



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Ald. Michael J. Murphy
From: Andrew VanNatta, Legislative Fiscal Analyst - Associate
Date: December 10, 2013
Subject: Pension Board Composition in Comparable U.S. Cities

Methods

You had requested information relating to the composition of pension and annuity boards of U.S. cities comparable to Milwaukee. Two tables are provided below for comparison with Milwaukee's pension system. Data were gathered by researching the 10 cities and metropolitan areas with populations greater than and the 10 cities and metropolitan areas with populations less than the City of Milwaukee. Of these, cities were removed from the study if insufficient data were immediately available or if the areas' retirement plans were administered by state boards. Additionally, the City was compared to the Milwaukee County Retirement System's Board of Trustees. Data were gathered by researching municipal codes and actuarial reports and are provided in Tables 1 and 2. Including the City of Milwaukee and Milwaukee County, this data shows that:

1. 18 out of 23 boards have executive representation.

Eighteen cities authorize a mayor or city manager to either serve as a voting member on a board or to appoint members to a board. Of these, 6 authorize a mayor or city manager to serve ex-officio and 3 of these allow that executive to select a designee to serve on the board. Finally, of the 13 cities that authorize a mayor or city manager to appoint board members, 5 cities require council approval. Only 5 cities (Milwaukee, Oklahoma City, Richmond, San Jose, and Seattle) did not have some form of executive representation on their board (neither Seattle's executive nor its legislative entities appoint board members).

2. The median board has 7 members.

Of the 23 boards surveyed, 10 had more than 8 members (the current size of Milwaukee's board) and 12 had fewer than 8 members. The average-sized board is 7

members, with a high of 12 and a low of 3. On average, one board member serves for every 1,622 participants, with a high of 6,746 (Boston) and a low of 272 (Sacramento). The City of Milwaukee currently has 2,855 participants per board member.

3. On average, 2.04 executive representatives serve on pension boards.

Among the cities surveyed, the average number of executive representatives on boards is 2.04, with a high of 8. This includes both mayor/city manager appointments and ex-officio authorization, in addition to appointments confirmed by the executive.

4. On average, 2.35 legislative representatives serve on pension boards.

Among the cities surveyed, the average number of executive representatives on boards is 2.35, with a high of 8. This includes both city council appointments and ex-officio authorization, in addition to appointments confirmed by the legislature.

5. On average, 2.68 members are elected to pension boards.

Of the 23 cities surveyed, 17 authorize board members to be elected, and the average number of board members elected is 2.68. Further, 2 active employees are elected to pension boards and just under 1 (0.91) retiree are elected to pension boards, on average. Of the 17 cities that hold elections for board members, 11 require they be elected by their peers (police officers elect a police representative, etc.). Six cities do not elect board members.

Table 1. Comparison of retirement boards of similar sized U.S. cities to Milwaukee.

CITY (population)	NUMBER OF PARTICIPANTS		NUMBER OF BOARD MEMBERS					NUMBER APPOINTED BY APPOINTING ENTITY	
			Elected		Appointed	Ex- officio	Total	Executive	Legislative Body
	Active	Retired	Active	Retired					
Atlanta 443,775	4,388	6,025	4	2	0	3 (a,c, e)	9	n/a	n/a
Austin 842,592	8,387	4,831	4	2	4	1 (c)	11	1	2
Baltimore 621,342	9,107	8,739	3	1	2	1 (b)	7	2 appointed by mayor & confirmed by council.	
Birmingham 212,038	3,807	3,049	3	0	1	3 (a,c)	7	Appointed by mayor, commission confirmed.	
Boston[#] 636,479	19,663	14,067	2		2	2 (b)	5	1	0
Denver 634,265	8,175	8,045	0	0	5	0	5	5	0
Fresno 505,882	1,905	3,784	2	0	3	0	5	2 appointed by mayor & confirmed by council.	
Hartford 124,893	2,228	3,042	0	0	3	0	3	3	0
Jacksonville 836,507	5,485	4,783	1	1	2	5 (a~,b,d,g)	9	0	2
Kansas City 464,310	n/a	n/a	0	0	7	2 (d,e)	9	7	0
Memphis 655,155	6,093	4,037	0	0	7	3 (a~,b,c)	10	7 appointed by council on mayor recommendation	
Milwaukee 598,916	10,714	12,128	3	1	3	1 (b)	8	0	3 (f)
Milwaukee Co. 955,205	3,934	7,867	3	1	5	1	10	3	2
Nashville 609,644	12,911	8,090	4	1	3	2 (d,e)	10	3 appointed by mayor & confirmed by council.	
New Orleans 369,250	2,327	2,115	1	1	1	2 (b,d)	5	Appointed by mayor, confirmed by council.	
Oklahoma City 599,199	2,398	1,299	3	1	5	2 (b,e)	11	0	5

Table 1. (Continued).

