

Committee Name:

**JOINT SURVEY COMMITTEE – RETIREMENT SYSTEMS
(JSC–RS)**

Appointments

89hr_JSC–RS_Appt_pt00

Clearinghouse Rules

89hr_JSC–RS_CRule_89–

Committee Hearings

89hr_JSC–RS_CH_pt00

Committee Reports

89hr_JSC–RS_CR_pt0

Executive Sessions

89hr_JSC–RS_ES_pt00

Hearing Records

89hr_ab0516

89hr_sb0000

Misc.

89hr_JSC–RS_Misc_pt89

Record of Committee Proceedings

89hr_JSC–RS_RCP_pt00

CONSIDERATION OF AB 516
(BILL NUMBER)

DATE 9-12-89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME John Medinger
ADDRESS 1809 S. 16th St.
CITY To Cross STATE Wis ZIP 54601
ORGANIZATION, IF ANY 95th assembly district

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR OPPOSED INFORMATION

WOULD LIKE TO REGISTER

IN FAVOR OPPOSED INFORMATION

CONSIDERATION OF AB 516
(BILL NUMBER)

DATE 9/12/89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME Gloria Toivola
ADDRESS UW-Superior
CITY Superior STATE WI ZIP 54880
ORGANIZATION, IF ANY TAUWP

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR OPPOSED INFORMATION

WOULD LIKE TO REGISTER

IN FAVOR OPPOSED INFORMATION

CONSIDERATION OF AB 516
(BILL NUMBER)

DATE 9/12/89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME ROBERT ALESCH
ADDRESS 1930 MONROE ST.
CITY MADISON STATE WI ZIP 53711
ORGANIZATION, IF ANY U.W. SYSTEMS

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR OPPOSED INFORMATION

WOULD LIKE TO REGISTER

IN FAVOR available for information OPPOSED INFORMATION

CONSIDERATION OF S16A
(BILL NUMBER)

DATE 9/12/89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME R. Michael Brennan
ADDRESS Box 8003
CITY Madison STATE Wis ZIP 53706
ORGANIZATION, IF ANY Wis Educators Association Council

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR OPPOSED INFORMATION

WOULD LIKE TO REGISTER

IN FAVOR OPPOSED INFORMATION

CONSIDERATION OF AB 516
(BILL NUMBER)

DATE 9-12-89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME Rep. Harvey Stawer

ADDRESS _____

CITY _____ STATE _____ ZIP _____

ORGANIZATION, IF ANY _____

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR ___ OPPOSED ___ INFORMATION

WOULD LIKE TO REGISTER

IN FAVOR ___ OPPOSED ___ INFORMATION



The University of Wisconsin System

University Personnel Relations
Office of Personnel Services/Employe Relations
1930 Monroe Street/Madison, WI 53711
(608) 263-4390

Mailing address: P.O. Box 8010/Madison, WI 53708

September 11, 1989

TO: Members of Joint Survey Committee on Retirement Systems

FROM: Robert Alesch, Senior Personnel Officer - UW System

SUBJECT: A.B.516

On January 27, 1988, the Joint Survey Committee conducted a hearing on A.B.698. That bill is similar to A.B.516 which you will be reviewing on September 12, 1989. In 1988, Joint Survey members found A.B.698 to be "good public policy" and referred the bill back to the assembly floor. Unfortunately, A.B.698 died at the end of the 1988 legislative session.

During the period of 1964 to 1971, the former state university system conducted a teacher improvement program to assist faculty to obtain a PhD. The program was authorized and funded by the legislature. Most of the recipients were paid one-half of their salary for two semesters. Even with this support, the participants in this program made significant personal sacrifices to better prepare themselves for a teaching career in the state university system.

The teachers granted teacher improvement assignments (TIA's) from 9-1-64 to 8-31-67 received no retirement credit. Neither the teachers on leave nor the state university system paid into the retirement fund. Those on TIA's after 8-31-67 received retirement credit. Both the employe and the state university system made retirement contributions for that service. Since years of service are important in the calculation of a retirement annuity, it is unfair to have one group receive credit for service while a similar group is excluded from such credit.

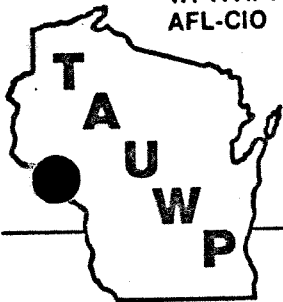
I have analyzed data from my teacher improvement assignment files and have determined that there are just under 100 faculty members at the former state university campuses who will benefit from A.B.516. Most of them received leaves of two semesters at half time. A majority of them will be eligible for another half year of retirement credit if A.B.516 should become law.

The UW System Fringe Benefit Advisory Committee has reviewed this problem and recommended that equity would be restored if retirement credit is granted for the 1964-67 teacher improvement assignments.

It is imperative that some action be taken soon, as the faculty eligible for this credit tend to be of retirement age at this time.

On behalf of the UW System, I urge you to find that A.B.516 is "good public policy" and recommend that assembly and senate members vote in favor of the bill.

cc: Katharine Lyall
Ronald Bornstein
Sara Buscher
74471



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1988-1989

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To: Members of the Joint Survey Committee on Retirement Systems

From: Gloria Toivola, President
Edward J. Muzik, Executive Secretary

Date: September 12, 1989

Re: AB 516

AB 516 provides for removal of an inconsistency that has come about as laws have changed or been re-interpreted. The explanation is simple: during 1964-1967 a number of faculty received a grant for a Teaching Improvement Leave (TIG) to improve their instructional skills and acquire a Doctor of Philosophy degree. During 1967-1971 a different group of faculty received an assignment for a Teaching Improvement Leave (TIA) to do the same thing that the TIG recipients had done. The only difference is that the TIA recipients got retirement credit while the TIG recipients did not.

