

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_pt11d

➤ Record of Comm. Proceedings ... RCP

➤

hearing 2-9-98

**PROFESSIONAL FIRE FIGHTERS
OF WISCONSIN, INC.**



CANCER PRESUMPTION LEGISLATION

MAJOR PROVISIONS

1. Who is covered?

All municipal fire fighters, including both those in the city of Milwaukee and by Milwaukee County.

2. What cancers are covered?

Skin, breasts, central nervous system or lymphatic, digestive, hematological, urinary, skeletal, oral or reproductive systems.

3. Is lung cancer covered?

Lung cancer is already covered by the existing Heart and Lung Bill so it is not listed in the new cancer presumption bill.

4. How many years must a fire fighter be employed before eligible for cancer presumption?

Ten

5. What level of benefit would be available for the surviving family if the fire fighter dies?

Seventy (70) percent of the participant's salary or benefit at time of death. Under the current Heart and Lung Bill, surviving spouse receives fifty (50) percent and each minor child ten (10) percent up to a maximum of seventy (70) percent for the entire family.

6. Could a fire fighter receive both the proposed cancer presumption benefit and withdraw their separation benefit from the Wisconsin Retirement System?

Unlike the Heart and Lung Bill, a fire fighter will not be able to withdraw their separation benefit if they utilize the cancer presumption.

**STATES WITH
CANCER PRESUMPTION LAWS**

ALABAMA

CALIFORNIA

ILLINOIS

LOUISIANA

MARYLAND

MASSACHUSETTS

MINNESOTA

MISSOURI

NEBRASKA

NEVADA

NEW HAMPSHIRE

NORTH DAKOTA

OKLAHOMA

RHODE ISLAND

TENNESSEE

TEXAS

VIRGINIA

Professional Fire Fighters of Wisconsin, Inc.

7 North Pinckney Street • Suite 135 • Madison, WI 53703-2840 • 608/251-5832
Fax 608/251-8707

Member of INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
Member of WISCONSIN STATE A.F. of L.-C.I.O.



Mark D. Zeier

State President

2513 South 14th Street
Sheboygan, WI 53081
Home Phone (414) 452-7956
Fire Phone (414) 459-3330

Michael Dobish

State Vice-President

1545 Arboretum Drive, No. 130
Oshkosh, WI 54901
Home Phone (414) 233-2125
Fire Phone (414) 751-5125

Rick Gale

State Sec. Treas.

2831 South 114th Street
West Allis, WI 53227
Home Phone (414) 321-6590
Fire Phone (414) 302-8000
Fax (414) 321-7596

May 16, 1997

Blair Testin

Retirement Research Committee

Room 316

110 E. Main Street

Madison, WI 53703

Dear Blair:

We recently discussed with you legislation to provide "presumptive cancer" disability benefits for fire fighters. The original draft of the bill was sent to you some time ago.

During our discussion, we indicated that we would provide you with information on the number of Wisconsin fire fighters that have developed cancer.

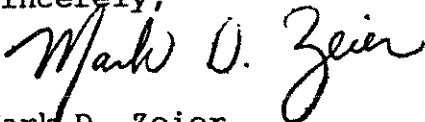
We have now completed our survey. The results are as follows:

1. There are 56 municipalities with full time fire departments in Wisconsin. This includes both the City of Milwaukee and a local at the Milwaukee County airport. We have results from 55 of these departments. The only one we have been unable to collect information from is the North Shore Milwaukee Department. This is a new department having been formed from three small departments. The combined department has less than 100 employees.
2. Total employment among the 56 departments is approximately, 3,500 union and 300 in management.
3. During the past 20 years, 26 fire fighters with at least 10 years of service have developed a type of cancer other than lung cancer. (We did not include cancers in these numbers that are already covered under the heart and lung presumption, e.g. lung, esophageal, throat).
4. Of the 26 fire fighters that developed cancer, only 16 were under age 53 and thus eligible for disability benefits under the proposed cancer presumption legislation.

5. Of these 16 fire fighters under age 53, 10 died within one year of leaving the job. Only one lived beyond one year, two are still living (both left their departments within the past 2 years, and three we do not know if they are still living.
6. The average age of the 16 fire fighters when leaving service was 46.67 years.
7. The average numbers of years served as a fire fighter for these 16 was 20.60 years.

We hope this information is helpful to you. I am enclosing copies of the surveys that we received back from our locals. If you have any questions regarding this information, please do not hesitate to give me a call.

Sincerely,



Mark D. Zeier
State President

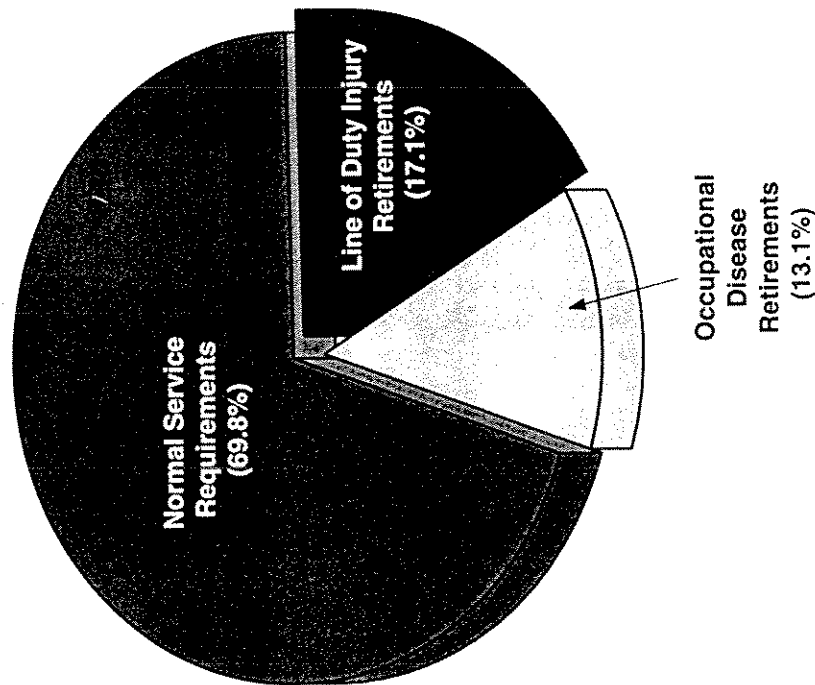
Enclosure

IV. Fire Fighter Line of Duty Injury and Occupational Disease Retirements



As reported in this year's survey, 584 fire fighters were forced to retire from their departments because of line-of-duty injuries or occupational disease—representing nearly 1 in 3 fire fighter retirements.

Distribution of Fire Fighter Retirements

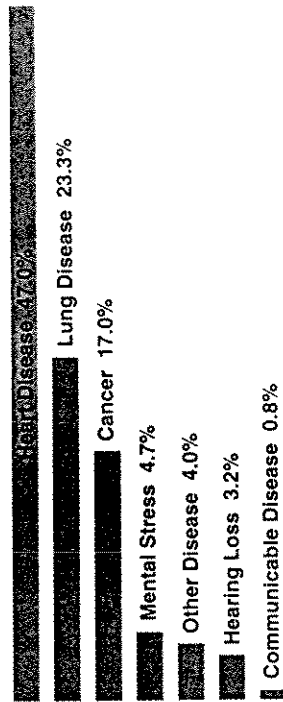


The average age for duty connected disability retirements was 49 years for injury and 50 years for occupational disease.

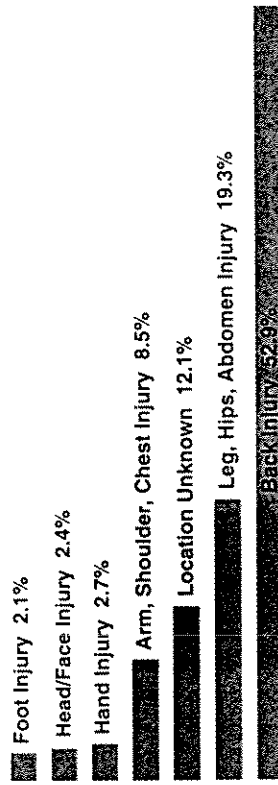
The leading causes of premature departures in the case of occupationally related disease were heart disease and lung disease. Back injuries, followed by limb/torso injuries, were the primary reasons for job related injury retirements.

