

## **LRB-FISCAL REVIEW SECTION ANALYSIS**

**MARCH 19, 2003 AGENDA**

**ITEM 14, FILE 021584**

**FINANCE & PERSONNEL COMMITTEE**

**JAMES CARROLL**

File #021584 is a charter ordinance relating to military service credit under the Employee's Retirement System.

### **Background**

1. The Global Pension Settlement (GPS) included a sunset provision on credit for military service. Under the GPS, employees who retired prior to December 31, 2002 were able to receive additional service credit for prior periods of active military service. One year of creditable service was given for each three years of active military service to a maximum of 3 years service.
2. On October 15, 2002, the Common Council placed on file a charter ordinance that eliminated the sunset provision for all eligible employees (File #20236). (DER indicated to the Finance and Personnel Committee that the elimination of the sunset provision should be a negotiated benefit.)
3. On February 11, 2003, the Common Council approved a collective bargaining agreement between the City and the Milwaukee Police Association (MPA) for the period 2001-2003 (File #001000). The agreement eliminated the sunset provision on credit for military service. The contract was a result of an arbitrator's award.

### **Discussion**

1. This charter ordinance amends s.36-04-1-c of the Milwaukee Charter to eliminate the sunset provision to permit the policemen represented by the Milwaukee Police Association who retire on or after January 1, 2003 to receive additional creditable service for military service as provided by the collective bargaining agreement between the City of Milwaukee and the MPA.

### **Fiscal Impact**

1. The charter ordinance has no tax levy impact.
2. While no actuarial report was done specifically for this ordinance, an actuarial report was provided for File #20236 (eliminating the sunset provision for all eligible employees) The ERS actuary estimated that eliminating the sunset provision for all eligible employees would cause an increase in the normal cost of approximately \$216,000 to the Fund. The normal cost is the cost of the annual pension payments to participants in ERS (See Attachment).

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