



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: September 21, 2015
TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board
FROM: Tarna Hunter, Legislative Liaison
SUBJECT: Legislative Update

Proposed Legislation

2015 AB 156 and **2015 SB 134** provides municipalities interested in participating in the WRS the option to join and only bring in newly hired employees while allowing current employees to finish their careers under their existing retirement plan. Specifically, the bill:

- Permits an employer to elect to participate in the WRS and choose to only bring in employees hired on or after the date that the employer elects to participate in the WRS. Employees hired before the date of election would not participate in the WRS.
- The bill also permits any municipal employer that elects to be included under the above provision to exclude its public utility employees who already have similar benefits to the WRS, as determined by ETF. An amendment was adopted to eliminate the requirement that the benefits be similar to the WRS.

2015 AB 156 was introduced by Rep. Thiesfeldt and referred to the Committee on Urban and Local Affairs. The Committee passed 2015 AB 156, as amended, on a unanimous vote. After passage, Rep. Thiesfeldt proposed additional amendments which would allow the municipal employer the option to offer current employees the choice of becoming participating employees in the WRS. 2015 AB 156 was referred to the Joint Survey Committee on Retirement Systems.

2015 SB 134 was introduced by Sen. Petrowski and referred to the Joint Survey Committee on Retirement Systems.

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

Electronically Signed 9/21/15

Board	Mtg Date	Item #
JM	9.24.15	4A

2015 AB 233 and **2015 SB 183** eliminates sick leave for state representatives and state senators. Under the bill, the current accumulated sick leave balances of legislators would not be affected. The bill would not make any changes to the state's sick leave conversion credit programs.

2015 AB 233 was introduced by Rep. Steffen and was referred to the Assembly Committee on State Affairs and Government Operations. 2015 SB 183 was introduced by Sen. Cowles and referred to the Senate Committee on Government Operations and Consumer Protection.

In early September, the Senate Committee on Government Operations and Consumer Protection held a public hearing on 2015 SB 183. On September 8, the Committee held an executive session and recommended passage 4-1.

2015 SB 45 and **2015 AB 70** creates 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 the Department of Employee Trust Funds by Chapter 15.

The bill requires the Board, with the assistance of ETF, to conduct a study to determine the feasibility of establishing a plan, conduct at least 5 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. 2015 SB 45 was introduced by Sen. Hansen and referred to the Senate Committee on Labor and Government Reform. 2015 AB 70 was introduced by Rep. Genrich and was referred to the Assembly Committee on Financial Institutions. Neither bill has been scheduled for a hearing.

2015 AB 300 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).

2015 AB 300 was introduced by Rep. Hebl and was referred to the Committee on Veteran Affairs. This bill has not been scheduled for a public hearing.

2015 AB 269 and **2015 SB 213** provides that technical colleges, school districts, cities, villages, towns and counties may only provide post-retirement healthcare benefits if they comply with the following:

- The cost of the benefit must be fully funded in a segregated account for employees hired on or after January 1, 2016.
- The required funding must be determined by an actuarial study, or other method that complies with generally accepted accounting principles, conducted at least every four years.
- If a local government dissolves a segregated account established for the purpose of providing such healthcare benefits, the local government must provide for the equitable distribution of the proceeds among the beneficiaries.

The proposed legislation only applies to local governments and does not apply to the funding of the state's other post-employment benefits. The state's other post-employment benefits are currently funded according to the standards identified in the bill.

2015 AB 269 was introduced by Rep. Thiesfeldt and referred to the Assembly Committee on Urban and Local Affairs. 2015 SB 213 was introduced by Sen. Vukmir and referred to the Senate Committee on Elections and Local Government. A public hearing was held September 8, 2015.

Co-sponsorship Memos

Optional Insurance Plans – Sen. Kapenga and Rep. Steffens circulated a co-sponsorship memo and bill which would require the Group Insurance Board, beginning on January 1, 2016, to make the optional insurance plans available to local government employers. The deadline for bill sponsors is Friday, September 18.

Group Insurance Board – Sen. Darling and Rep. Nygren circulated a co-sponsorship memo and bill that would require the Group Insurance Board, in consultation with the Division of Personnel Management in the Department of Administration, to submit all proposed changes to public employee group health insurance programs to the Joint Committee on Finance (JCF). Under the bill, the Group Insurance Board may not

implement any changes in the group health insurance programs unless approved by JCF through a 21-day passive review process. The deadline for bill sponsors is Friday, September 25.

Minimum Retirement Age – Sen. Stroebel and Rep. Sanfelippo circulated a co-sponsorship memo and bill which increases the minimum retirement age for all employees by two years.

- General employees, teachers, elected officials and executive employees are currently eligible to retire at age 55. The bill would change that to age 57.
- Protective employees, such as police and firefighters, are currently eligible to retire at age 50. The bill would change that to age 52.
- This change would only apply to WRS participants who are under age 40 on the effective date of the bill.

The deadline for bill sponsors is Friday, September 25.

Final Average Earnings – Sen. Stroebel and Rep. Sanfelippo also circulated a co-sponsorship memo and bill which would change the formula method for calculating a WRS retirement benefit.

- 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.
- This change would take effect five years after the effective date of the bill.

The deadline for bill sponsors is Friday, September 25.

I will be available at the September 24, 2015 board meeting to answer questions.