Breakdown of Line of Duty Disability Retirements by Cause

Occupational Disease



Line of Duty Injuries



Professional Fire Fighters of Wisconsin, Inc.

7 North Pinckney Street • Suite 135 • Madison, WI 53703-2840 • 608/251-5832

Member of INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

Fax 608/251-8707

Member of WISCONSIN STATE A.F. of L.-C.I.O.



Mark D. Zeier

State President

2513 South 14th Street
Sheboygan, WI 53081
Home Phone (920) 452-7956
Fire Phone (920) 459-3330

Michael Dobish

State Vice-President

1545 Arboretum Drive, No. 130
Oshkosh, WI 54901
Home Phone (920) 233-2125
Fire Phone (920) 751-5125

Rick Gale

State Sec.-Treas.

2831 South 114th Street
West Allis, WI 53227
Home Phone (414) 321-6590
Fire Phone (414) 302-8000
Fax (414) 321-7596

TESTIMONY OF
RICK GALE
PFFW-SECRETARY/TREASURER
ON SB-329
JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
FEBRUARY 9, 1998

Good afternoon Mr. Chairman and Madam Chair. My name is Rick Gale. I am Secretary Treasurer of the Professional Fire Fighters of Wisconsin and I am also president of the West Allis PFFW Local 1004. I have been a West Allis firefighter for 17 years.

I want to thank the cochairs for holding this hearing, the lead authors of SB-329 Senator Wirch and Rep Klusman, and the many legislators that are cosponsors of this legislation on a bipartisan basis.

I thought you might be interested in knowing that of the nearly 1,200 bills pending before the legislature, only one has more sponsors than SB-329. That is a bill on campaign finance reform.

I also want to offer a special thanks to the original authors of a similar bill that was introduced in the 1989 session. They are the ones that really deserve credit for recognizing several years ago, the seriousness of the incidence of cancer among fire fighters. I am referring to former State Representatives John Antaramian, now mayor of the City of Kenosha and former State Representative Jeanette Bell, now the distinguished mayor of my city, West Allis. Mayor Antaramian was the chief author of the 1989 bill and Mayor Bell was one of the cosponsors.

Unfortunately, in 1989 we did not have the detailed evidence of cancer among Wisconsin firefighters that we do today.

I am here representing the 2500 men and women professional fire fighters from 56 Wisconsin communities. We are asking for this legislation because nearly one firefighter dies annually of a type of cancer related to our profession.

Since the PFFW first worked with the authors of this bill last year, one firefighter, Don Asselin of LaCrosse has died of cancer.

We in West Allis became alarmed in 1996 when one of our brothers, Doug Johnson, succumbed to cancer. His widow and there 2 sons are with us today. Mrs. Johnson will be testifying later.

Unfortunately SB-329 will not help these families. And unfortunately the odds are that another Wisconsin firefighter will develop cancer this year and if past experience holds true, he or she will also die this year.

Without this legislation, their family too will be left with few benefits!

Here is what is happening in Wisconsin.

In the last 20 years, 26 firefighters developed a type of cancer covered by this bill, a type of cancer that can be linked to firefighting.

Of the 26, 16 were under the age 50 and would have been eligible for these benefits. Those over 50 are eligible for early retirement benefits so they are not covered by this legislation.

Of these 16, 10 died within one year of having to leave the job. Most of the others died shortly after that.

The average age of these 16 was 47 years and had been a fire fighter for 20.7 years.

This legislation is designed to assist families like these 16.

Currently, Wisconsin provides disability benefits to those fire fighters and police officers that are injured in the line of duty. To be eligible for the Duty Disability or 40.65 benefits, as we call them, the disability must be permanent and the employee has the burden to prove the injury was duty related.

Unfortunately, this system is not adequate to cover all the occupational diseases that are prevalent among firefighters. The most prevalent occupational diseases among firefighters are heart and lung diseases, including lung cancer. In the 1960's, the Legislature saw fit to create the Heart and Lung Disease Program for firefighters.

Under Heart and Lung, it is presumed that if a firefighter gets these diseases, they are duty related and the firefighter is eligible for disability benefits. The level of benefits is generally 80% of their salary.

Though it is difficult to prove that an individual firefighter developed a specific disease due to their occupation, medical research has proven that the incidence of these diseases is much higher among firefighters.

The same is true with certain types of cancers. Studies have shown that firefighters have higher rates of cancer than the general public and even other protective professions like law enforcement.

Also testifying today will be Dr. John Norton, a Occupational Medicine Resident at Johns Hopkins University. Dr. Norton will discuss the specific correlations between firefighters and cancer.

Cancer, like other occupational diseases, is difficult to prove on a case by case basis. We know from studies that this is true, but to prove that a specific firefighter got a specific cancer from exposure at certain fires is next to impossible.

Therefore we are seeking this legislation. It will be presumed that a firefighter's cancer, if of a certain type, was duty related and therefore eligible for disability benefits.

This presumption does not guarantee disability benefits. The employer still would have the opportunity to contest the granting of benefits. However, the employee with cancer would not have the burden to prove that their cancer was caused by exposures on the job.

Remember, earlier in my testimony I pointed out that most fire fighters with a disabling cancer usually succumb to the cancer in the first year after detection so the disability benefit that we are talking about providing in this legislation really becomes a survivors benefit for the family.

Some may ask why cancer among firefighters is a growing problem today with all the sophisticated equipment in use? The answer is a complex one but I think Senator Wirch hit on it in his earlier testimony.

The fires we are fighting today are much worse than 25-30 years ago! With so many new chemicals in use today, with so many building materials being made from something other than wood and steel, today's fires are simply more dangerous!

Seventeen other states have already recognized the severity of this problem and have enacted cancer presumption legislation. We think it is time that Wisconsin acts on this as well.

Thank you for your time and attention.

Professional Fire Fighters of Wisconsin, Inc.

7 North Pinckney Street • Suite 135 • Madison, WI 53703-2840 • 608/251-5832

Fax 608/251-8707

Member of INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

Member of WISCONSIN STATE A.F. of L.-C.I.O.



Mark D. Zeier

State President

2513 South 14th Street
Sheboygan, WI 53081
Home Phone (920) 452-7956

Michael Dobish

State Vice-President

1545 Arboretum Drive, No. 130
Oshkosh, WI 54901
Home Phone (920) 233-2125
Fire Phone (920) 751-5125

Rick Gale

State Sec.-Treas.

2831 South 114th Street
West Allis, WI 53227
Home Phone (414) 321-6590
Fire Phone (414) 302-8000
Fax (414) 321-7596

**TESTIMONY OF
MICHAEL DOBISH
STATE VICE PRESIDENT
PROFESSIONAL FIRE FIGHTERS OF WI
ON SB-329
TO
JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
FEBRUARY 9, 1998**

I too want to thank the committee for holding this hearing and a special thank you to those committee members that are sponsors of SB-329.

My name is Mike Dobish. I am the State Vice President of the PFFW. I also have been a fire fighter for the City of Menasha for 28 years.

Though we have been fortunate in Menasha that none of our active fire fighters have died of cancer, just last year fire fighter Jeff Nickolas in our twin city of Neenah died of lung cancer. He was only 40 years old and had been a fire fighter for 17 years. Fortunately, the current heart and lung program applied to him.

I would like to address the economic issues regarding the cancer presumption legislation.

We have made every effort to keep the cost of this cancer insurance policy as low as possible. Here is how the cancer presumption would work in comparison to the regular 40.65 program or the heart and lung program.

