



STATE OF WISCONSIN
Department of Employee Trust Funds
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Correspondence Memorandum

Date: November 2, 2017
To: Deferred Compensation Board
From: Tarna Hunter, Legislative Liaison
Subject: 2017-19 Biennial Budget

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

On September 21, 2017, Governor Walker signed the 2017-19 biennial budget into law (2017 Act 59). The Department of Employee Trust Funds (ETF) has reviewed the law and prepared a summary of the provisions that relate to ETF and its administration of the Wisconsin Deferred Compensation Program.

- **Domestic Partnership Program** – Eliminates the Chapter 40 domestic partnership program on the effective date of the bill. The law does not allow the formation of any new Chapter 40 domestic partnerships after September 22, 2017.
- Provides that a surviving domestic partner is not a default beneficiary for purposes of a deferred compensation plan.
- Grandfathers existing domestic partnerships for purposes of Wisconsin Retirement System benefits.
- On January 1, 2018, domestic partners and their dependent children will no longer be eligible for health insurance under the State or Local Group Health Insurance Program.
- Provides that a surviving domestic partner of a member be allowed to purchase group health insurance coverage at full price, if the surviving domestic partner was covered by a state group health plan at the time of the member's death.

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

Pamela L Henning

Electronically Signed 11/2/17

Board	Mtg Date	Item #
WDC	11.6.17	11m

- Domestic partners of duty disability recipients may be eligible for a death benefit if the protective occupation employee's duty disability qualifying date is prior to the act's effective date of January 1, 2018. This is regardless of the protective occupation employee's date of the death. The domestic partnership must have occurred before the protective occupation employee's duty disability qualifying date.
- Specifies that if a domestic partner, who was in a domestic partnership with a protective occupation employee when the employee qualified for duty disability, subsequently marries their partner, the surviving spouse will continue to be eligible for a duty disability death benefit. The date the employee qualified for duty disability must be before January 1, 2018.
- Duty disability death benefits will not be payable to the domestic partner of an employee whose duty disability qualifying date is on or after January 1, 2018.
- Domestic partners will no longer be able to participate in the ETF-associated long term care product.

ETF Budget

- **Full Funding of Salary and Fringe Benefits** – Continued full funding of ETF's current operations, including funding for the Transformation, Integration and Modernization (TIM) initiative. The proposed ETF 2017-19 budget consists of an overall funding increase of 1.6%.
- **Positions for Benefits Administration System** – Provides 2.0 FTE Trust Fund Specialist four-year project positions in the Employer Services Section. These positions are essential to support employers and the implementation of BAS rollout 2, which is focused on employer reporting and administration. Provides 1.0 FTE Accountant four-year project position. This position will ensure that ETF has the necessary financial expertise to complete the TIM project and assist with post-implementation.
- **Audits and Financial Reporting** – Provides \$90,000 annually for contracts necessary for the implementation of Governmental Accounting Standards Board (GASB) Statements 74 and 75. Additionally, provides 2.0 FTE Accountant Advanced permanent positions. These positions are essential for ETF to meet its financial reporting obligations, maintain compliance with GASB standards, and to comply with tax laws and regulations.
- **General Wage Adjustments** – Provides funding for general wage adjustments of 2% on both July 1, 2018, and January 1, 2019, for state employees in the compensation reserve.