

CITY OF MILWAUKEE FISCAL NOTE

A) **DATE** July 22, 2008

FILE NUMBER: 080369

Original Fiscal Note Substitute

SUBJECT: A substitute charter ordinance relating to retirement benefits for employes represented by certain bargaining units.

B) **SUBMITTED BY (Name/title/dept./ext.):** Marty Matson, Deputy Director, Employees' Retirement System, Ext. 2673

C) **CHECK ONE:**

ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES

ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.

NOT APPLICABLE/NO FISCAL IMPACT.

D) **CHARGE TO:**

<input type="checkbox"/> DEPARTMENT ACCOUNT(DA)	<input type="checkbox"/> CONTINGENT FUND (CF)
<input type="checkbox"/> CAPITAL PROJECTS FUND (CPF)	<input type="checkbox"/> SPECIAL PURPOSE ACCOUNTS (SPA)
<input type="checkbox"/> PERM. IMPROVEMENT FUNDS (PIF)	<input type="checkbox"/> GRANT & AID ACCOUNTS (G & AA)
<input type="checkbox"/> OTHER (SPECIFY) <i>Revenue from MCAMLIS S.C.</i>	

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:					
TOTALS					

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS

G) **LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:**

H) **COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:**

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE

Milwaukee Public Schools
Cost of Granting Imputed Military Service Credit
as provided in Chapter 36-04-2-c of the Milwaukee City Charter
for those who participate in the combined fund
and who retire on a service retirement between
January 1, 2003 and December 31, 2006
Members of Union Group A
Building Trades

Item	1/1/2006 Valuation	With Additional Service	Change
1 Active Members	169	169	-
2 Covered Compensation	\$ 9,154,802	\$ 9,154,802	\$ -
3 Normal Cost			
a. Total	1,115,655	1,115,741	86
b. Estimated Member Contributions	<u>512,253</u>	<u>512,253</u>	-
c. Employer Normal Cost	603,402	603,488	86
(a) - (b), not less than zero			
4 Actuarial Accrued Liability (AAL)			
a. Actives*	20,424,299	20,427,371	3,072
b. Annuitants (8 with eligible military service)	<u>1,942,286</u>	<u>2,046,171</u>	<u>103,885</u>
c. Total	22,366,585	22,473,542	106,957
5 Amortization of Change in AAL (average future working lifetime)			16,110 (9 years)
6 Change in Annual Contribution** that would be required on January 31, 2007, if the Combined Fund were less than 100% funded on 1/1/2006; (3) + (5), with interest to 1/31/2007			17,693
7 Change in Annual Contribution** as a percent of 1/1/2006 Covered Compensation (6) / (2)			0.193%

* 6% of all eligible MPS service retirees who retired during 2003 - 2005 had eligible military service.
Active costs assume that 6% of eligible MPS active members also have eligible military service

** Amortization payments for nine years would cover the change in Actuarial Accrued Liability.
Nine years is the average future working lifetime for General Employees in the Combined Fund.
Normal cost payments for one year (the 2006 plan year) would cover all normal cost requirements.

Milwaukee Public Schools
Cost of Granting Imputed Military Service Credit
as provided in Chapter 36-04-2-c of the Milwaukee City Charter
for those who participate in the combined fund
and who retire on a service retirement between
January 1, 2003 and December 31, 2006
Members of Union Group D
Local 950

Item	1/1/2006 Valuation	With Additional Service	Change
1 Active Members	273	273	-
2 Covered Compensation	\$ 12,097,459	\$ 12,097,459	\$ -
3 Normal Cost			
a. Total	1,428,229	1,428,405	176
b. Estimated Member Contributions	<u>677,273</u>	<u>677,273</u>	-
c. Employer Normal Cost	750,956	751,132	176
(a) - (b), not less than zero			
4 Actuarial Accrued Liability (AAL)			
a. Actives*	28,952,536	28,955,782	3,246
b. Annuitants (3 with eligible military service)	<u>1,050,766</u>	<u>1,074,538</u>	<u>23,772</u>
c. Total	30,003,302	30,030,320	27,018
5 Amortization of Change in AAL (average future working lifetime)			4,069 (9 years)
6 Change in Annual Contribution** that would be required on January 31, 2007, if the Combined Fund were less than 100% funded on 1/1/2006; (3) + (5), with interest to 1/31/2007			4,637
7 Change in Annual Contribution** as a percent of 1/1/2006 Covered Compensation (6) / (2)			0.038%

* 6% of all eligible MPS service retirees who retired during 2003 - 2005 had eligible military service. Active costs assume that 6% of eligible MPS active members also have eligible military service

** Amortization payments for nine years would cover the change in Actuarial Accrued Liability. Nine years is the average future working lifetime for General Employees in the Combined Fund. Normal cost payments for one year (the 2006 plan year) would cover all normal cost requirements.

Milwaukee Public Schools
Cost of Granting Imputed Military Service Credit
as provided in Chapter 36-04-2-c of the Milwaukee City Charter
for those who participate in the combined fund
and who retire on a service retirement between
January 1, 2003 and December 31, 2006
Members of Union Group E
Local 1616

Item	1/1/2006 Valuation	With Additional Service	Change
1 Active Members	162	162	-
2 Covered Compensation	\$ 6,628,822	\$ 6,628,822	\$ -
3 Normal Cost			
a. Total	715,182	715,214	32
b. Estimated Member Contributions	386,940	386,940	-
c. Employer Normal Cost	328,242	328,274	32
(a) - (b), not less than zero			
4 Actuarial Accrued Liability (AAL)			
a. Actives*	12,887,205	12,888,526	1,321
b. Annuitants (1 with eligible military service)	264,363	270,617	6,254
c. Total	13,151,568	13,159,143	7,575
5 Amortization of Change in AAL (average future working lifetime)			1,141 (9 years)
6 Change in Annual Contribution** that would be required on January 31, 2007, if the Combined Fund were less than 100% funded on 1/1/2006; (3) + (5), with interest to 1/31/2007			1,281
7 Change in Annual Contribution** as a percent of 1/1/2006 Covered Compensation (6) / (2)			0.019%

* 6% of all eligible MPS service retirees who retired during 2003 - 2005 had eligible military service.
Active costs assume that 6% of eligible MPS active members also have eligible military service

** Amortization payments for nine years would cover the change in Actuarial Accrued Liability.
Nine years is the average future working lifetime for General Employees in the Combined Fund.
Normal cost payments for one year (the 2006 plan year) would cover all normal cost requirements.