First, a fire fighter would have to have been a fire fighter for at least 10 years before becoming eligible for this benefit. Under heart and lung, there is only a 5 year limit.

Second and most importantly, if a fire fighter utilizes the cancer presumption benefit, they would not be able to withdraw any of their retirement benefits from the Wisconsin retirement system. At the current time, an employee can withdraw their share of their retirement benefits and collect disability.

By leaving the retirement benefits in the system, the combined cost of the retirement system and the disability system for employers should be kept to a minimum.

Employers, led by the Alliance of Cities, are quick to criticize the cost of the duty disability system. They like to show how the cost of the system continues to increase. What they fail to tell you is that while the cost of disability might be increasing, their cost for retirement for fire fighters is decreasing by a significant amount.

During the past 5 years, employer WRS contributions for fire fighters have decreased by nearly 33% while for the general class of public employees there has been little change.

In order for you to understand the total cost of these programs, I believe it is important to look at both at the same time. It is simply not accurate to look at 40.65 in a vacuum.

Even the respected Blair Testin has told this committee on several occasions that there is a direct relation between the two costs.

You may have heard the Alliance of Cities complain about duty disability but I don't believe you have heard them complain about the heart and lung program dealing with diseases. Their complaints seems to be with injured workers that they think might some day be physically fit to be able to return to work. Maybe they might have an issue that this committee might want to look at.

The cancer presumption bill should not be held hostage due to their concerns with duty disability!

Remember, as Rick Gale testified, most fire fighters developing cancer die within one year of leaving the job. I don't think anyone can argue that cancer victims are likely to somehow abuse the system.

I also want to point out that only those fire fighters with cancers that are disabling are eligible for benefits. Some fire fighters with certain types of cancers are able to work after recovering from their disease. We are only talking here about cancers that are permanently disabling.

Another reason why a comparison to duty disability is inaccurate is the difference between the disabilities. Under 40.65 the injuries are generally not life threatening such as back problems. These type of disabilities are likely to see the individual collecting benefits for many years.

Remember that under 40.65 the benefit level is 80% of salary. Since most fire fighters with cancer die shortly after developing the disease, most families will not realize that 80%. Surviving families receive 70% of the 80% or about 50% of the income when the fire fighter was able to work.

Since the average fire fighter dying from cancer has been in the fire service for 20 years they have already developed 50% of their total retirement package. That is 20 years times our multiplier of 2.5 or 50%.

We estimate that the actual cost, using the ETF actuarial is a little over \$100 per year. The average Wisconsin fire fighter earns \$40,000 annually. One fourth of one percent of that is \$100 or \$8 per month. We think that is pretty inexpensive cancer insurance.

From our analysis you can see that we have made efforts to keep the cost of this cancer presumption legislation down and therefore we do not expect to see any serious costs of this for employers.

Your support for this legislation and an early executive session will be greatly appreciated.

Thank you.



Wisconsin Senate Assistant Republican Leader
Senator Brian D. Rude

MEMO TO: MEMBERS, JOINT SURVEY COMMITTEE ON RETIREMENT
SYSTEMS
SENATOR RICHARD GROBSCHMIDT - CO-CHAIR
REP. JUDITH KLUSMAN - CO-CHAIR

FROM: SENATOR BRIAN RUDE *BDR*

DATE: FEBRUARY 9, 1998

RE: SENATE BILL 329

Senator Grobschmidt, Rep. Klusman, members of the committee, I appreciate the opportunity to appear before you today in support of Senate Bill 329 relating to presumption concerning employment-connected disease for certain municipal fire fighters.

This bill is in keeping with the spirit of legislation passed by the Wisconsin Legislature in 1961 which determined that since fire fighters suffer an unusual amount of heart disease due to the stress of their occupation, any disability or death due to heart or respiratory impairment or disease would automatically be presumed to be work-related and thus those affected would be eligible for Duty Disability benefits. This legislation proposes extending this presumption to those fire fighters who develop certain cancers if they have served in their occupation for at least ten years.

As noted in the committee's appendix to SB 329, research shows that fire fighters are exposed to damaging levels of known and suspected carcinogens present at both fires and firehouses. These include benzene and other aromatic hydrocarbons, asbestos, formaldehyde and methylene chloride. Even diesel exhaust from firetrucks has been determined to be a major cause of increased cancer risk.

During the past 20 years, 26 Wisconsin fire fighters with at least 10 years of service have developed cancer of a type which would be covered under this bill. In addition, 17 states have cancer presumption laws for fire fighters, including Illinois and Minnesota. This legislation is a matter of fairness for men and women who continually risk their lives while serving the public and I feel strongly that it serves your support.

State of Wisconsin

Tommy G. Thompson
Governor

Jon E. Litscher
Secretary



137 East Wilson Street
P.O. Box 7855
Madison, WI 53707-7855

DEPARTMENT OF EMPLOYMENT RELATIONS

DATE: February 9, 1998

TO: Members,
Joint Survey Committee on Retirement Systems

FROM: Jon E. Litscher
Secretary

SUBJECT: Senate Bill 59, relating to Protective Occupation Status for Probation and Parole Officers

The Department of Employment Relations (DER) is opposed to SB 59, which would grant protective occupation status under the Wisconsin Retirement System to probation and parole officers. The Department takes this position because — in our opinion — the bill does not meet the intent of the protective occupation law as it was originally enacted or as it is currently administered.

A state employe may receive protective occupation status either by (1) occupying a position specifically enumerated in the statutes by the Legislature, or (2) the agency head designates the employe as protective and DER approves the designation in accordance with statutory criteria.

DER was directed to review and approve all protective designations because the Legislature felt there should be some centralized and consistent review of protective determinations for state employes. Nearly all of the state positions which currently have protective status received that status before DER was given the power to review protective determinations.

The statutes require that positions meet three tests before being designated as protective:

- The principal duties of the position must involve active law enforcement.
- The duties must require frequent exposure to a high degree of danger.
- The duties must require a high degree of physical conditioning.

By the use of these high thresholds, it is clear the Legislature did not intend to include positions which did not meet all of these criteria for the majority of work time.

(continued)



AN EQUAL OPPORTUNITY EMPLOYER



There is no question that probation and parole agents perform work that is an important function within the criminal justice system and which contributes to a safe and orderly society — and, they do face dangerous situations.

But, overall, when an objective evaluation of their work is done in light of the three criteria, we do not believe the positions meet the statutory tests. Their principal duties do not involve active law enforcement.

The Legislature intended there be consistency in granting protective status to state employees. The State Legislature and DER should follow the same three-part standard so there is agreement with the intent of the law and there is equity among similar groups of employees.

A subcommittee of the Retirement Research Committee has been created to study the whole issue of Protective Occupation status, including which types of positions should be so designated. That panel has not completed its work, and until it does, we do not believe these positions should be added.

Therefore, the Department urges the Joint Retirement Committee not to recommend this bill for passage.

Thank you for your consideration of our comments and concerns.



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
AND THE RETIREMENT RESEARCH COMMITTEE

BLAIR L. TESTIN
RESEARCH DIRECTOR

ROOM 316, 110 E. MAIN STREET
MADISON WISCONSIN 53703

(608) 267-0507
FAX (608) 267-0875

FAX INFORMATION

Sent to: Sen. Rick Grobschmidt

Fax #: () 266 - 7483 Phone #: () _____ - _____

Sent by: Scott Dennison Phone: (608) 26 _____ Fax: (608) 267-0675

Date & time: 2/9/98 at 8:35 am / pm No. of pages (including this one): 13

Message

This is for today's meeting - "other business":

I hope all these exhibits went overkill.

See you there.

