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## Correspondence Memorandum

**Date:** June 20, 2017  
**To:** Employee Trust Funds Board  
Teachers Retirement Board  
Wisconsin Retirement Board  
**From:** Tarna Hunter, Legislative Liaison  
**Subject:** Legislative and Biennial Budget Update

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

### 2017 – 2019 Biennial Budget

On February 8, 2017, Governor Walker presented his 2017-19 State Budget to the Legislature. The period covered by the budget request is July 1, 2017 – June 30, 2019. Currently, the Joint Committee on Finance (JCF) is wrapping up their work on the budget. After the JCF is finished making their modifications, the budget will go to the full legislature. The Legislature will deliver an amended budget bill to the Governor for review, approval and/or partial veto of the budget to be effective July 1, 2017. ETF will continue monitoring the budget bill and provide updates as necessary.

### Other Proposed Legislation

The following bills are remedial legislation recommended by ETF:

**2017 AB 6** 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.

**2017 AB 7** clarifies 2011 Act 32 changes to eligibility rules for Wisconsin Retirement System participating employees.

**2017 AB 8** clarifies that protective occupation employees who have attained age 50 and who are part-time elected officials may choose to waive WRS participation.

Reviewed and approved by Pam Henning, Assistant Deputy  
Secretary

Electronically Signed 6/20/17

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**2017 AB 9** 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.

**2017 AB 10** 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.

The bills were introduced by Rep. Ott and referred to the Assembly Committee on Judiciary. On January 19, 2017, the Assembly Committee on Judiciary held a public hearing on the above remedial legislation. An executive session has not been scheduled.

**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. The bill has not been scheduled for a public hearing.

**2017 AB 128** and **2017 SB 81** prohibit 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 128 was introduced by Rep. Jacque and referred to the Assembly Committee on Health. 2017 SB 81 was introduced by Sen. Craig and referred to the Senate Committee on Insurance Housing and Trade. Neither bill has been scheduled for a public hearing.

On April 17, 2017, the Assembly Committee on Health held a public hearing on 2017 AB 128. On April 26, the Committee held an executive session and recommended passage 7-3.

**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 changes 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.

I will be available at the June 22, 2017, board meeting to answer questions.