

The Pension Relief Bond (PRB) is like giving a credit card to your son or daughter as they go off to college for use with school and basic supplies. After the first bill comes back, however, you find that your son or daughter has put way too much on the credit card bill. Since you cannot pay it off in one month, you take two aggressive steps.

First, you move the balance on the credit card bill over to a lower interest card (why would you pay 8.5% interest when you can pay 5%). Second, you limit the amount and number of purchase your son or daughter can put on the credit card bill.

The use of PRBs to pay for the "bill" generated by Tom Ament and the members of the county board back in 2000 allows the county to pay off the bill at a lower interest rate. The key to avoiding a "risky" plan is insuring that the benefits cannot rise once the PRBs are issued.

Top Ten Reasons to Support the PRB Plan

1. PRBs save a minimum of \$5 million in the 2006 budget (that's \$5 million less on the tax levy or \$5 million fewer cuts in services).
2. Over the life of the PRBs, Milwaukee County taxpayers could realize well over \$100 million in savings.
3. The \$261 million liability to the pension system remains (because of the enhancements to the pension system and the drop in the market) if we do nothing with PRBs (some projections show that the debt could grow to \$350 million without action).
4. PRBs do NOT borrow from the pension system (they just help cover the current debt to the pension fund).
5. The bond market is still good, making PRBs a wise fiscal action.
6. The State of Wisconsin issued a \$1.8 billion PRB in December of 2003 and Milwaukee Public Schools issued a \$168 million PRB in 2003. The City of Detroit (after numerous editorials from the daily newspaper in favor of PRBs) and Riverside County in CA are in the process of using PRBs to help their fiscal situation.
7. Since 1986, 140 governments across the country have successfully issued PRBs - including several states as well as companies like General Motors.
8. The risk in using PRBs occurs if the pension benefits are improved in the future; while Milwaukee County is looking to cap and even reduce benefits where legally possible.
9. Our PRB plan provides for predictable and continuous payments into the pension system (instead of the previous peaks and valleys approach by the county).
10. The PRB plan allows the county to use its financial tools to help its financial situation in a creative and progressive way - instead of sitting back in paralysis like some on the county board who choose to close their eyes and just hope that the fiscal challenges will go away.