Best regards,

Scott



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
AND THE RETIREMENT RESEARCH COMMITTEE

Memorandum

BLAIR L. TESTIN
RESEARCH DIRECTOR

ROOM 318, 110 E. MAIN STREET
MADISON WISCONSIN 53703

(608) 267-0507
FAX (608) 267-0675

February 9, 1998

To: Members of the Joint Survey Committee on Retirement Systems

From: Scott L. Dennison, FSA, MAAA *S. Dennison*
Director of Retirement Research

cc: Members of the Retirement Research Committee
Robert Lang, Legislative Fiscal Bureau
Daniel Caucutt, Department of Administration
Dennis Presser, Budget Analyst for the JSCRS/RRC

re: Budget shortfall of the JSCRS/RRC office; preparation of Sec. 13.10 appeal for funds

The JSCRS/RRC office is in a financial crisis, caused by filling the position of Retirement Research Director after it had remained vacant for more than a full two year budget cycle. This process has disrupted the continuity of some of the lines of the office's budget, and has also introduced some one-time expenses that were not anticipated in our present budget.

We need about \$25,000 to get us through the 1998 fiscal year, and an estimated \$62,000 for fiscal 1999. These are estimates that will be finalized by the end of this week.

We are now preparing an appeal for the Joint Finance Committee to get additional funding to continue operating through the end of the current two-year budget cycle ending June 30, 1999. This appeal must be finalized this week for presentation to the Finance Committee in March when it meets next to consider Sec. 13.10 appeals.

This is an unusual situation for our office, since during Blair Testin's more than twenty years as Director, the office's use of this appeal procedure was limited to getting additional funds to pay actuaries to do special studies. To give you a clear picture of our situation, we have prepared and attached several exhibits covering these four budgeting periods:

- 1993-95: The last biennium when the office had a director.
- 1995-97: The biennium without any director, when Mr. Testin served as consultant.
- 1997-99: The present biennium, which has a new director and some atypical activity.
- 1999-01: The next "normal" biennium, when our operations will have restabilized.

These exhibits were prepared by Debbie Turman, who keeps track of our office's money. You may want to refer to them as you read this memorandum. *We are still checking and revising our budget estimates -- these are DRAFT copies that will be replaced later by final estimates.*

Members of the JSCRS

February 9, 1998

Page 2

A Small Office's Setbacks When It Does Not Spend Enough -- or When It Becomes Busier

The rule in setting a budget for a state office is "use it or lose it". This puts a small office at risk when for a two year budgeting period a level of need temporarily changes in any category of its budget. The JSCRS/RRC office recently lost its budget allotment for "Permanent Property" by not purchasing any furniture or office equipment in the 1995-97 biennium, and our "Permanent Salaries" and "Fringe Benefits" allotments have also been reduced in the absence of a director. Also, Blair Testin as Research Director used to travel to as many as five national conferences each year, and is highly regarded around the country because of his involvement in state and national pension issues. However, since he "retired" in mid-1995, he has not been sent to any such meetings, and so our office's budgeting for meeting expenses has also been reduced.

Subsequent to these losses of part of our former budget allotment, the JSCRS has come to the point of needing some actuarial studies, the legislature has reclassified the Research Director's position and you have hired a director with a salary \$15,000 greater than before -- who had some reimbursable interview and moving expenses, needs a new computer so he can really get down to work doing studies for you, and who wants to replace the office's antique fax and copier machines and acquire some other pieces of equipment to increase our office's efficiency in researching and disseminating information, enabling us to provide more and better information to the state. Also, the Retirement Research Committee needs to become more active once again, and there will be more of their meetings to pay for.

That is our situation in a nutshell. Now I will give you the details and the numbers.

A Prioritized List

I have been asked to list our office's needs through June 30, 1999 in three categories:

- a. *Existing obligations which must be paid for,*
- b. *Necessities for which no obligation yet exists, and*
- c. *Needs that can be deferred.*

Here is that categorization:

- a. Existing obligations which must be paid for:
 - Increased salary and fringe benefit expense. This is about \$14,400 for the rest of fiscal 1998. For fiscal 1999 this component of the budget shortfall is about \$44,400. This is \$32,200 for salaries *plus* \$12,200 for fringe benefits.

Members of the JSCRS

February 9, 1998

Page 3

- \$4,144 in reimbursable interview and moving expenses for the new director. (This does not include about \$2,000 in necessary house-hunting expenses that were not reimbursable under DER's rules for relocation expenses.) I would appreciate receiving this as soon as possible, since it has already been on my credit card for about four months.
- Increased "Supplies and Services". Here our budget is short by about \$11,900 for FY 1998 and \$5,700 for FY 1999. The court system is taking over the entire third floor of our office building, so we are being forced to move up to the seventh floor at the end of March. The new office being offered to us has about one-sixth more floor space, with a corresponding increase in rent. It may be that the court system, since it is responsible for our having to move, can be prevailed on to help out with the extra rent -- however, I do not really expect this to happen (at least not in time to pay the increased rent when due), but intend to include the additional rent in our Sec. 13.10 request.
- Membership dues for two actuarial organizations, the GFOA, and possibly others we have not yet identified, of which Mr. Testin was a member and it would be in our interest for me to continue with (e.g., NCPERS). Amount = \$660 for the actuarial memberships *plus* probably about \$190 more for GFOA, etc. Thus, about \$850 annually. In the past there has been something in our budget for association memberships.
- Attendance at two pension conferences in 1998 -- Enrolled Actuaries Meeting (March 1998, costing about \$1,650) and the American Society of Pension Actuaries conference (October 1988, about \$1,900), both in Washington, D.C. Total cost = about \$3,550.

Note: Blair Testin was active in several national organizations, and used to attend from three to five national meetings each year. Since he retired he has maintained his organization memberships, which are now being transferred to myself, but he has not attended any meetings at state expense. This may have resulted in our budget appropriation for this being eliminated, and if so it needs to be reestablished.

b. Necessities for which no obligation yet exists:

- Money to pay actuaries for doing studies. We are given \$30,000 each biennium in our budget to pay for studies, and spent \$25,000 of this for the single study of the proposed benefits bill that was done last October. The \$5,000 we have left to get us through June of 1999 will not be nearly enough for our 1999 needs if we want the actuaries to study anything at all. With the current interest in (i) a benefits increase, (ii) revising the TAA approach to smoothing WRS asset value fluctuations, and (iii) finding a more equitable method for defining and managing unfunded liabilities, the summer of 1998 through mid-1999 is likely to be a very busy time for our actuaries and for myself. I understand that the Speaker may also request a study of the impact of the TIAA-CREF bill.

Members of the JSCRS

February 9, 1998

Page 4

It is impossible to predict exactly how many studies will be needed or how expensive they will be. The \$25,000 we paid for the last study suggests that we can expect to need another \$25,000 for another benefits bill study using the 1997 valuation data and new assumptions, plus additional amount(s) to pay for other studies such as the TAA or unfunded liability problems, or the TIAA-CREF bill.

If I am granted the computer that appears next on this "wish list", then I should be able to do much of the work for these studies myself, instead of having to hire our actuaries to do it. Our actuaries are the only ones who can make complete valuation computer runs for WRS, but once a valuation is run I can then approximate it using spreadsheets I have developed over the years, and can use these to study most retirement bills.

I am estimating that we will need another \$40,000 to \$50,000 for actuarial studies before June 30, 1999, and am putting \$40,000 for this purpose into our Sec. 13.10 request. This may be less than what we will actually need, but I may be able to do enough of the work myself to hold it to that amount. If we do get an additional appropriation now for this purpose and then run short, at some point we will have to apply for more funding under Sec. 13.10.

- A laptop computer for the director, plus software for partitioning and running multiple operating systems, and a zip drive with some zip disks for backing up files and to handle large data files provided by ETF. The zip drive would also enable me to take study work home to work on it there. Total estimated cost is \$3,500 to \$4,000 = \$500 for the zip drive and the software and \$3,000 to \$3,500 for the laptop.

