

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Survey Committee
on Retirement Systems
(JSC-RS)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤

➤ Clearinghouse Rules ... CRule

➤

➤ Committee Hearings ... CH

➤

➤ Committee Reports ... CR

➤

➤ Executive Sessions ... ES

➤

➤ Hearing Records ... HR

➤

➤ Miscellaneous ... Misc

➤ 97hr_JSC-RS_Misc_pt04c

➤ Record of Comm. Proceedings ... RCP

➤

Retirement



April 22, 1997

APR 23 1997

Governor Tommy Thompson
115 East, State Capitol
Madison, WI 53702

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RE: 1997-1999 Biennial Budget--Opposition to Including a Retirement Benefit Improvement

Dear Governor Thompson:

We are writing on behalf of the Wisconsin Retired Educators' Association (WREA), an independent organization which represents 11,200 retired educators. Most of our members are annuitants in the Wisconsin Retirement System (WRS). One of our main priorities is to protect and improve the WRS.

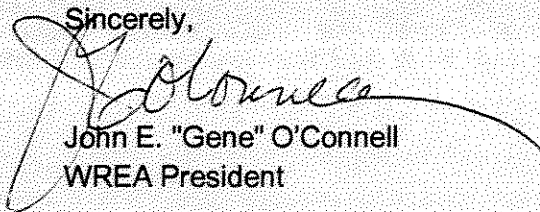
WREA is concerned about the potential inclusion of a retirement improvement in the 1997-99 State Budget Bill. You have indicated that this is under consideration. We encourage any retirement improvement to be proposed in separate legislation which will make it part of the legislative process including opportunities for public hearings and public input.


WREA is unalterably opposed to including a retirement improvement in the Budget Bill which eliminates such opportunities.

Enclosed is a copy of WREA's 1997-99 Legislative Brochure. Although a copy has been sent to you on another occasion, we include this one for your convenience.

As you make your budget recommendations, please give our position on this issue careful consideration. We will appreciate a response to our letter. Thank you.

Sincerely,


John E. "Gene" O'Connell
WREA President


Jane Elmer
Executive Director

- cc:
- Senator Chuck Chvala, Senate Majority Leader
 - Senator Fred Risser, Senate President
 - Senator Mike Ellis, Senate Minority Leader
 - Senator Brian Burke, Joint Finance Co-Chair
 - ✓ Senator Richard Grobschmidt, Joint Survey Committee
 - Representative Ben Brancel, Assembly Speaker
 - Representative Steven Foti, Majority Leader
 - Representative Walter Kunicki, Minority Leader
 - Representative Scott Jenson, Joint Finance Co-chair
 - Representative Judy Klusman, Joint Survey Committee
 - Hal Rebholz, WREA Legislative Chair
 - Leigh Roberts, WREA Research & Monitoring Subcommittee Chair

Formerly the
Wisconsin
Retired
Teachers
Association

2564 Branch Street
Middleton, WI 53562
608-831-5115



WISCONSIN COALITION OF ANNUITANTS

318 Karen Court, Madison, WI 53705

APR 23 1997

April 18, 1997

Governor Tommy Thompson
1 State Capitol
Madison WI 53701

Our organization goals and objectives, as you can determine from the enclosed pamphlet, are focused on maintaining the efficient and effective administration of the Wisconsin Retirement System. We communicate regularly with the Wisconsin Investment Board and Employee Trust Fund management to keep up-to-date on legislative, administrative and resource allocation activity. We have supported both agencies in their current efforts to improve information technology use. We also encourage efficient and effective management of programs in both organizations.

Recent media coverage and informal discussions with legislative contacts indicate there may be bills under development to improve and/or enhance the pension formula, modify TAA fund distribution and other contribution and dividend mechanisms.

We support any retirement system modification that is fiscally sound, fair and equitable and will stand the test of constitutionality. In order to assure that any legislative proposals meet these fundamental tests, it is essential that any and all proposals are referred to the Joint Survey Committee on Retirement Systems for review and analysis. We are concerned that any retirement system changes that might find their way into the budget bill will not receive the expert review and analysis required to pass the fiduciary, administrative and constitutional tests the system needs.

