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Correspondence Memorandum

Date: March 15, 2022

To: Employee Trust Funds Board
 Wisconsin Retirement Board
 Teachers Retirement Board

From: Tarna Hunter, Government Relations Director

Subject: Legislative Update

This memo is for informational purposes only. No Board action is required.

The 2021 Regular Session of the Wisconsin Legislature ended when the State Senate adjourned on March 9. Two bills were passed by the Legislature that affect the Department of Employee Trust Funds (ETF) and the benefit programs it administers. As of this writing, 2021 AB 1027 is awaiting the Governor’s signature before being enacted into law.

2021 Session – Legislation Passed by the Legislature

[2021 Act 104](#) makes a number of changes to Wisconsin’s regional structural collapse team contracted with the Division of Emergency Management in the Department of Military Affairs (DMA). The bill changes the team's designation from being a structural collapse team to an urban search and rescue task force and expands the disaster incidents that the team responds to. Currently, the team is comprised of local government firefighters and other technical specialists.

The bill allows DMA to reimburse a local employer for any increase in contributions for duty disability premiums because an employee incurred an injury while performing duties as a member of an urban search and rescue task force.

The effective date of the law is December 5, 2021.

Reviewed and approved by Pam Henning, Assistant Deputy Secretary
 Electronically Signed 3/17/22

Pamela L Henning

Board	Mtg Date	Item #
JM	03.24.22	4B
BUD	03.24.22	6

[2021 SB 996](#) and [2021 AB 1027](#) make the following remedial changes recommended by ETF. The changes clarify current law or codify current practice. These technical changes may require minor modifications to procedures and forms for members and employers but do not make substantive changes.

1. Clarifies annuity option – Joint Survivorship
2. Cleans up an outdated Qualified Domestic Relations Order section
3. Other Governmental Service Purchase – Changes “participant” to “participating employee”
4. Clarifies that a member cannot be receiving a disability annuity and be considered a participating employee
5. Employee Reimbursement Accounts (ERA) – Aligns state statutes with federal law
6. Corrects outdated references to Director of the Office of State Employment Relations
7. Federal SECURE Act - Changes to Required Minimum Distributions (RMD) and Required Beginning Date (RBD)

Other Proposed Legislation

The following bills were introduced this session but were not passed by the full Legislature. The bills are likely “dead” and – except in the unlikely event they are considered in a special or extraordinary session – will need to be reintroduced next session if the Legislature intends to take action on them.

[2021 SB 1061](#) provides that DPI provide \$7,000 bonuses to teachers who have been employed by a school district for more than five years. The bonus is not considered earnings for the purposes of the Wisconsin Retirement System.

2021 SB 1061 was introduced by Sen. Larson and referred to the Senate Committee on Education.

[2021 SB 1060](#) requires municipal employers to offer a health insurance plan that is offered by the Group Insurance Board to eligible employees of a school district.

2021 SB 1061 was introduced by Sen. Johnson and referred to the Senate Committee on Education.

[2021 SB 1036](#) makes the following changes to the county jailer classification under the Wisconsin Retirement System:

- Classifies county jailers as protective occupation participants under the Wisconsin Retirement System without a requirement that their principal duties involve active law enforcement.
- Provides that county jailers who are employed by a county that did not classify county jailers as protective occupation participants on July 1, 2018,

and become protective occupation participants under this bill, are required to pay all employer costs resulting from their classification as a protective occupation participant, including the cost of the duty disability program.

- Provides that county jailers who were classified as protective occupation participants before the bill's effective date and county jailers hired on or after the bill's effective date in counties that classified county jailers as protective occupation participants on July 1, 2018, are not required to pay the additional employer costs.
- Permits a county jailer to elect (irrevocable) at the time of hire not to become a protective occupation participant.
- Amends the Municipal Employment Relations Act regarding county jailers.

2021 SB 1036 was introduced by Sen. Marklein and referred to the Senate Committee on Judiciary and Public Safety.

[2021 SB 947](#) and [2021 AB 974](#) create a 401Kids savings program and trust fund which provides a \$25 savings account for every child born or adopted in Wisconsin after the effective date of the bill.

