

Should Milwaukee County raise taxes by \$5 million or should Milwaukee County cut \$5 million worth of programs from areas that support the parks, zoo, senior citizens, public safety or people with disabilities? Neither one seems like a very good choice.

Thankfully there is a third option: Pension Relief Bonds can save Milwaukee County at least \$5 million.

Pension Relief Bonds are one of the few tools we still have available to dig out of the pension mess by improving the funding ratio and paying off the liability at a lower interest rate – reducing the impact on taxpayers and county services. It is kind of like giving your son or daughter a credit card as they go off to college.

Even though you planned on paying off the balance each month, it becomes clear that your child is charging more than you can afford. So, you switch from a card with 8.5% interest to one with a 5% interest rate and you limit their purchases.

Our spending spree was the County Board approval of the enhanced pension benefits in November 2000. Along with a downturn in the economy, these changes substantially increased the unfunded liability for the Employee Retirement System. It is now at \$261 million and growing and will be with or without the bond idea.

Now, we suggest that the county use a different financial tool to lower the interest rate, spread the payments out over time and save the county (at least) \$5 million for the 2006 budget. We are also looking to limit additional expenditures.

The idea of using Pension Relief Bonds is not unique to Milwaukee County. Some 130 jurisdictions successfully used Pension Relief Bonds during the past decade – including the State of Wisconsin's \$1.8 billion plan and the Milwaukee Public Schools' \$168 million plan a year ago. Recently, the City of Detroit and Riverside County have enacted Pension Relief Bond plans.

Unlike the pension and sick leave deal passed in 2000, we included funds in the 2005 budget for an actuarial study of the Pension Relief Bonds plan. Policy makers will get all of the important information before we put a plan into the budget.

Some in county government, however, choose to close their eyes and pretend that the problems inherited from the past will go away. Our goal is to find real solutions to solve these financial challenges while protecting core services and property taxpayers.

On April 5th, voters in Milwaukee County will have a chance to voice their opinion. I encourage you to vote YES and give us a chance to use a simple financial tool to save \$5 million for the 2006 county budget.