Therefore, we strongly urge that any legislative proposals involving changes to the retirement system be introduced as separate bills and follow the normal and required process of referral to the Joint Survey Committee.

Your consideration of our concerns on these issues will be appreciated.

cc; Sen Risser, Chvala, Ellis
Burke, Grobschmidt
Rep Brancel, Foti, Kunicki
Jensen, Klusman

Sincerely,

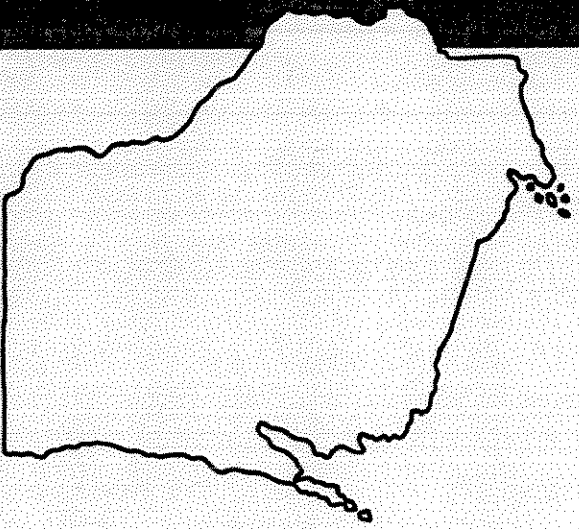


Ed Kehl, Chair

ORGANIZATIONS IN THE WISCONSIN COALITION OF ANNUITANTS

DOT Retirees - West Allis Retirees - DILHR Retirees - Epsilon Sigma Phi - Retired School District Administrators - Professional Police Association - Retired Professional Firefighters - Wisconsin Retired Corrections Personnel - State Engineers Association - AFSCME Retirees Chapter 7 - Wisconsin Education Association Council - Wisconsin State Attorneys Association - Association of Career Employees - Association of UW Professionals - Association of Retired Conservationists - Wauwatosa Employee Retirement Club - Wisconsin Retired Educators Association

WISCONSIN



COALITION of ANNUITANTS

State, School
and
Local Public
Employees

Who makes up the Coalition Membership?

The Wisconsin Coalition of Annuityants consists of organizations who represent retirees of the Wisconsin Retirement System, both statewide or regional, and may include active as well as retired participants of the system.

The Coalition exists to represent all retirees of the Wisconsin Retirement System, which totals approximately 91,000 annuitants. The active employees of the system make up approximately 318,000.

Each member organization designates a representative to the Coalition. Monthly meetings are held to discuss retirement system issues, obtain information regarding the system and its status, and act on issues the Coalition agrees to pursue.

Presently there are 17 organizations represented in the Coalition with approximately 20,000 annuitant members.

Purpose of the Wisconsin Coalition of Annuityants

PURPOSE: To provide a forum and a mechanism to bring together organizations representing state, local and school annuitants in the Wisconsin Retirement System (WRS) to:

- 1 Share information on Employee Trust Fund activities, state and federal legislative proposals and other data of interest to annuitants.
- 2 Discuss and actively pursue issues and problems impacting on WRS annuitants.
- 3 Promote maintaining the political and fiscal integrity of the WRS and encourage and promote its continued efficiency.
- 4 Monitor the activities of all the Employee Trust Fund Boards.

Coalition Issues and Goals

We are committed to strive for the most efficient and effective operation of the State of Wisconsin Investment Board (SWIB), free of political interference with policy and investment decisions.

We are committed to assuring that the Department of Employee Trust Fund obtains necessary resources to provide timely service to all active employees and all retired annuitants within the WRS.

We are committed to action which will provide an annuitant representative on the State of Wisconsin Investment Board. We are committed to simplification of procedures and policies.

