

Greetings to all of the former employees of Milwaukee County. Between a meeting with a key member of the Joint Finance Committee of the State Legislature to lobby for Milwaukee County issues and a presentation to the Make A Wish Foundation, I had hoped to fit in time to drop in the annual meeting of the pension system. Regrettably, we were not able to get back in time to attend the meeting. Instead, I appreciate the chance to pass on greetings through this newsletter.

Last year, I spoke of our reforms to the membership of the Pension Board. After pushing for the reforms, we were pleased to see them put into the ordinances. We also spoke about my support for a member on the Pension Board who was specifically selected by the retirees. Thankfully that process moved forward.

The Milwaukee County Pension System still remains strong. As you might guess, it will continue to drain major county resources to pay for the enhancements granted in November of 2000 and for the changes in the market since that time. More than \$35 million of tax levy was added in the 2005 budget just to cover the contribution to the pension system. For 2006, the amount will be well over \$40 million.

In the 2005 budget, I attempted to reduce the tax levy impact by proposing that the county use Pension Obligation Bonds to pay for the current \$261 million liability to the system. The members of the County Board removed the item from the budget. They also put a referendum question up on the April 5, 2005 ballot asking about the idea.

As you may know, the referendum question failed. Since it was worded like many of the school building referendum questions, it is likely that voters rejected the idea because they thought it would raise their property tax bills. Ironically, it would have saved more than \$5 million by the county using the bond market to cover the liability.

Also, some of you may have thought that the idea would borrow from the pension system. Quite the opposite: the county would bond to cover the current debt owed to the pension system. Now, the \$5 million will have to come from cuts in county government or an increase in tax levy.

As we put together the county budget for 2006, I look forward to your comments and suggestions. We will hold budget briefings again in August and hope you will attend one of our many sessions. Thank you.

Sincerely,

Scott Walker
Milwaukee County Executive