LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE **ITEM 5, FILE # 030405**

JULY 9, 2003 **MARK A. RAMION**

File # 030405 is a substitute resolution relating to health benefits at time of retirement for certain sworn fire and police management employees.

Background

1. This substitute resolution will amend Common Council File # 020479, adopted on July 16, 2002 which requires that all management employees who are eligible for health insurance upon retirement and who retire after December 31, 2003, pay for retiree health insurance at the same rates as active general city management employees.

2. This resolution applies to 41 current sworn members of the police and fire departments who serve in management positions. Prior to the adoption of File # 020479, these employees would have been permitted to use accrued sick time to reduce the cost of health insurance upon retirement to the cost of this insurance provided to police and fire personnel covered by current collective bargaining units.

Discussion

1. There are currently 34 sworn management employees in the fire department and 7 sworn management employees in the police department who, upon retirement, would have been eligible to use accrued sick leave to reduce the cost of retiree health insurance similar to police and fire personnel covered by collective bargaining units.

2. Individuals in the sworn ranks of the police and fire departments have previously been permitted to use accumulated sick leave to balances to reduce costs related to retiree heath insurance premiums.

3. Adoption of this resolution will provide a transition to the 41 current sworn fire and police management employees in order that they might utilize accrued sick leave to reduce the cost of their health insurance upon retirement.

4. These fire and police management employees have a current balance ranging from 2,000 hours (lowest) to 4,500 hours of accrued sick leave (highest).

5. The following conditions apply:

- This sick leave has no cash value and does not earn interest over time
- This sick leave may be used only to offset, on a dollar-for-dollar basis, any retiree premium share of health insurance costs
- Upon age 65, this sick leave balance will be cancelled
- This resolution applies only to those persons holding sworn, management positions in the fire and police departments as of December 31, 2003 and will be identified at that time

Fiscal Impact

The fiscal impact of this resolution will be equal to the cash value of the fire and police management employees', 41 in number, accrued sick time at the time of retirement. Sick time is valued at the salary rate of the employee at the time it is used.

Further Information

This resolution ***does not affect*** terminal leave as specified by section 350-38 of the Milwaukee Code of Ordinances. Section 350-38 (Unused Sick Leave) specifies the eligibility and amount related to lump-sum payments of unused sick leave upon retirement.

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July 8, 2003

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