I need a laptop PC for three reasons: (i) to do actuarial studies by running software that the PC already in my office will not run, (ii) to take to meetings with me for showing illustrations and doing on-the-spot calculations, and (iii) because with a laptop I may be able to continue for awhile to use the old 1960's desk I have inherited, which does not at all accomodate a desktop model PC. Currently I have had to disconnect the printer from my PC because there is just no room for it, and to use the PC at all I have to sit at the end of my desk with the keyboard on my lap. It will not run my actuarial spreadsheets, which depend on DOS and are not usable under the state's operating system (Windows NT).

- More frequent meetings of the JSCRS and the RRC. The Retirement Research Committee has not met very often in the last couple of years, and we need to remedy that, beginning with at least one meeting yet in fiscal 1998, if possible. We will include some estimated increase for the expense of more meetings in our 13.10 appeal.

Members of the JSCRS

February 9, 1998

Page 5

- Attendance at three conferences -- Government Finance Officers Association (June of 1998 in San Francisco, costing about \$1,650; and again in June of 1999, estimated at \$1,800), and the National Conference of Public Employee Retirement Systems (April of 1999, costing about \$1,800). Total cost = about \$5,250. [See the "Note" on page 3 about these meetings.]

c. Needs that can be deferred:

- A decent fax machine, with a sheet feeder, that you do not have to coax to get it to accept even one hand fed page at a time. Estimated cost = \$250.
- A better copier, also with a sheet feeder. Additional cost = \$28 monthly.
- Two basic paper shredders to fit in standard wastebaskets. They cost about \$45 each, plus the two waste baskets, or about \$100 total cost.
- A humidifier, costing about \$80 to \$90. The dry air in our office has been causing us some breathing and health problems.

In Conclusion -- What This Money Will Buy

- ◆ Renewed involvement of the Retirement Research Committee in pension affairs.
- ◆ Actuarial studies of legislation under consideration, or that will soon be considered.
- ◆ The ability to do much more of the actuarial study work ourselves.
- ◆ Improved output of information by the JSCRS/RRC office:
 - Better information for fiscal estimates and JSCRS committee reports.
 - Publication of the "Comparative Study" of state retirement systems annually, instead of biennially. Also, making it available on diskette in either .PDF or Microsoft Word format, readable by most people who have PC's. (Note that Keith Brai-nerd, from Arizona's PERS, recently put Blair Testin's 1996 comparative study on the internet, at web site "www.pensionexchange.com". You may want to look at it.)
 - Publication of a newsletter on retirement issues, probably quarterly, distributed to all members of the JSCRS and RRC, to the ETF and SWIB boards, to all members of the legislature, to appropriate persons in the executive branch, and to watchdog and lobby groups. This would be used for teaching as well as reporting news.

Attachments

*** DRAFT COPY ***

*** DRAFT COPY ***

*** DRAFT COPY ***

BUDGET PROJECTIONS FOR 1997-98
JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

	Annual Allotment	Expended as of		Projected Added Expenses thru End of Fiscal Year	Total	Estimated Deficit
		1/29/98	1/29/98			
Permanent Salaries	106,600	45,005		72,197 (b)	117,202	(10,602)
Fringe Benefits	38,100	19,255		22,647	41,902	(3,802)
Supplies and Services	21,000	19,001		16,271	35,272	(14,272)
S&S Breakdown						
Rent	10,000	6,672		4,435	11,107 (a)	(1,107)
Services	11,000	12,329 (a)		11,836	24,165	(13,165)
Total	165,700	83,261		111,115	194,376	(28,676)

Actuarial Services Biennially 30,000 25,000

(a) Includes Blair Testin's Consultation fees from July 1997 thru January 1998 (\$7,700).

(b) Reflects a transfer of \$7,700 to Services to cover Blair Testin's consultation fees. This transfer is NOT reflected in the Services line. It will make that allotment line \$18,700, and the Salaries allotment \$98,900.

(c) Our offices will be moved to the 7th Floor of the Tenney Plaza around April 1, 1998.

We are eligible for the Pay Plan Supplement (3%) plus \$1,000 for the Exceptional Performance Award granted in October 1997. We are also eligible for a Rent Supplement (3%).

Estimated Office Costs for Remainder of FY 98	Projected Rent for Remainder of FY 98
Move/Interview for SD \$ 4,144	Feb 1998 \$ 834
Electricity 175	Mar 1998 834
Phones 525	April 1998 834
Copier 70	May 1998 966
Dues/Memberships 660	June 1998 966
Conferences (2) 3,300	TOTAL : \$ 4,435
Subscriptions 200	
Committee Meetings 2,262	
DOA Gen. Services 250	
Supplies 250	
TOTAL : \$ 11,636	

Prepared by Debbie Turman, Administrative Assistant
February 9, 1998

*** DRAFT COPY ***

*** DRAFT COPY ***

Retirement Research Committee
Annual Expenditures, Fiscal 1994 - Fiscal 2001

Estimated for FY 1998-2001

BUDGET LINE	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
PERMANENT SALARIES	108,523	118,506	65,519	63,452	117,202	138,771	142,935	147,250
FRINGE BENEFITS	37,750	45,026	26,988	24,911	41,902	50,296	51,147	53,360
ACTUARIAL SERVICES	27,400	0	20,700	0	25,000	40,000	15,000	15000
SUPPLIES AND SERVICES	16,977	16,947	24,036	35,082	32,877	26,736	27,431	28,787
Rent	9,388	9,388	9,669	9,959	10,273	11,653	11,984	12,326
Classes/Books	66	329	105	69	0	200	200	200
Consultant Fees	0	0	9,457	17,962	8,000	0	0	0
Electricity	352	203	235	280	320	360	400	440
Telephone	848	865	1,059	993	1,000	1,100	1,200	1,300
Travel, In State	64	169	0	0	100	300	300	300
Travel, Out of State	2,270	1,332	0	1,054	2,415	4,150	4,400	4,600
Member Travel	365	104	282	194	1,000	2,200	2,310	2,426
Registration Fees	450	0	0	0	885	1,350	1,150	1,500
Dues & Memberships	242	235	240	285	850	875	900	925
Subscriptions	405	893	325	770	280	600	630	660
DOA Services Charge	0	528	566	595	630	660	700	730
P&L Insurance	643	209	179	132	172	175	175	175
Copier, Rent	0	373	373	373	124	720	720	720
Copier, Maintenance	0	56	163	151	160	160	180	200
Postage & Freight	212	191	186	488	60	200	300	300
Supplies, Forms	277	735	255	723	250	750	600	630
Maintenance, Repairs	101	0	0	0	0	0	0	0
Printing	0	284	0	378	700	350	300	330
Miscellaneous	0	0	26	80	723	100	105	110
Voice Mail	264	288	252	252	441	463	486	511
WisMART Dial-Up Cost	1,030	765	664	344	350	370	390	405
SLD's Interview/Move	0	0	0	0	4,144	0	0	0
PERMANENT PROPERTY								
Furniture	0	5,160	0	0	0	0	1,000	1,000
Computer related *	3,513	0	97	6,603	3,500	1,600	500	500
Office Equipment	0	0	0	0	0	770	0	0
	\$194,163	\$185,639	\$137,340	\$130,048	\$220,481	\$258,173	\$238,013	\$245,897
Shortfall, based on 1997-99 budget:	\$24,781	\$62,473	\$42,313	\$50,197				

* Computers paid for by the DOA in FY97. We have lost our "Permanent Property" budget allocation.

*** DRAFT COPY *** *** DRAFT COPY *** *** DRAFT COPY ***

Retirement Research Committee

Salary and Fringe Benefit Projections for Fiscal Year 1999

Salaries:

Name	Official Hourly Rate	Hours Worked	Projected Salary
Breggeman	15.008	2080	\$ 31,216.64
Dennison	35.920	2080	74,713.60
Turman	15.789	2080	32,841.12
TOTAL	66.717		\$138,771.36

Salary Increases:

Breggeman	15.008 x 3% =	0.45	
Turman	15.789 x 3% =	0.47	
TOTAL	0.92 x 2080		\$ 1,913.60

Fringe Benefits:

Pursuant to the 1997-99 Budget Instruction, our Fringe Benefits are calculated at 34.79% of Salaries, plus a retirement "add-on" for Elected/ESG, in the amount of 2.70% which would be applied to the RRC Director's position.

