**Fiscal Facts: State could be model for Milwaukee pension reforms**

The well-funded Wisconsin Retirement System could serve as a valuable model for the city and county of Milwaukee pension plans, which must grapple with combined unfunded liabilities that, at the end of 2018, were about $2 billion.

Milwaukee County’s employer pension contribution has grown nearly 50% over the past decade to nearly $98 million in the 2020 budget. In 2018, total taxpayer-funded payments to its pension fund equaled about one-third of the county’s total property tax levy. Meanwhile, projections show city of Milwaukee pension contributions could nearly double in just five years, from $83.2 million in 2018 to $158 million by 2023.

Despite the cost increases, neither plan can fully pay the benefits they have promised. The city could pay a projected 78.7% of benefits at the end of 2018, while the county plan could only pay 70.6%. The state pension system, on the other hand, could pay 96.5% of promised benefits and over the years has hovered near or above the 100% level.

Several elements help explain the strong WRS performance, including adequate funding, generally conservative assumptions regarding investment returns from pension fund assets and other key factors, and the policy of tying benefit payments to the actual rate of return and other outcomes.

While the WPF report does not advocate for any specific changes to the Milwaukee plans, it offers several possible options drawn from the lessons of why WRS is in excellent financial condition. It also notes that in the short term, many options will not lower city and county pension payments since they are covering benefits already earned by retirees and active workers.

This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.