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Correspondence Memorandum

Date: May 24, 2019

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

From: David H. Nispel, General Counsel
Dan Hayes, Attorney
Office of Legal Services

Subject: Administrative Rules Update

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

This memorandum informs board members about the status of administrative rules being promulgated by the Department of Employee Trust Funds (ETF) that require approval of one or more of the boards. ETF is in the early stages of promulgating two such rules. Prior to sending the draft rules to the Legislature for review, ETF will present them to the boards and request approval.

Technical Rule (SS 018-19)

ETF is proposing changes to Chapters ETF 10, 11, 20 and 60 that will require approval by the retirement boards. A statement of scope (SS 018-19) was approved by the Governor on January 30, 2019.

The objective of this rule is to make technical updates to existing ETF rules, delete obsolete language in ETF rules, and make other minor substantive changes. The changes affecting the WRS include:

- updating the code to be consistent with the break in service provisions of 2015 Wisconsin Act 187;
- removing obsolete references to domestic partnerships to be consistent with changes made in the 2017-2019 state budget;

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 6/10/19

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- updating ETF's receipt of electronic correspondence rule to make it consistent with the Wisconsin circuit court e-filing initiative;
- eliminating language that applies to domestic relations orders filed on or after January 1, 1982, and before April 28, 1990, because, as of May 1, 2018, ETF can no longer accept domestic relations orders more than 20 years old pursuant to a recent Wisconsin Supreme Court decision; and
- making other minor changes to clean-up the code, such as correcting out-of-date cross-references.

Disability Benefit Programs Redesign and Technical Changes to Regulations Related to the Duty Disability Program (SS 017-19)

ETF is proposing technical updates to regulations for the Long-Term Disability Insurance program (LTDI). These updates will reflect the closure of the program to new claims, which took effect on January 1, 2018. The closure of LTDI is part of ETF's effort to streamline the disability programs it offers and corresponds with the reopening of the disability annuity program under Wis. Stat. § 40.63. Currently, Chapter ETF 50 of the code includes language that is no longer necessary now that the program is closed to new applications. In addition, ETF intends to draft minor technical modifications to the regulations related to the Duty Disability Program established by Wis. Stat. § 40.65. A statement of scope (SS 017-19) was approved by the Governor on January 30, 2019.

Pursuant to a new statutory provision affecting the rule promulgation process, at the request of Senator Steve Nass, in his capacity as Co-chair of the Joint Committee for Review of Administrative Rules, the department held a preliminary public hearing and comment period on the statement of scope on March 21, 2019. No members of the public attended the hearing or submitted written comments. The Office of Legal Services is currently drafting the rule, along with the technical rule discussed above.

Staff will be at the Board meeting to answer any questions.