



Jeremy Thiesfeldt

STATE REPRESENTATIVE • 52nd ASSEMBLY DISTRICT

Testimony on AB 156

This bill will make it easier for municipalities that are currently not in the Wisconsin Retirement System (WRS) to transition into membership. Currently, there are 9 cities and 140 villages (and almost all townships) in Wisconsin that do not utilize the WRS system.

Under current law there is little to no incentive for a municipality to move to WRS due to a potential negative impact on employees and a large fiscal impact on the municipality. The proposed bill would not force a community to join the WRS. It simply provides a less expensive, viable **option** for a community to initially join.

Current law allows only a 100% workforce conversion to WRS and could jeopardize the pensions of some workers who have been employed under a different pension system. WRS requires 5 years of service to be “fully vested,” meaning they have a right to receive the employer’s matching pension contribution upon retirement. If a municipality were to convert to WRS under current law, depending on the vesting rules of their current pension, a worker may already be fully vested and conversion would result in them needing to work an additional 5 years to be likewise vested under WRS.

This bill would provide municipalities interested in participating in WRS the option to join incrementally by applying the benefit to **only newly hired** employees while allowing current employees to finish their careers under their existing retirement plan. In other words, the municipality could join the WRS and choose not to include its current employees in the WRS. Allowing new hires is the fairest and most practical option of moving our municipal employees into the WRS pension system.

Another benefit, outside having one of the best, stable pensions in America, is for recruitment. Due to the widely-held respect for the WRS, it is difficult for non-participating municipalities to recruit qualified, experienced candidates to fill job openings. Candidates that have worked anywhere else for any fair amount of time under WRS will likely shy away from applying for jobs in these municipalities thus diminishing potential applicant pools.

Serving the communities of Fond du Lac, Oakfield, Byron, Empire, Taycheedah, and the western half of Calumet township

Due to revenue caps and the corresponding initial conversion cost to WRS it is impractical, if not nearly impossible, to make the conversion.

The Employee Trust Fund has shared that they can administer this type of transition. Once a municipality elects to join WRS it remains irrevocable.

Furthermore, some municipalities have under their umbrella a utility. As the bill is currently written, if the utility has a separate pension plan for its employees that is substantially similar to WRS (such as a defined benefit plan with similar contribution rates), this bill allows the municipality to exclude the utility from the conversion to WRS for newly hired employees. Under current law, utility employees are considered municipal employees, but since they operate with separate revenue sources, they should be considered a separate entity.

Since this bill has been scheduled for a hearing I have also heard back from the Municipal Electric Utilities of Wisconsin group. They suggested a technical revision that I am in support of. In essence, it will allow the decision to be a local control issue and removes ETF from the equation of determining “substantially similar.”

You will also undoubtedly hear testimony about trying to allow current employees to get into the “newly hired” pool at the point of conversion. I did not put that into the original bill due to the ETF stating they were worried about “adverse selection.” They will discuss this issue a little today. Once this bill passes this committee, it is scheduled to move to the Joint Survey Committee on Retirement Systems. Once there, I will be in favor of the Committee formally requesting of ETF to do a study to determine if adding current employees into the “newly hired” pool is feasible and legal. If the study finds it possible to incorporate current employees into the plan, I would consider making this available.

Lastly, thank you for your time and I urge you to support this common sense legislation to bring more municipalities into the WRS.

Hutkowski, Hariah

From: Hunter, Tarna <Tarna.Hunter@etf.wi.gov>
Sent: Thursday, July 17, 2014 4:34 PM
To: Matthews, Meagan
Subject: WRS muni opt in bill
Attachments: WI villages -- non participating WRS.docx

Hi Maegan,

I'm sorry that I am late with this. I thought that I had already sent the information. Please let me know if you have any additional questions.

Our communications editor compared the WI Blue Book with ETF's CAFR 2012 employer listing and found the following:

1. Wisconsin Cities – all Wisconsin Cities are participating WRS employers.
2. Wisconsin Villages – there are many villages that do not participate, according to the comparisons. The list is attached.

Below is the list of WRS municipal employers (9 total) that reported only protective payroll last year. There were also 16 special districts with protective only, but we are assuming they only have protective occupation employees. The total is 25.

EMPR_NO	EMPR_NAM	CD_EMPR_TYP
1240000	PITTSVILLE, CITY OF 700	4TH CLASS CITY
0512000	GLENWOOD, CITY OF 1200	4TH CLASS CITY
0322000	MARION, CITY OF 1200	4TH CLASS CITY
0677000	ARCADIA, CITY OF 300	4TH CLASS CITY
0211000	CHETEK, CITY OF 2200	4TH CLASS CITY
0061000	PESHTIGO, CITY OF 3500	4TH CLASS CITY
0041000	BLOOMER, CITY OF 3000	4TH CLASS CITY
0108000	SUN PRAIRIE, CITY OF 30000	4TH CLASS CITY
1269000	FRANKLIN, CITY OF 35000	4TH CLASS CITY
5050000	ORFORDVILLE VOL FIRE PROT DIST	HOSPITAL, MISC. SEWER, ETC.
5389000	DANE COUNTY DIST #1 EMS	HOSPITAL, MISC. SEWER, ETC.
5441000	MANAWA RURAL FIRE DEPT	HOSPITAL, MISC. SEWER, ETC.
5402000	SPOONER FIRE DISTRICT	HOSPITAL, MISC. SEWER, ETC.
5396000	WALES/GENESEE JOINT FIRE BD	HOSPITAL, MISC. SEWER, ETC.
5386000	LODI COMMUNITY AMBULANCE SERV	HOSPITAL, MISC. SEWER, ETC.
5420000	NEW GLARUS EMS	HOSPITAL, MISC. SEWER, ETC.

