Cullen, Chairman, Personnel Committee
Chris Abele, County Executive
Finance and Audit Committee
Personnel Committee
Kelly Bablitch, Chief of Staff, County Board
Raisa Koltun, Chief of Staff, Office of the County Executive
Teig Whaley-Smith, Director, Department of Administrative Services
Scott Manske, Comptroller
Jennifer Folliard Director of Audit, Office of the Comptroller
Steve Cady, Research and Policy Director, Office of the Comptroller