



Milwaukee County

Legislation Text

File #: RES 11-608, Version: 1

A resolution authorizing and directing the Employee Benefits Workgroup to fully develop a graduated defined contribution pension plan to replace the existing defined benefit plan, and to report back with a final plan for implementation. **(Referred to the Committees on Finance and Audit and Personnel.) (09/23/11: Referred to the Employee Benefits Workgroup for a follow-up report.)**

A RESOLUTION

WHEREAS, despite recent changes in pension plan design for non-represented employees and certain collective bargaining units, Milwaukee County continues to face a growing structural deficit that is driven in no small measure by future pension obligations; and

WHEREAS, according to a 2010 report from the Public Policy Forum, based on 2009 projections from the Department of Administrative Services, Milwaukee County's annual contribution to the Employee Retirement System is projected to exceed \$105 million by 2015; and

WHEREAS, for 2011 the employee fringe benefit rate for Milwaukee County, expressed as a percentage of payroll, will approach 100% -- an unsustainable ratio that effectively prohibits some departments from hiring adequate staffing; and

WHEREAS, according to a staff presentation at a meeting of the Long Range Strategic Planning Committee in December 2009, the most obvious and necessary solution to Milwaukee County's structural deficit must be major reforms to reduce the cost of employee benefits; and

WHEREAS, because employee layoffs and job outsourcing are often the corrective actions that are resorted to in response to the structural deficit, eliminating that structural hole and making the jobs more affordable are the best ways to protect and preserve County jobs; and

WHEREAS, in response to a study directed in the 2010 Adopted Budget, the Employee Retirement System actuary provided a report in July 2010 that detailed savings of over \$267 million in the first ten years and more than \$2.2 billion in 50 years if Milwaukee County switched to a defined contribution plan with a four percent contribution match; and

WHEREAS, phasing in the matching program over time will increase savings by approximately 25% while rewarding as well as encouraging employee retention; now, therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby authorizes and directs the Employee Benefit Workgroup to fully develop a graduated defined contribution pension plan to replace the existing defined benefit plan and that such plan shall be based on the following matching schedule:

Milwaukee County will match:

One percent for all employees with up to 5 years of pensionable service credit

Two percent for all employees with between 5 and 10 years of pensionable service credit

Three percent for all employees with between 10 and 15 years of pensionable service credit

Three and one-half percent for all employees with between 15 and 20 years of pensionable service credit

Four percent for all employees with between 20 and 30 years of pensionable service credit

Two percent for all employees with over 30 years of pensionable service credit;

And,

BE IT FURTHER RESOLVED, the Employee Benefit Workgroup is authorized and directed to secure an actuarial analysis of the final defined contribution plan design in accordance with the above criteria, which shall be presented along with a plan for implementation at the May meeting of the Committees on Finance and Audit and Personnel, and at a meeting of the Pension Study Commission; and

BE IT FURTHER RESOLVED, that it is the intention of Milwaukee County to direct the Director, Department of Labor Relations to include this plan in all contract negotiations with collective bargaining units, and that upon agreement by all collective bargaining units, such defined contribution plan will become effective for all non-represented employees and all elected officials.