

Fiscal Estimate Narratives

ETF 9/9/2011

LRB Number	11-2567/2	Introduction Number	AB-0318	Estimate Type	Original
Description Post-retirement employment of annuitants under the Wisconsin Retirement System and granting rule-making authority.					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes to the statutes regarding Wisconsin Retirement System (WRS) annuitants hired by a participating WRS employer. These changes include a requirement that the Department of Employee Trust Funds (ETF) terminate the annuity of a any WRS annuitant hired by a participating employer into a WRS covered position if that annuitant is expected to work at least half-time (as determined by ETF rule). In addition, the rehired annuitant would not accrue additional years of covered service. These provisions also apply to annuitants who contract to provide services to a participating employer.

In addition, rehired annuitants, as defined above, hired by a state agency (as defined by Chapter 40 of the statutes) would be eligible to participate in the state group health insurance program (and possibly eligible for the employer premium contribution). Current law prohibits WRS annuitants from participating in the state group health insurance program as an active employee.

Assumptions used to prepare this estimate include the following:

- * An average of 955 annuitants are reported as being hired by WRS employers each year. However, it is likely that not all rehired annuitants are reported to ETF by the participating employer.
- * 95% of the rehired annuitants choose to continue their annuity.
- * Approximately 26% are hired by state agencies and 74% are hired by local governments.
- * No information is available regarding the number of annuitants who provide services on a contractual basis to a WRS participating employer.

There will be some costs to state agency employers associated with the employer contribution for health insurance premiums for rehired annuitants. These costs are dependent on the number of rehired annuitants who choose to participate in the state group health insurance program and the current compensation plan provisions regarding the employee and employer portions of the premiums. This cost is indeterminate.

Administrative costs will be incurred related to information technology system changes, staff training, employer training, transaction processing and the revision of publications. These costs are estimated to be \$50,000 for the implementation year and \$7,500 per year on-going.

This estimate does not include WRS program related costs. If the bill is referred to Joint Survey Committee on Retirement Systems, that committee may provide the estimate of WRS program related costs.

Long-Range Fiscal Implications