As of 6-19-14

WI Villages that do not participate in the WRS

Alma Center
Almena
Almond
Amherst Junction
Aniwa
Arena
Arpin
Auburndale

Bagley
Barneveld
Bear Creek
Bell Center
Big Falls
Bloomington
Boaz
Bonduel
Bowler
Brokaw
Butternut

Cassville
Catawba
Cazenovia
Cecil
Conrath
Couderay
Curtiss

Dorchester
Downing
Doylestown

Eden
Eland
Elderon
Elmwood Park
Embarrass
Endeavor
Exeland

Fairchild
Fernwood
Footville
Forestville

Francis Creek
Fredonia
Friesland

Genoa
Glen Flora
Glenbeulah
Gratiot
Hancock
Hatley
Hewitt
Hustler

Ingram
Ironton
Kekoskee
Kellnersville
Kennan
Kingston
Knapp

Lime Ridge
Linden
Livingston
Lohrville
Lone Rock
Lowell
Lublin
Lyndon Station
Lynxville

Maiden Rock
Maribel
Marquette
Mason
Melrose
Melvina
Merrillan
Merrimac
Merton
Milladore
Monticello
Mount Calvary
Mount Hope
Mount Sterling

Nashotah
Nelson

We Village that is all the time in the life

Amos Center
Albion
Albion
Albion Junction
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Nelsonville
Neosho
New Auburn
North Bay
North Prairie
Norwalk

Oakdale
Oakfield
Ogdensburg
Oliver
Ontario

Palmyra
Park Ridge
Patch Grove
Pigeon Falls
Plum City
Poplar
Potosi
Potter
Prentice

Radisson
Readstown
Redgranite
Reedsville
Reeseville
Rewey
Ridgeland
Ridgeway
Rockdale
Rudolph

St. Cloud
Scandinavia
Sheldon
Star Prairie
Stetsonville
Steuben
Stockholm
Stoddard
Sturtevant
Superior

Taylor
Tennyson
Theresa

Tigerton
Tony

Unity

Vesper
Viola

Waldo
Wales
Waterford
Webster
Weyerhauser
Wheeler
Wilton
Winter
Wittenberg
Woodman
Wyeville

WI Cities that do not have the entire workforce under WRS:

Arcadia
Bloomer
Chetek
Franklin
Glenwood
City
Marion
Peshtigo
Pittsville
Sun Prairie



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TO: Members of the Assembly Committee on Urban and Local Affairs
FROM: Rick Wicklund, General Manager
DATE: April 21, 2015
RE: Sun Prairie Utilities Testimony on Assembly Bill 156

Chairman Brooks,

Thank you for the opportunity to appear before the committee this morning to offer Sun Prairies Utilities' testimony on Assembly Bill 156, relating to coverage for new participating employers under the Wisconsin Retirement System. My name is Rick Wicklund, and I am the General Manager of Sun Prairie Utilities. Sun Prairie Utilities is a municipally-owned electric, water and telecommunications utility. We have been in business since 1910 and we serve in excess of 30,000 customers in the City of Sun Prairie..

Sixty years ago, the City of Sun Prairie established a Utility Commission to oversee the general operations of Sun Prairie Utilities. Therefore, Sun Prairie Utilities operates separately and distinctly from the City of Sun Prairie and we make all operational decisions, including personnel and benefits, in accordance with the Utility Commission's directives. We have had a retirement plan, separate from the City of Sun Prairie, for the last 27 years.

In general, we support AB 156 because it provides needed flexibility for municipalities to join WRS and provide their employees with a proven retirement plan. At the same time, Sun Prairie Utilities wishes to maintain our current plan because it allows us to remain competitive in an extremely tight electric industry labor market. For this reason, we reached out to bill authors Representative Thiesfeldt and Senator Petrowski to entertain an amendment that retains the initial intent of the legislation while providing ultimate flexibility to municipalities and their public utilities.

I appreciate the opportunity to appear before you today and I would be happy to answer any questions.



Municipal Electric Utilities of Wisconsin

Service. Advocacy. Safety.

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To: Members of the Assembly Committee on Urban and Local Affairs
From: Zachary Bloom, Executive Director
Date: April 21, 2015
Subject: MEUW Testimony on Assembly Bill 156

Chairman Brooks, thank you for the opportunity to appear before the committee this morning to offer MEUW's support for Assembly Bill 156, relating to coverage for new participating employers under the Wisconsin Retirement System. My name is Zachary Bloom, and I am the Executive Director for the Municipal Electric Utilities of Wisconsin, the trade association that serves all 82 municipally owned electric utilities in this state. Combined our utilities distribute about 11 percent of Wisconsin's electric load to nearly 280,000 residential, commercial, industrial and farm customers.

In general, we support AB 156 because it provides needed flexibility for municipalities to join the Wisconsin Retirement System and provide their employees with a proven retirement plan. MEUW has a handful of members that do not currently participate in WRS, including Sun Prairie Utilities. These utilities maintain retirement plans that allow them to remain competitive in an extremely tight labor market. This market includes electric lineworkers, meter technicians, operations superintendents and executive staff.

For this reason, we reached out to bill authors Representative Thiesfeldt and Senator Petrowski to entertain an amendment that provides a technical language fix that retains the initial intent of the legislation.

I appreciate the opportunity to appear before you today and am happy to answer any questions.