

**Committee Name:**

**Joint Survey Committee – Retirement Systems  
(JSC–RS)**

**Appointments**

97hr\_JSC–RS\_Appt\_pt00

**Clearinghouse Rules**

97hr\_JSC–RS\_CRule\_97–

**Committee Hearings**

97hr\_JSC–RS\_CH\_pt00

**Committee Reports**

97hr\_JSC–RS\_CR\_pt00

**Executive Sessions**

97hr\_JSC–RS\_ES\_pt00

# Hearing Records

97hr\_ab0000

## 97hr\_sb0257

**Misc.**

97hr\_JSC–RS\_Misc\_pt00

**Record of Committee Proceedings**

97hr\_JSC–RS\_RCP\_pt00

## STATE OF WISCONSIN

## APPENDIX TO 1997 SENATE BILL 257

## REPORT OF JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

(Introduced by Senators Wirch, Decker, Grobschmidt, Moen, Plache, Schultz, Breske, Rude and Roessler; cosponsored by Representatives Dobyms, Porter, Musser, Turner, Brandemuehl, Bock, R. Young, Notestein, Robson, Hahn, Kreuser, Lorge, Hanson, LaFave, Goetsch, Plouff, J. Lehman, Albers, Seratti, Cullen, Ryba, Murat and Baldwin.)  
An Act to create 40.02 (3)(d), 40.02 (3)(e), 40.02 (12m) and 40.02 (55g) of the statutes; relating to the determination of the annual earnings period under the Wisconsin retirement system for certain technical college district and cooperative educational service agency employes.

**EXTRACT OF COMMITTEE'S RECOMMENDATION ON THIS BILL****PURPOSE OF THE BILL**

The calculation of annuity benefits under the Wisconsin Retirement System (WRS) is based upon the formula of creditable service  $\times$  multiplier  $\times$  final average earnings (FAE). The FAE is the monthly average of the three highest annual earnings period. The annual earnings period for most employees is a calendar year, but for teachers and school district educational support personnel the annual earnings period is a school year. The purpose of the bill is to provide that educational support personnel employees of technical colleges and cooperative educational service agencies shall also have the annual earnings period based upon a school year.

**ACTUARIAL EFFECT**

This bill should have no effect upon the actuarial balance or goals of the WRS.

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### **PROBABLE COST**

This bill should have no effect upon the required employer and employee contribution rates to the WRS which are determined by the ETF Board upon advice of the consulting actuary. On the other hand, there may be some additional administrative cost to the DETF during the transition period from calendar to fiscal year annual earnings periods for the affected educational support personnel employees.

### **PUBLIC POLICY**

One of the three factors in the formula upon which benefits are calculated under the WRS is the final average earnings. For most WRS participants, the annual earnings period upon which the three high year average is calculated is based upon a calendar year. However, teachers and school district educational support personnel have their final average earnings based upon a school year earnings period, presumably reflecting that their employment contracts are based upon a school year.

Most educational support personnel in technical colleges and cooperative educational service agencies also have their employment contract based upon a school year, but their average earnings period for WRS benefit calculation purposes is based upon a calendar year earnings. The purpose of this bill is to establish an earnings period for the above educational support personnel which coincides with the normal employment contract for such employees. This change should establish greater equity for such employees in the determination of their WRS benefits.

### **RECOMMENDATION**