Elected/ESG Add-on

\$74,713.60
x .027
\$ 2,017.25

Permanent Salaries	\$138,771.00
Fringe Rate for Legis.	x 34.79%
	\$ 48,278.43
Elected/ESG Add-on	2,017.25
	<u>50,295.68</u>

Prepared by Debbie Turman, Admin. Assistant
February 3, 1998

*** DRAFT COPY ***

*** DRAFT COPY ***

*** DRAFT COPY ***

Retirement Research Committee
Rent Projections for 1997-99

Rent allocation (as contained in 97-98 & 98-99 budgets)

\$ 10,000.00Rent Projections for FY 97-98

July, 1997	834.03
August, 1997	834.03
September, 1997	834.03
October, 1997	834.03
November, 1997	834.03
December, 1997	834.03
January, 1998	834.03
February, 1998	834.03
March, 1998	834.03
April, 1998	834.03
May, 1998	966.46
June, 1998	966.46
TOTAL	\$ 10,273.22

Rent Projections for FY 98-99

July, 1998	966.46
August, 1998	966.46
September, 1998	966.46
October, 1998	966.46
November, 1998	966.46
December, 1998	966.46
January, 1999	966.46
February, 1999	966.46
March, 1999	966.46
April, 1999	966.46
May, 1999	993.98
June, 1999	993.98
TOTAL	\$ 11,652.56

Therefore, we are requesting a \$274 supplement for fiscal year 1998 and a \$1,653 supplement for fiscal year 1999.

Office Equipment Presently Owned by JSCRS/RRC

<u>Item</u>	<u>Date Purchased</u>	<u>Purchase Price</u>
Fax machine	Jan. 16, 1992	\$ 488.00
Laser jet printer	Sept. 18, 1992	1,049.00
Laser jet printers (2) (\$625 each)	May 18, 1994	1,250.00
Copier (rent to buy)	Nov. 22, 1995	1,120.00
Computers (3)	March, 1997	6,603.00

(Our agency received the 3 computers as part of the ITIF Infrastructure Program, and this was entirely funded by the Department of Administration.)

Prepared by Debbie Turman, Admin. Assist.
Joint Survey Committee on Retirement Systems
February 9, 1998

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS (JSCRS)
AND
RETIREMENT RESEARCH COMMITTEE (RRC)

MEETINGS HELD FROM 1992-93 THROUGH 1997-98

1992-93

JSCRS (1 meeting)
5-26-93

RRC (0 meetings)

1993-94

JSCRS (6 meetings)
6-15-93
9-14-93
11-16-93
12-14-93
1-13-94
1-28-94 (paper ballot)

RRC (2 meetings)

9-15-93
12-1-93

1994-95

JSCRS (1 meeting)
6-5-95

RRC (1 meeting)
6-5-95

1995-96

JSCRS (5 meetings)
10-24-95
12-19-95
1-12-96
3-20-96
3-25-96

RRC (1 meeting)
1-12-96

1996-97

JSCRS (0 meetings)

RRC (1 meeting)
9-19-96

1997-98

JSCRS (3 meetings)
9-18-97
10-15-97
10-27-97*

RRC (0 meetings)

*RRC members were invited

**Joint Survey Committee on Retirement Systems
and the Retirement Research Committee**

**Consultation Fees Paid to Blair L. Testin
Calendar Year 1997**

<u>Month Services Rendered</u>	<u>Amount Paid</u>	<u>Date of Check</u>
November, 1996	\$ 2,572.50	Jan. 3, 1997
December, 1996	1,440.00	Jan. 7, 1997
January, 1997	1,012.50	Feb. 3, 1997
February, 1997	--	--
March, 1997	1,590.00	April 2, 1997
April, 1997	3,217.50	May 15, 1997
May, 1997	1,717.50	June 2, 1997
June, 1997	1,665.00	July 7, 1997
July, 1997	1,365.00	Aug. 4, 1997
August, 1997	1,080.00	Aug. 28, 1997
September, 1997	975.00	Oct. 2, 1997
TOTAL	\$ 16,635.50	

TOTAL TAXABLE AMOUNT FOR 1997: \$ 16,635.50

* October, November, and December 1997 consultation fees were paid on January 15, 1998. Therefore, they are not taxable for 1997.

Prepared by Debbie Turman, Administrative Assistant
Retirement Research Committee
January 28, 1998
(608)267-2331

FEB 20 1998



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
AND THE RETIREMENT RESEARCH COMMITTEE

Scott L. Dennison, FSA, MAAA
Now retired: BLAIR L. TESTIN
RESEARCH DIRECTOR

ROOM 316, 110 E. MAIN STREET
MADISON WISCONSIN 53763

(608) 267-0507
FAX (608) 267-0675

Memorandum

February 17, 1998

To: David Stella

From: Scott Dennison

cc: Representative Judy Klusman
Senator Richard Grobschmidt

Subject: Correction of cost estimate for S.B. 329 (firefighters' cancer presumption)

I believe that an amended fiscal note on S.B. 329 may be in order, but first I need to run my thinking by you, especially making sure that I understand the basis for funding disability benefits.

It is my understanding that Sec. 40.63 benefits are included in WRS funding, not being distinguished for funding purposes from the plan's retirement or other benefits -- but that Sec. 40.65 benefits have their own separate fund, or at least their own separate accounting and reserving methodology, if not actually separated from other WRS assets. I also believe that any changes to WRS contribution rates are not recognized unless they round to a different 0.1% of payroll. (Please correct me if I am wrong about any of this.)

The fiscal estimate and committee report that I wrote last week for the firefighters' bill did not mention that a reduction to the WRS cost under Sec. 40.63 could* occur if future firefighters with cancer were transferred to the Sec. 40.65 coverage -- nor that this might reduce the employers' net cost as reported in the fiscal note. In other words, employers' 40.65 cost would go up under this bill, but wouldn't their 40.63 cost (as part of their overall WRS cost) also come down slightly because of shifting future cancer claims from the one disability benefit to the other?

***Question 1:** In order for the underlined cost reduction to actually be reflected in the next few valuations, wouldn't the actuaries have to make some adjustment to the assumed disability rates to reflect removal of cancer as a cause under Sec. 40.63 so that this "cost shift" will be valued? Would such an assumption adjustment automatically be made when a bill passed?

An example: For example, one widow at last week's JSCRS meeting reportedly draws \$9,000 annually, but would be drawing around \$22,000 if under Sec. 40.65. (Her husband's salary was \$40,000.) Hypothetically, if legislation were passed to move her from the present benefit to the better one, the net cost of doing that would not be the cost of the resulting \$22,000 pension, but

of the *additional* \$13,000 annually that the legislation would be giving her -- because the "cost of the bill" means the cost of bettering her situation by moving from present law to the law after the bill. So we must deduct the cost of what she already has coming to her under present law.

What actuary Jim Searcy calculated was the impact of the cancer presumption bill on the Sec. 40.65 fund, analogous to the cost of the full \$22,000 annuity in the example I've just used. He found the cost of this bill to that fund to be 0.24% of covered payroll for the first 14 years, and I estimated about 0.14% of payroll thereafter. If the ratio 9,000 : 22,000 (*equals* 40%) used in the "one widow example" above were truly the average ratio between the present values of Sec. 40.63 and 40.65 benefits that such widows in the future could be expected to receive, then we would deduct about 40% of Mr. Searcy's cost to find the *net cost of this bill* to the employers.

