

Reply to Common Council File No. 041221
From DOA-Budget and Management Division

October 11, 2005

Ref: 05020

Common Council File 041221 is an ordinance relating to providing differential pay for city employees activated into service in the US armed forces.

- This is a benefit and is subject to collective bargaining. The City Attorney and the Labor Negotiator have indicated that providing this benefit via Common Council resolution creates certain issues for the labor negotiating process.
- Federal Government currently provides various forms of relief via the Soldier's and Sailor's Act including low interest rate caps on loans, mortgages and credit cards; protection from eviction; legal services; and release from rental agreements signed prior to being called to duty.
- The Comptroller has stated legal and administrative concerns. Payments are not considered wages because the employee is on active military leave. This creates tax code problems for the employee and the City of Milwaukee. In an April 13, 2005 memo the Comptroller states that to administrate this program the City would need approval/direction from the Internal Revenue Service via a Private letter ruling (including payment of costs required by IRS for responses).
- There is the potential for significant fiscal impact. Please see analysis from the Budget and Management Division.

RECOMMENDATION: PLACE ON FILE


Jennifer Meyet
Budget and Policy Manager Sr

JM:dmr

FINANCE:041221sr