



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

Required Furloughs and WRS Reporting

Executive Order #285, issued by the Governor on June 23, 2009, requires employees of state agencies and the University of Wisconsin System, including faculty and academic staff, to take eight days or their equivalent (64 hours) of unpaid leave (furlough days) during each fiscal year of the 2009–2011 fiscal biennium, for a total of sixteen furlough days (128 hours) over the two-year period.

Questions have been raised about how to treat the resulting loss of income and effect on creditable service for WRS reporting purposes.

The final version of the 2009-2011 state budget (now 2009 WI Act 28) created § 40.02 (22) (ef), which provides that, for Wisconsin Retirement System (WRS) purposes only, the earnings of a state employee, including a University of Wisconsin System employee, would include compensation that would have been payable to the participant at the participant's rate of pay immediately prior to the beginning of any mandatory, temporary reduction of work hours or days ordered by the State of Wisconsin during the period July 1, 2009, through June 30, 2011, for service that would have been rendered by the participant during that period if the mandatory, temporary reduction of work hours or days (furloughs) had not been ordered.

In addition, 2009 WI Act 28 requires that WRS contributions on earnings considered to be received under this provision ("deemed earnings") must be paid as required by law and it allows the deemed earnings under this provision to be considered in the calculation of final average earnings for WRS purposes. It also includes in the definition of creditable service, the service for which a participating employee is considered to have received deemed earnings and for which contributions have been made as required by law.

For WRS purposes, State and University of Wisconsin employers should combine deemed earnings with actual paid earnings on the Monthly Retirement Contribution Report. Retirement contributions must be paid on both the paid and deemed earnings. Similarly, deemed earnings must be included in the individual earnings and service reported for an employee on periodic transaction reports (i.e., terminations, corrections, etc.) and on the WRS annual service and earnings report.

In short, state agency and University of Wisconsin System employers should continue to report earnings and service for WRS purposes as if the furloughs did not occur.

Please contact the Employer Communication Center toll free at (888) 681-3952 or locally at (608) 264-7900, with any additional questions.