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 SECRETARY

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***Correspondence Memorandum***

**Date:** March 23, 2018  
**To:** Employee Trust Funds Board  
**From:** Tarna Hunter, Legislative Liaison  
**Subject:** Legislative Update

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

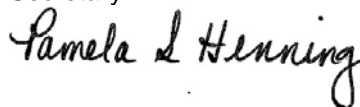
**End of Regular Legislative Session**

The 2017 Regular Session of the Wisconsin Legislature ended when the State Senate adjourned on March 20. Three bills were passed by the Legislature that affect the Department of Employee Trust Funds and the benefit programs it administers. As of this writing, the bills are awaiting the Governor's signature before being enacted into law.

**2017 Session – Legislation Passed by the Legislature**

**2017 AB 842** makes 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.

- Clarifies the current waiting period is 180 calendar days for the employer's share of income continuation insurance premiums for certain teachers employed by the University of Wisconsin System.
- Clarifies 2011 Act 32 changes to eligibility rules for Wisconsin Retirement System participating employees.
- Clarifies that protective occupation employees who have attained age 50 and who are part-time elected officials may choose to waive WRS participation.
- Eliminates from statutes a requirement under the WRS that a retirement application that specifies an annuity date later than 60 days after receipt by ETF will not be accepted, unless the member is at an age where a required minimum distribution is due.

Reviewed and approved by Pam Henning, Assistant Deputy Secretary  
 Electronically signed 3/23/18

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- Eliminates the requirement that a form to cancel life insurance takes effect at the end of the calendar month that begins after the form is received from an insured employee.

**2017 SB 81** prohibits the Group Insurance Board from contracting for or providing abortion services, except in certain situations such as medical emergencies, danger to the long-term health of the pregnant woman, or in cases of sexual assault or incest.

**2017 AB 876** requires the Group Insurance Board to cover refills of prescription eye drops that 1) are allowed under the prescription; 2) do not exceed the prescribed number of refills; and 3) are requested by the insured or plan participant when 75 percent or more of the days have elapsed from the later of the original distribution date or the date of the most recent refill.

### **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.

**2017 AB 62** would allow WRS participants to receive military service credits for any military service (current law requires that the service must have been performed prior to 1974). In addition, this bill would eliminate the current law restriction on receiving military service credit for service that is also used to receive a federal retirement benefit. Finally, the bill would allow for a participant to receive military service credits if that participant leaves WRS covered employment to enter military service and returns – to any WRS covered employment within 180 days of discharge (current law requires the participant to return to the same WRS employer).

2017 AB 62 was introduced by Rep. Hebl and was referred to the Committee on Veterans and Military Affairs.

**2017 SB 190** and **2017 AB 324** increases the minimum retirement age by two years for protective occupation members and by five years for all other members.

- General employees, teachers, elected officials and executive employees are currently eligible to retire at age 55. The bill would change that to age 60.
- Protective employees, such as police and firefighters, are currently eligible to retire at age 50. The bill would change that to age 52.

The bills also change the formula method for calculating a WRS retirement benefit from three to five years.

- Under current law, a formula benefit is based on the average of the three highest years of earnings.

- Under the bill, a formula benefit would be based on the average of the five highest years of earnings.

These changes would only apply to members hired on or after the effective date of the bill.

[2017 SB 190](#) was introduced by [Sen. Stroebel](#) and referred to the [Committee on Government Operations, Technology and Consumer Protection](#). [2017 AB 324](#) was introduced by [Rep. August](#) and referred to the [Committee on State Affairs](#).

**2017 SB 302** and **2017 AB 403** create the Wisconsin Private Retirement Security Board, which must establish a private retirement security plan to provide retirement benefits for residents of the state who choose to participate in the plan. The board is created within ETF by Chapter 15.

The bills require the board, with the assistance of ETF, to conduct a study to determine the feasibility of establishing a plan, conduct at least five public hearings throughout the state and design the plan.

Eighteen months after the effective date, the board must submit a report to the legislature, the governor and the Joint Committee on Finance with the following information:

- The conclusions of the feasibility study.
- A summary of the testimony received at public hearings.
- The proposed design of the plan.
- An estimate of the cost of the initial establishment and administration of the plan.
- An estimate of the amount of time necessary to make the plan viable.
- A recommendation for any legislation necessary to implement the plan.

ETF is required to provide staff and resources to assist the board. The bill creates new appropriations within ETF's Chapter 20 to fund ETF's and the board's responsibilities. ETF shall submit a request to the Joint Committee on Finance for a supplement for the initial costs of funding activities required by this bill. The bill provides that no moneys from the public employee trust fund may be expended for activities required by this bill.

2017 SB 302 was introduced by Sen. Hansen and referred to the Senate Committee on Workforce Development, Military Affairs and Senior Issues. 2017 AB 403 was introduced by Rep. Genrich and referred to the Committee on State Affairs.

[2017 SB 577](#) and [2017 AB 676](#) make 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, 2017, 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, 2017, 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.

[2017 SB 577](#) was introduced by Sen. Marklein and referred to the [Committee on Government Operations, Technology and Consumer Protection](#). [2017 AB 676](#) was introduced by Rep. Born and referred to the Committee on Corrections.

### **Audit of Group Insurance Program**

On December 20, the Joint Legislative Audit Committee approved an audit of the Group Insurance Board, ETF and the State Group Health Insurance Program, which the Legislative Audit Bureau aims to complete before the Legislature starts work on the next biennial budget. The Legislature included a similar provision in the 2017-19 budget, but the language was vetoed.

I will be available at the March 29, 2018, Board meeting to answer questions.