CITY (population)	NUMBER OF PARTICIPANTS		NUMBER OF BOARD MEMBERS					NUMBER APPOINTED BY APPOINTING ENTITY	
			Elected		Appointed	Ex-officio	Total	Executive	Legislative Body
	Active	Retired	Active	Retired					
Providence 178,432	2,987	2,998	4	2	2	3 (a,b,c)	11	0	2
Richmond 210,309	3,984	5,861	0	0	7	0	7	0	7
Sacramento 475,516	1,361		0	0	2	3 (a~,b,e)	5	0	2
San Jose 982,765	3,076	4,569	2	1	4	0	7	0	4
Seattle 634,535	5,714	8,465	2	1	1	3 (c,d,e)	7	0	0
Tucson 524,295	2,700	2,718	2	1	2	2 (d,e)	7	2	0
Washington DC 632,323	10,005	5,324	3	3	6	0	12	3	3

*According to most recent actuarial report. 2009 fiscal year data from a 2013 Pew Charitable Trusts Study provided in parentheses.

(a) Mayor, city manager or executive designee.

(a~) Mayor or city manager, including the option for a designee.

(b) City Comptroller, Auditor or similar position.

(c) Member of city council or commission.

(d) Personnel or human resources director or similar position.

(e) Finance director.

(f) All 3 appointed positions selected by Common Council President, subject to Common Council confirmation

(g): Chairperson of the General Employees' Pension Advisory Committee & chairperson of the Corrections Officers' Advisory Committee.

Boston's retirement plan is a part of the State-Boston Retirement System, which includes 6 different employers.

Table 2. Notes on comparison of retirement boards of similar sized U.S. cities to Milwaukee.

CITY (population)	NOTES
Atlanta 443,775	Elected members selected by peer group (1 board of education, 2 active school, 1 retired school, 1 active non-school & 1 retired non-school employee). Council member appointed by mayor.
Austin 842,592	Appointed members consist of 1 city manager designee, 2 council-appointed citizens and 1 citizen appointed by the other 10 members of the board.
Baltimore 621,342	Mayoral appointments consist of 2 city residents (1 of whom must be an officer of a bank)
Birmingham 212,038	Birmingham has both a mayor and city manager. Elected members are selected by their peers and include police, fire and general employees.
Boston[#] 636,479	One appointed member is elected by the other members of the board and may not be an employee, retiree or city official.
Denver 634,265	All members are appointed by the mayor, at least 1 of which must be an active employee and at least 1 a retired member.
Fresno 505,882	Two management employees appointed by mayor; board appoints 1 member. Elected members are selected by members representing manual workers and clerical or supervisory workers.
Hartford 124,893	At least 1 appointed member must include a fellow or associate of the Actuarial Society of America or the American Institute of Actuaries and all are appointed by the city manager.
Jacksonville 836,507	Retired members consist of 1 general and 1 corrections employee, elected by their peers. Council appointees are citizens with experience in investment.
Kansas City 464,310	Mayoral appointments consist of 1 retiree, 4 business/civic leaders with financial backgrounds (1 may be a council member), and 2 active employees (as recommended by the union).
Memphis 655,155	Appointed members include 5 employees with 10 yrs service, 1 citizen member & 1 retiree. Council member is non-voting. The Personnel Director serves as an ex-officio member w/o vote.
Milwaukee 598,916	Only retirees are authorized to vote for retiree member position.
Milwaukee Co. 955,205	One representative from the Deputy Sheriff's Association was added via collective bargaining in 2011. County Executive appointments are subject approval by the County Board, and vice versa.
Nashville 609,644	Of the 4 active elected members, 1 is from Police, 1 from Fire, and 2 from general city employees. Elected members are selected by their own members.
New Orleans 369,250	Elected members are selected by their respective peer groups.
Oklahoma City 599,199	Appointed members are 2 employees and 3 residents with professional investment experience. The Treasurer and City Clerk serve ex-officio, non-voting. Elected members selected by peers.

Table 2. (Continued).

CITY (population)	NOTES
Providence 178,432	Elected members are selected by their peer group (2 from general city employees, 1 from police, 1 from fire and 2 retired employees, once each from general city and police/fire)
Richmond 210,309	At least 2 council appointees must be members of the classified service.
Sacramento 475,516	The council appoints 1 city resident qualified by training and experience in investment and 1 general city resident.
San Jose 982,765	Council appointed members are from the public. The active employees elected cannot be from the same department, and the retired members elected must be approved by the council.
Seattle 634,535	The 1 appointed member is elected by the other members of the board and may not be an employee, retiree or member of the retirement plan.
Tucson 524,295	The mayoral appointments are subject to approval by the city council. Active and retired members are elected by their peers, respectively. Both mayor & city manager appoint 1 member.
Washington DC 632,323	At least 1 council and 2 mayoral appointees must have professional investment experience. Elected members are police officers, firefighters & teachers (1 each) selected by their peers.

*According to most recent actuarial report. 2009 fiscal year data from a 2013 Pew Charitable Trusts Study provided in parentheses.

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