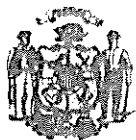
If, for example, 40% did turn out to be the correct average offset percentage to use, then we would have to multiply the costs I reported in the first fiscal estimate by 0.60 -- estimating not 0.24%, but 0.14% of payroll for the first 14 years (i.e., \$190,000 rather than \$316,000), followed by not 0.14% but 0.08% thereafter (i.e., \$114,000 rather than \$190,000). Of course, the reduction in WRS costs would not be based on Mr. Searcy's "expected remaining lifetime" amortization period of 14 years (used for reserving in the Sec. 40.65 fund), but would be based on each member's expected career from time of hire, since WRS calculates normal costs from entry age. The average career is about 28 years, so I would use this and Jim Searcy's numbers to estimate the Entry Age normal cost rate applicable to WRS for this "transfer of coverage" from Sec. 40.63 to 40.65. Subject to your answer to "*Question 1" above, this would then be a *reduction* to the employers' WRS contribution, to be offset from their *additional* Sec. 40.65 costs to find their *net* costs for fiscal note purposes.

Question 2: Would the WRS unfunded liability on record for each affected employer be reduced if this bill passed, recognizing a reduction in that employer's actual accrued liability for the 40.63 portion of WRS? If so, then the impact of changing the UAL would have to be figured into their "reduction to net cost" by amortizing over the remainder of WRS' 40-year UAL payoff period.

If you agree with this analysis and a revised fiscal estimate is needed, then I think the easiest way to estimate the "40%" used in our simplified example is to gather data for those firefighters and their spouses who are already in this situation. We would need to know these three things: (i) the wife's age when her husband died, (ii) the firefighter's last salary (for figuring the initial Sec. 40.65 benefit), and (iii) the spouse's original benefit amount (before any dividends) under Sec. 40.63. There are 14 of these widows (2 of the 16 firemen are still alive), so this should be a large enough sample to give us a fair estimate of what percentage the 40.63 benefit typically is of the corresponding 40.65 benefit, and I could use this to revise the fiscal estimate for S.B. 329.

I am attaching the identities of these Wisconsin firefighters with cancer who would have been covered under this bill (10 years of service, etc.), that we could use for gathering this data. Please give me a call when you can and we can discuss this. Thank you.

Attachment



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
AND THE RETIREMENT RESEARCH COMMITTEE

Scott L. Dennison, FSA, MAAA
Retired - CLAIR L. TESTIN
RESEARCH DIRECTOR

ROOM 310, 110 E. MAIN STREET
MADISON, WISCONSIN 53703

(608) 267-0507
FAX (608) 267-0675

FAX INFORMATION

Sent to: Members of the JSERS

Fax: () - Phone: () -

Sent by: Deb Breggeman Phone: (608) 267-0507 Fax: 267-0675

Date & time: 3-5-98 at am/pm Number of pages (including this one): 4

Message

Via this fax, I am sending the agenda and
Committee Report on SB 436.

AB 768 is identical to SB 436. I am sending
that Committee Report in the mail.

Senator Grobschmidt and Representative Klusman, Co-Chairs of the Joint Survey Committee on Retirement Systems, have scheduled a meeting for:

Tuesday, March 10, 1998

8:30 a.m.

Room 415 Northwest, State Capitol Building

The Committee will hear the following bills:

1. **Assembly Bill 362**, relating to classifying county jailers as protective occupation participants for the purposes of the Wisconsin retirement system.
2. **Senate Bill 59**, relating to classifying state probation and parole officers as protective occupation participants for the purposes of the Wisconsin retirement system.
3. **Senate Bill 329**, relating to presumption concerning employment-connected disease for certain municipal firefighters.
4. **Senate Bill 436/Assembly Bill 768** (Budget Adjustment Bills). The following Sections will be considered:
 - a. **Section 9215 (1)**, relating to ETF Project Position Funding.
 - b. **Section 84**, relating to attachment of Trust Funds benefits to satisfy delinquent tax obligations.
 - c. **Sections 85 - 90 and Section 9315 (1)**, relating to modification to limitations on WRS maximum annual benefits and contributions.

(An Executive Session will be held on the above bills.)

Sen. Richard Grobschmidt, Co-Chair

Rep. Judith Klusman, Co-Chair

STATE OF WISCONSIN

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

TUESDAY, MARCH 10, 1998

8:30 A.M.

ROOM 415 NORTHWEST, STATE CAPITOL BUILDING

AGENDA

1. Call to Order and Roll Call.
2. Consideration of the Minutes of the February 9, 1998 Meeting.
3. **Assembly Bill 362**, relating to classifying county jailers as protective occupation participants for the purposes of the Wisconsin retirement system.
4. **Senate Bill 59**, relating to classifying state probation and parole officers as protective occupation participants for the purposes of the Wisconsin retirement system.
5. **Senate Bill 329**, relating to presumption concerning employment-connected disease for certain municipal fire fighters.
6. **Senate Bill 436/Assembly Bill 768** (Budget Adjustment Bills). The following Sections will be considered:
 - a. **Section 9215(1)**, relating to ETF Project Position Funding.
 - b. **Section 84**, relating to attachment of Trust Fund benefits to satisfy delinquent tax obligations.
 - c. **Sections 85 - 90 and Section 9315 (1)**, relating to modification to limitations on WRS maximum annual benefits and contributions.

(An Executive Session will be held on the above bills.)

6. Other Matters.
7. Adjournment.



STATE OF WISCONSIN

Department of Employee Trust Funds

Eric O. Stanchfield

Secretary

801 West Badger Road

P.O. Box 7931

Madison, WI 53707-7931

March 10, 1998

In Reply Refer To:

Honorable Judith Klusman, Co-Chair
Honorable Richard Grobschmidt, Co-Chair
Joint Survey Committee on Retirement Systems
State Capitol
Madison WI 53702

Subject: Assembly Bill 768

Dear Representative Klusman and Senator Grobschmidt:

Assembly Bill 768 contains three provisions that affect the Department and the Wisconsin Retirement System (WRS). Those provisions:

1. Allow WRS participants to purchase forfeited service credits without the amount paid applying toward the Internal Revenue Code (IRC) section 415 (c) limits.
2. Permit the Department of Revenue (DOR) to place liens against annuity benefits for unpaid taxes that the participant owes to the state.
3. Restore funding for three project positions included in the Governor's biennial budget.

First, 1995 WI Act 302 made numerous changes to Chapter 40. The intent of the changes was to assure that the WRS complies with federal tax law, thus continuing the WRS as a qualified governmental pension plan. One of the provisions contained in Act 302 was to test the types of contributions that apply to the IRC section 415 (c) limits and included the purchase of forfeited service.

Shortly after Act 302 was enacted, Congress amended the federal tax law. As one way to encourage public employees to save for retirement, Congress removed the purchase of forfeited service from the 415 (c) limits. To give WRS participants the same advantage, however, we must amend Chapter 40 and also remove the purchase of forfeited service from the contribution limits.

Secondly, the bill authorizes the Department of Revenue (DOR) to place liens against WRS benefits. The Department does not take a position on the issue of using liens to recover unpaid taxes, but we have identified problems with the language applying to Chapter 40 as it interchanges the words "benefits" and "annuities". The bill allows DOR to place liens against all

Honorable Judith Klusman
Honorable Richard Grobschmidt
March 10, 1998
Page 2


"benefits" which apparently would include the various insurances. However, the bill only gives immunity to ETF for errors made with "annuities". If the intent is to place liens against all benefits, the immunity provision should be expanded to extend to all benefits. If the intent is to only apply liens to annuities, the language should be narrowed to reflect the intent.

* In addition, we do not believe that trust funds can be used to pay for any costs associated with the liens. Tapping a participant's benefits to pay his or her unpaid taxes does not meet the purpose of the WRS as defined in s. 40.01, Stats. Namely, it would be using the trust funds for a purpose other than to benefit the participant. That could be unconstitutional following the reasoning of the court's decision in Giessel. We have notified DOR of our concerns and hopefully will be able to work with them to draft appropriate amendments. If we are unable to agree on amendments, the Department will oppose placing liens on WRS benefits to pay otherwise unpaid taxes.

