



City of Milwaukee Fiscal Impact Statement

A Date 7/19/2011 File Number 110289 Original Substitute
 Subject Substitute charter ordinance relating to retirement benefits for Police Aides.

B Submitted By (Name/Title/Dept./Ext.) Mark Nicolini, Budget & Management Director, DOA x5060

C This File

- Increases or decreases previously authorized expenditures.
- Suspends expenditure authority.
- Increases or decreases city services.
- Authorizes a department to administer a program affecting the city's fiscal liability.
- Increases or decreases revenue.
- Requests an amendment to the salary or positions ordinance.
- Authorizes borrowing and related debt service.
- Authorizes contingent borrowing (authority only).
- Authorizes the expenditure of funds not authorized in adopted City Budget.

D Charge To

- Department Account
- Capital Projects Fund
- Debt Service
- Other (Specify) Affects future ERS liability & annuity contribution.
- Contingent Fund
- Special Purpose Accounts
- Grant & Aid Accounts

E

Purpose	Specify Type/Use	Expenditure	Revenue
Salaries/Wages		\$0.00	\$0.00
		\$0.00	\$0.00
Supplies/Materials		\$0.00	\$0.00
		\$0.00	\$0.00
Equipment		\$0.00	\$0.00
		\$0.00	\$0.00
Services		\$0.00	\$0.00
		\$0.00	\$0.00
Other	ERS liability (annual) \$-93,930	\$0.00	\$0.00
		\$0.00	\$0.00
TOTALS		\$ 0.00	\$ 0.00

F

Assumptions used in arriving at fiscal estimate. See attached Section F

G

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.

1-3 Years

3-5 Years

\$-44,920 in annuity contribution costs

1-3 Years

3-5 Years

1-3 Years

3-5 Years

H

List any costs not included in Sections D and E above.

I

Additional information.

J

This Note Was requested by committee chair.

ATTACHMENT FOR FILE 110289—FISCAL IMPACT STATEMENT

Section F.

Under current law Police Aides are categorized as general city employees. The normal cost of pension benefit accrual for general city employees is 11.5% of covered compensation.

Based on the mid-point of salary grade 480 (\$27,224), and an annual average of 30 funded Police Aide positions, the normal cost of accrued annual pension benefits (liability) is \$93,930. Of this amount, the City currently pays on behalf of the member the 5.5% employee contribution. Based on 30 funded Police Aides and the mid-point wages, this amounts to \$44,920 annual cost which would no longer need to be paid if this ordinance becomes law. Currently, the remainder of the normal cost is absorbed by the ERS Plan surplus.

Police Aides who become police officers currently may apply Police Aide service credit towards eligibility for a retirement allowance. These service credits are applied to the total service credit which is used to calculate a police officer's retirement allowance. The normal cost for police officer service is 23.4% of covered compensation. As a result, the Police Aide service credit generates prior unfunded past service liability equivalent to approximately 11.9% (23.4-11.5) of final average salary (FAS).