

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-2983/1	Introduction Number AB-0245
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Description
 county and municipal aid; imposing a city sales tax and an additional county sales tax to pay the unfunded actuarial accrued liability of city and county retirement systems; requiring newly hired city and county employees of certain city agencies and counties to be enrolled in the Wisconsin Retirement System; fire and police commissions of first class cities; eliminating the personal property tax; reporting certain crimes and other incidents that occur on school property or school transportation; advisory referenda; local health officers; local public protection services; exceptions to local levy limits; local regulation of certain quarry operations; emergency services; local approval of projects and activities under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program; requiring a referendum; and granting rule-making authority

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

ETF 5/11/2023

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Assumptions Used in Arriving at Fiscal Estimate

This bill closes to new hires the pension plans of the City of Milwaukee (City) and Milwaukee County (County). Additionally, the bill provides that newly hired employees of the City and County enter the Wisconsin Retirement System (WRS) on a prospective basis.

As of January 1, 2022, the County had 3,325 active participants in their system. Meanwhile, the City, as of January 1, 2022, had 10,094 active participants. While the number of active participants for both entities has changed over time, those changes have been relatively small with the County having 3,500 active employees and the City having 11,000 active employees both dating back to 2015. This means that at any one time there are approximately 14,500 active participants in both systems, for which the Department of Employee Trust Funds (ETF) would eventually be responsible. The number of employees for which ETF would be responsible becomes even larger when taking into consideration that some amount of City and County employees will be eligible for the WRS but will become inactive sometime after their initial enrollment.

Based on a recent analysis, the City has averaged 1,250 new participants, annually, in its retirement system dating back to 2018. The County's numbers have been less stable but have ranged between 350 – 550 new participants dating back to the same period. If this pattern holds true, assuming all these hires will meet WRS eligibility criteria, by year ten (10), ETF will be responsible for more than 16,000 new employees (whether active or inactive); this number increases to 33,000 at year 20. This would require ETF to increase its oversight, communication, and daily interactions and transactions.

In comparison, in 2021, 23 employers either joined the WRS, added a group of employees to the WRS, or merged with another employer covering 66 new employees. This compares to 21 employers in 2020 covering 104 new employees, and 18 new employers covering 481 employees in 2019.

In total, in a typical year, the WRS will add 23,000 new entrants into the system. The addition of new City and County employees would increase this number by an additional 1,700 individuals annually.

Each business area of ETF would be impacted by the increase in employees from the City and County. Call center staff would see an increase in member interactions (calls and emails), especially during the initial transition period. The Employer and Member Services areas would also see increased interactions.

ETF will need to increase its FTE staff in several areas to handle the increased workload of the additional participants in the WRS and the management of two large and complex employers with multiple subunits.

The new pension administration system proposed in the biennial budget will provide some efficiencies in the future, but the extent is unknown at this time. As a result, it would be difficult to give a firm estimate of additional staffing needed to effectively support the increased workload. ETF will continue to analyze the resources required and will work with the Legislature to obtain these resources as the impact of the

workload is better understood.

Long-Range Fiscal Implications