The bill creates appropriations under s. 20.515 and provides \$1 million GPR annually for initial program funding. ETF may not expend any moneys from the public employee trust fund for its activities related to the 401Kids program.

ETF is responsible for, among other things, the following duties:

- Establishing and administering a 401Kids savings program (ETF can do this in-house or contract with a vendor).
- Establishing investment guidelines for contributions to, and the earnings on, 401Kids savings accounts.
- Paying distributions from 401Kids savings accounts.
- Ensuring that, if the department changes vendors, the balances of 401Kids savings accounts are promptly transferred into investment instruments as similar to the original investment instruments as possible.
- Conducting public outreach and fundraising to generate donations for the 401Kids savings program.
- Developing a plan, after the program is fully operational, that allows ETF to devote revenues generated under the program to fund the establishment of future 401Kids savings.

2021 SB 947 was introduced by Sen. Ringhand and referred to the Senate Committee on Financial Institutions and Revenue. 2021 AB 974 was introduced by Rep. Macco and referred to the Assembly Committee on Ways and Means.

On March 1, 2022, the Assembly Committee on Ways and Means held a public hearing on the bill. ETF testified for information only at the hearing.

[2021 SB 793](#) and [2021 AB 814](#) make the following changes to the return-to-work requirements for teachers:

- Eliminates the annuity suspension requirement for teachers of school districts who return to work as a substitute teacher for a school district and work more than two-thirds of full time;
- Reduces the break-in-service requirement for teachers of school districts from 75 days to 30 days; and
- Applies to retired teachers who are hired between the effective date of the bill and August 1, 2024.

2021 SB 793 was introduced by Sen. Jacque and referred to Senate Committee on Government Operations, Legal Review, and Consumer Protection. 2021 AB 814 was introduced by Rep. Tittl and referred to the Assembly Committee on State Affairs.

[2021 SB 701](#) and [2021 AB 733](#) make the following changes to the return to work requirements for teachers:

- Eliminates the annuity suspension requirement for teachers of school districts who return to work as a teacher for a school district and work more than two-thirds of full time;
- Reduces the break-in-service requirement for teachers of school districts from 75 days to 30 days; and
- Applies to teachers who terminate employment on the effective date of the bill.

2021 SB 701 was introduced by Sen. Smith and referred to the Senate Committee on Government Operations, Legal Review and Consumer Protection. 2021 AB 733 was introduced by Rep. Pope and referred to the Assembly Committee on Labor and Integrated Employment.

[2021 SB 367](#) and [2021 AB 373](#) allow an annuitant who was a law enforcement officer or fire fighter to return to work with an employer who participates in the WRS, work two-thirds of full time, and elect to not become a participating employee for purposes of the WRS, and instead continue to receive his or her annuity.

2021 SB 367 was introduced by Sen. Jacque and referred to the Senate Committee on Labor and Regulatory Reform. 2021 AB 373 was introduced by Rep. Brandtjen and referred to the Assembly Committee on Labor and Integrated Employment.

[2021 SB 498](#) provides an income tax exemption for WRS pension payments received by WRS protective occupation participants, correctional officers, county jailers, and frontline workers. The bill defines “frontline worker” to mean an individual who was a state, county, or municipal employee with regular job duties that, as determined by the Employment Relations Commission in consultation with the Department of Revenue,

included interacting with members of the public or with large populations of people or directly involved in the maintenance of public works.

Under the bill, 25 percent of the pension payment received in 2021 is exempt; 50 percent of the payment received in 2022 is exempt; 75 percent of the payment received in 2023 is exempt; and 100 percent of the payment received in 2024 and thereafter is exempt. The bill provides that the amount exempted may not exceed the portion of the pension payment that is attributable to the period of time during which the individual was a protective occupation participant or frontline worker.

2021 SB 498 was introduced by Sen. Agard and referred to the Senate Committee on Financial Institutions and Revenue.

I will be available at the March 24, 2022, Board meeting to answer any questions.