Finally, the Department secured three project positions and associated funding in the Governor's biennial budget. The positions are intended to review over 40,000 participant files that may be affected by the Benson decision. The Department of Administration Budget Office, however, inadvertently deleted the funding from the ETF's appropriation, and no one caught the error until after the bill was signed. AB 768 will restore the original funding.

We urge the committee to recommend excluding the purchase of forfeited service from the contribution limits and restoring the funding for the project positions as good public policy. We also recommend that the committee express its concerns relative to the pension policy issues raised concerning liens. Even though the general concept may result in good public policy, we recommend that the committee encourage DOR to work with the Department to draft an amendment that will clarify the intent and protect the trust funds.

Sincerely,


Sandy Drew, Director
Legislation and Planning

cc: Members of the Committee
Secretary Eric Stanchfield
Deputy Secretary David Mills

Committee Meeting Attendance Sheet

Senate Joint survey committee on Retirement Systems

Date: 3-10-98 Meeting Type: Executive

Location: 415 NW Capitol

Committee Member

Rep. Judith Klusman, Chair

Rep. Suzanne Jeskewitz

Rep. Marlin Schneider

Sen. Richard Grobschmidt, Chair

Sen. Robert Wirch

Sen. Brian Rude

Ms. Jane Hamblen

Mr. David Heineck

Mr. David Stella

Present

Absent

Excused

Totals:

Mr. Walter Scott

✓

Lisa Moen, Committee Clerk

Committee Meeting Attendance Sheet

Senate Joint survey committee on Retirement Systems

Date: 3-10-98 Meeting Type: public hearing

Location: 415 NW Capitol

Committee Member

Rep. Judith Klusman, Chair

Rep. Suzanne Jeskewitz

Rep. Marlin Schneider

Sen. Richard Grobschmidt, Chair

Sen. Robert Wirch

Sen. Brian Rude

Ms. Jane Hamblen

Mr. David Heineck

Mr. David Stella

Present

Absent

Excused

Totals:

Mr. Walter Scott

✓

Lisa Moen, Committee Clerk

STATE OF WISCONSIN

To _____

Date _____ Time _____

WHILE YOU WERE OUT

M Jeff Holubowicz

of W11 297 Hwy 33

Phone Randolph 53956

Telephoned		Please Call	
Called to See You		Rush	
Returned Your Call		Will Call Again	

Message _____

minutes
362, 59



Party Receiving Call

Vote Record

Senate Joint survey committee on Retirement Systems

Date: 3-10-98
 Moved by: WIRCH Seconded by: Rude
 AB: _____ Clearinghouse Rule: _____
 AB: _____ SB: 329 Appointment: _____
 AJR: _____ SJR: _____ Other: _____
 A: _____ SR: _____

A/S Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence
- Confirmation

Committee Member

	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Rep. Judith Klusman, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Suzanne Jeskewitz	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Richard Grobschmidt, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Robert Wirch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Brian Rude	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Jane Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Heineck	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Stella	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____
6 2

Mr. Walter Scott

Motion Carried

Motion Failed

Votes on Senate Bill 59

Bill recommended as good public policy:

Moved by Senator Wirch, seconded by Senator Rude.

Ayes: (6) Sen. Grobschmidt, Mr. Heineck, Rep. Klusman, Sen. Rude,
Rep. Schneider, Sen. Wirch.

Noes: (2) Rep. Jeskewitz, Mr. Stella.

Absent: (2) Ms. Hamblen, Mr. Scott.

Votes on Senate Bill 436 (Budget Adjustment)

(See recommendation on Committee report)

Moved by Mr. Stella, seconded by Rep. Jeskewitz.

Ayes: (8) Sen. Grobschmidt, Mr. Heineck, Rep. Jeskewitz, Rep.
Klusman, Sen. Rude, Rep. Schneider, Mr. Stella,
Sen. Wirch.

Noes: (0)

Absent: (2) Ms. Hamblen, Mr. Scott.

Vote Record

Senate Joint survey committee on Retirement Systems

Date: 9-10-98
 Moved by: _____
 AB: _____
 AB: _____ SB: 59
 AJR: _____ SJR: _____
 A: _____ SR: _____

Seconded by: _____
 Clearinghouse Rule: _____
 Appointment: _____
 Other: _____

A/S Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

- Be recommended for:
- | | |
|---------------------------------------|--|
| <input type="checkbox"/> Passage | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Tabling |
| <input type="checkbox"/> Adoption | <input type="checkbox"/> Concurrence |
| <input type="checkbox"/> Rejection | <input type="checkbox"/> Nonconcurrence |
| | <input type="checkbox"/> Confirmation |

Committee Member	Aye	No	Absent	Not Voting
Rep. Judith Klusman, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Suzanne Jeskewitz	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Richard Grobschmidt, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Robert Wirch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Brian Rude	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Jane Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Heineck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Stella	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

Vote Record

Senate Joint survey committee on Retirement Systems

Date: 3-10-98
 Moved by: Wurch Seconded by: Rude
 AB: AB 362 Clearinghouse Rule: _____
 AB: _____ SB: _____ Appointment: _____
 AJR: _____ SJR: _____ Other: _____
 A: _____ SR: _____

A/S Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

- Be recommended for:
- | | |
|---------------------------------------|--|
| <input type="checkbox"/> Passage | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Tabling |
| <input type="checkbox"/> Adoption | <input type="checkbox"/> Concurrence |
| <input type="checkbox"/> Rejection | <input type="checkbox"/> Nonconcurrence |
| | <input type="checkbox"/> Confirmation |

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Rep. Judith Klusman, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Suzanne Jeskewitz	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Richard Grobschmidt, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Robert Wurch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Brian Rude	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Jane Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Heineck	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Stella	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

Mr. Walter Scott

✓

Vote Record

Senate Joint survey committee on Retirement Systems

Date: _____
 Moved by: Stella Seconded by: Jeskew
 AB: 768 Clearinghouse Rule: _____
 AB: _____ SB: 436 / JE Appointment: to Section 84
 AJR: _____ SJR: _____ Other: _____
 A: _____ SR: _____

A/S Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

Be recommended for:

- | | |
|---------------------------------------|--|
| <input type="checkbox"/> Passage | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Tabling |
| <input type="checkbox"/> Adoption | <input type="checkbox"/> Concurrence |
| <input type="checkbox"/> Rejection | <input type="checkbox"/> Nonconcurrence |
| | <input type="checkbox"/> Confirmation |

Committee Member

	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Rep. Judith Klusman, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Suzanne Jeskewitz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Richard Grobschmidt, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Robert Wirch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Brian Rude	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Jane Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. David Heineck	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. David Stella	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

Mr. Walter Scott

✓

Motion Carried

Motion Failed

Assembly Hearing Slip

(Please print plainly)

Date: 02/09/98

Bill No. ~~13~~ Senate 59
Or
Subject Protective Status

Mary Collins Johnson
(Name)

129 Ithaca Rd.
(Street Address or Route Number)

Richland Center, WI 53581
(City & Zip Code)

Dept. of Corrections
(Representing) Community High Risk Corrections

- Speaking in favor: Agent #320
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

* We are required to do home visits at inmate's residences at non-traditional hours - after (1800-2200) and work weekend hours. We do house visits =>

Unscheduled, often
placing ourselves
~~them~~ in unsafe
situations - we
do these visits alone,
as other agents are
not available to ride
along.

I, personally, have been
walking into a household
where drugs/alcohol are
present and weapons
are present - party
atmosphere, etc.

We also transport
inmates regularly -
often times alone, sometimes
with no cage in the
vehicle.

We also take clients/
inmates into custody,
with or without
assistance from law
enforcement. Sometimes
it is with another
DOC employee.....