WISCONSIN



Wisconsin Coalition of Annuitants Member Organizations

COALITION of ANNUITANTS

BOARD OF DIRECTORS

Chairperson:

Edwin Kehl
318 Karen Court
Madison, WI 53705
(608) 233-6737

Vice Chairperson:

Harold S. Reholz
6421 Inner Drive
Madison, WI 53705
(608) 233-9320

Secretary/Treasurer:

Tom Rausch
5809 Anchorage Ave.
Madison, WI 53705
(608) 233-2652

1. AFSCME Retirees Chapter 7
 2. Association of Career Employees
 3. Association of UW Professionals
 4. DILHR Retirees-DWD
 5. DNR Retirees
 6. DOT Retirees Association
 7. Epsilon Sigma Phi (UW Cooperative Extension)
 8. Retired Professional Firefighters
 9. Retired School District Administrators
 10. State Engineering Association
 11. West Allis Retirees
 12. Wauwatosa Employees Retirement Club
 13. Wisconsin Education Association Council - Retired
 14. Wisconsin Professional Police Association
 15. Wisconsin Retired Corrections Personnel
 16. Wisconsin Retired Educators Association
 17. Wisconsin State Attorneys Association
- (Names of representatives can be obtained from the Chairperson or Secretary/Treasurer.)

Wisconsin Coalition of Annuitants

318 Karen Court
Madison, Wisconsin 53705





MONDAY SECTION
**VOLUNTEER
 SUMMIT: GETTING
 INVOLVED OR PASSING
 THE BUCK**



LIFeStyle
**IT'S TIME
 TO PLANT
 VEGGIES**
 1D

ROB ZALESKI
**NUTRITION TIPS
 DON'T HOLD
 WATER**
 1D

The Capital Times

MADISON, WISCONSIN HOME FINAL MONDAY, APRIL 28, 1997

50 cents

State pension woes dog Tommy

By Matt Pommer
The Capital Times

Twin public employee pension problems — one political, the other fiscal — are confronting Gov. Tommy Thompson, with no easy solutions in sight. Thompson created the political problem in 1994 when, as a candidate for re-election, he promised to improve benefits coming from the Wisconsin Retirement System. Some 360,000 people are tied to the pension system. Now a formula increase, with a twist, in pension multipliers is being discussed by affected groups. The governor helped create the fiscal problem when he helped craft the 1987 "pension raid" law.

The Supreme Court has ruled that raid — a complex maneuver aimed at freeing funds to keep the Chrysler Corp. in Wisconsin — unconstitutional, ordering repayment plus interest. By late August the tab for taxpayers is being projected at \$227.5 million by the pension fund's comptroller. That's almost 10 times bigger than the projected general fund deficit now facing the Legislature's budget-writing Joint Finance Committee. The Employee Trust Funds Board, which has the fiduciary responsibility for the pension system, wants a quick repayment. The Thompson administration has talked of at least a 20-year payback. There has been widespread talk among Thompson aides about trying to solve both problems at one time

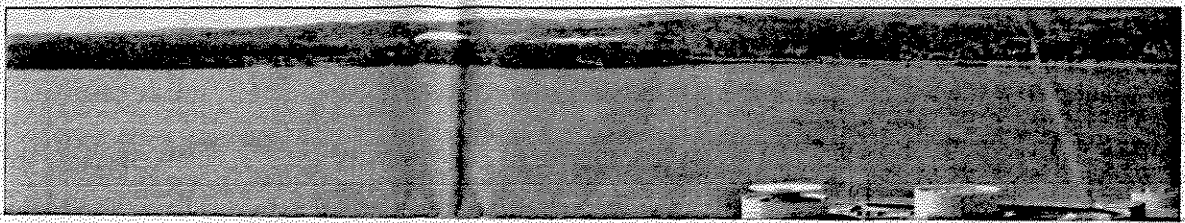
by tapping some of the more than \$7 billion in market gains of the pension system. Those investment profits show up as the balance in the pension fund's Transaction Amortization Account (TAA). Every year 20 percent of the balance is distributed. Some 38 percent of the money distributed helps finance post-retirement increases in pensions of those already retired. The remainder is equally split between the employer and employees account. Consideration has been given to tapping a big chunk of the TAA account, providing a windfall for annuitants and easing the burden on government employers. The largest of these is state government. But Blair Testin, active executive director of the

