AN ACT to amend 40.05 (4) (b); and to create 40.04 (10) and 40.05 (4) (bm) of the statutes, relating to modifying the accumulated sick leave conversion credit program for state employees.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 40.04 (10) of the statutes is created to read:

40.04 (10) An accumulated sick leave conversion account shall be maintained within the fund, to which shall be credited all money received under s. 40.05 (4) (b) and (bm) for health insurance premiums, as dividends or premium credits arising from the operation of health insurance plans and from investment income on any reserves established in the fund for health insurance purposes for retired employees and their surviving dependents. Premium payments to health insurers authorized in s. 40.05 (4) (b) shall be charged to this account. This subsection does not prohibit the direct payment of premiums to insurers when appropriate administrative procedures have been established for direct payments.

SECTION 2. 40.05 (4) (b) of the statutes is amended to read:

40.05 (4) (b) Accumulated unused sick leave under ss. 13.121 (4), 36.30, 230.35 (2), and 757.02 (5) and subch. V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon termination of creditable service and qualifying as an eligible employee under s. 40.02 (25) (b) 6, be converted, at the employee's current basic pay rate, to credits for payment of health insurance premiums on behalf of the employee or the employee's surviving insured dependents. The full premium for any eligible employee who is insured at the time of retirement, or for the surviving insured dependent of an eligible employee in the event of death, shall be deducted from the credits until the credits are exhausted and paid from the account under s. 40.04 (10), and then deducted from annuity payments, if the annuity is sufficient. The department shall provide for the direct payment of premiums by the insured to the insurer if the premium to be withheld exceeds the annuity payment.

SECTION 3. 40.05 (4) (bm) of the statutes is created to read:

40.05 (4) (bm) 1. Employers shall pay contributions that shall be sufficient to pay for the present value of the present and future benefits authorized under par. (b). Subject to subd. 2, the board shall annually determine the contribution rate upon certification by the actuary of the department. The contribution rates determined under this paragraph shall become effective on January 1 of the calendar year in which they are applicable and shall remain in effect during that year, except that in 1985 the contribution rates shall become effective on July 1 and shall remain in effect during the remainder of 1985.
2. Beginning in 1985, the initial contribution rate determined under subd. 1 may not exceed the employer’s costs under par. (b) for the previous calendar year by more than 0.2% of covered payroll. Each subsequent contribution rate determined under subd. 1 may not exceed the employer’s costs under this paragraph for the previous calendar year by more than 0.2% of covered payroll.

SECTION 4. Effective date. This act takes effect on July 1, 1985.