Retirement Research Committee, suggests that is idle talk. "I don't know of any way the WRS system monies can legally fund the (1987 case) debt. The key word is 'legally,'" he said in an interview. "What they don't remember is that the TAA belongs to everyone," said Testin. Trying to use the TAA money would be a repeat of the 1987 situation, he said. The Employee Trust Funds Board probably would seek a full review and a review by the attorney general or a test court case might be required, he said. Another questionable alternative is bonding to pay off the debt to the pension system. But Frank Hoadley, the state's capital finance offi-

See PENSION, Back Page

Militants in Texas dig in for 'invasion'

Bird's-eye view





May 9, 1997

Governor Tommy Thompson
115 East, State Capitol
Madison, WI 53702

MAY 12 1997

RE: CLARIFICATION OF APRIL 22 LETTER REGARDING OPPOSITION TO
INCLUDING A RETIREMENT BENEFIT IMPROVEMENT IN THE
BIENNIAL BUDGET

Dear Governor Thompson:


We are writing to clarify our position relative to a retirement benefit improvement being included in the 1997-99 State Budget Bill.

It has been brought to our attention that some individuals include the settlement of the SIPD lawsuit as "a retirement benefit improvement." By our definition, a retirement benefit improvement applies to those planning to retire, rather than to those who are currently retired.

By our definition, the SIPD lawsuit settlement is NOT a retirement benefit improvement. The Supreme Court has ruled. With the projection of a \$230 million 1997-99 budget surplus, WREA would certainly support that part or all of this money be used to settle this nine-year court case. We support including this in the State Budget Bill. We support repayment to begin within six months of the settlement, either in a lump sum or over a two or three year period.

As mentioned in the April 22 letter, (copy attached), "We encourage any retirement improvement to be proposed in separate legislation which will make it part of the legislative process including opportunities for public hearings and public input. WREA is unalterably opposed to including a retirement improvement in the State Budget Bill which eliminates such opportunities." Regarding a benefit improvement for active employees, we stand firm in this position, particularly if the TAA account is to be suggested as a funding source.

We hope that this clarifies any confusion, but please know that we would be happy to discuss this further with you or your staff. Thank you for your consideration.

Sincerely,

John E. "Gene" O'Connell
WREA President


Jane Elmer
Executive Director

cc: Senator Chuck Chvala, Senate Majority Leader
Senator Fred Risser, Senate President
Senator Mike Ellis, Senate Minority Leader
Senator Brian Burke, Joint Finance Co-Chair
Senator Richard Grobschmidt, Joint Survey Committee
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Hal Rebolz, WREA Legislative Chair
Leigh Roberts, WREA Research & Monitoring Subcommittee Chair
Mark Bugher, DOA Secretary

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April 22, 1997

Governor Tommy Thompson
115 East, State Capitol
Madison, WI 53702

RE: 1997-1999 Biennial Budget--Opposition to Including a Retirement Benefit Improvement

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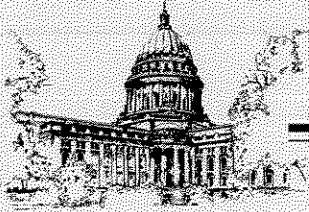

John E. "Gene" O'Connell
WREA President


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Affiliated with
the National
Retired Teachers
Association (NRTA)—
A Division of AARP

2564 Branch Street
Middleton, WI 53562
Phone 608-831-5115
Fax 608-831-1694



Fred Risser

State Senator

June 19, 1997

Senator Richard Grobschmidt
Co-Chair
Joint Survey Committee on Retirement Systems
Room 404
100 N. Hamilton
Madison, WI 53703

Dear Senator Grobschmidt:

Please be advised that Senate substitute amendment 1 as introduced by the joint committee on Finance to Senate Bill 77, the executive budget bill, contains provisions relating to the state retirement system.

Pursuant to Joint Rule 41 (1)(b), the Joint Survey committee on Retirement Systems may, at the discretion of the committee, prepare a report on the retirement provisions contained in Senate substitute amendment 1 to Senate Bill 77.

Sincerely,


FRED A. RISSER
Senate President

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