AB 516 remedies this inconsistency by doing the following:

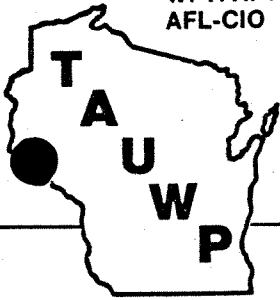
1. Permits a buy-back of lost credit by the TIG recipients and the UW System.
2. There is no cost to the Retirement System.
3. Brings these persons (less than 100) under current law. Current law allows the granting of retirement credit for leaves of absence at the discretion of the employer.

It should be noted that this bill is not retroactive. Further, the UW System supports this bill. Indeed, we know of no opposition to this bill.

An identical bill (AB 698) passed the Assembly without dissent in the last biennial session in the closing days. The Senate never considered the bill.

Thank you for your support.

WFT/AFT
AFL-CIO



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To: Members of the Assembly

From: Edward J. Muzik, Executive Secretary *EJM*

Date: November 2, 1989

Re: AB 516

AB 516 will permit a small number of UW faculty from the former chapter 37 institutions to buy back up to one year of retirement credit. The problem arose when faculty on a teaching improvement leave during 1964-1967 were denied retirement credit while faculty who went on identical teaching improvement leaves in 1967-1971 received retirement credit.

This bill is non-controversial.

The Joint Survey Committee on Retirement Systems supported it unanimously.

The Committee on Tourism, Recreation and Government Operations supported it unanimously.

The bill has many positive aspects:

It corrects an inequity;

It costs the retirement system nothing.

It is supported by the employer (the UW System) and employes (represented by TAUWP).

We thank you for your consideration and support.

February 13, 1990

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director
Legislative Fiscal Bureau

SUBJECT: Assembly Bill 516: Granting Creditable Service to Certain
University of Wisconsin Faculty for Teacher Improvement Leave

Assembly Bill 516 would permit current Wisconsin Retirement System (WRS) participants to purchase creditable service for certain teacher improvement leave received as a faculty member at a campus of the former Wisconsin State Colleges System. The bill was referred to the Joint Survey Committee on Retirement Systems, which found that the bill represented good public policy and recommended its passage by a vote of 8-0. The bill was then referred to the Assembly Committee on Colleges and Universities which recommended passage by a vote of 11-0. Subsequently, the bill passed the Assembly by a vote of 95-2, at which time it was sent to the Senate for concurrence. The bill was then referred to the Senate Committee on Educational Financing, Higher Education and Tourism, which recommended concurrence by a vote of 6-0.

BACKGROUND

During the period from 1964 to 1971, the Board of Regents of the Wisconsin State Colleges offered a teacher improvement leave program to encourage instructional faculty to obtain a Ph.D. Most participants under the program received one-half salary for two semesters of leave. At the conclusion of the leave, recipients were required to return to college teaching in the System for a specified period of time. During the period from January 1, 1964, when the leaves were first granted, through August 31, 1967, no retirement credit was granted for such paid leaves. Under rules in effect at that time for the then separate Teacher Retirement System, retirement service credit was not authorized for paid leaves of absence.

An Attorney General's letter opinion dated December 14, 1966, held that faculty members need not be placed on paid leave of absence in order to

enforce a teacher improvement contract. Accordingly, beginning on September 1, 1967, and continuing to the end of the leave program in 1971, faculty members under the program received teacher improvement assignments, rather than paid leaves. Under this arrangement, participants received wages for their teacher improvement assignments and also received creditable service for retirement purposes.

SUMMARY OF THE BILL

Under the bill, for those currently employed WRS participants who received compensation for a teacher improvement leave granted by the Board of Regents of the Wisconsin State Colleges between January 1, 1964, and August 31, 1967, in a written and satisfied contract, they could receive up to one year of creditable service for retirement purposes, if all of the following conditions are satisfied: (a) the participant meets the eligibility requirements and submits an application for certification of creditable service to the Board of Regents of the University of Wisconsin System; (b) the Board of Regents certifies the amount of creditable service; and (c) the participant pays the Department of Employee Trust Funds (ETF) a lump sum equal to 5% of one-twelfth of the participant's highest earnings in a single annual earnings period multiplied by the number of months of creditable service granted.

Since the lump sum payment would not fund the full costs of the additional creditable service being granted, the bill provides that the remaining unfunded prior service liability be added to the liability determined for the University of Wisconsin System so that the costs would be funded over the remainder of the currently running 40-year amortization period.

FISCAL EFFECT

The University System's Office of Personnel Services/Employee Relations has estimated that there are about 100 current faculty members who received teacher improvement leaves between January 1, 1964, and August 31, 1967. Most received leaves of two semesters and received an education grant equal to half salary. Therefore, most eligible faculty members could receive an additional half year of creditable service under the bill.

If it is assumed that 100 faculty members would receive one-half year of creditable service each under the bill, then the equivalent of 50 years of creditable service for retirement purposes is indicated. Assuming a current

average annual salary of \$36,000, and the granting of 50 years of creditable service to affected employes, the covered salary total would be \$1,800,000. The 1990 normal cost (employee and employer required contribution) of one year of creditable service is 10.6% of employe salary (payroll); consequently, the estimated additional cost to the retirement system would be \$190,800 ($\$1,800,000 \times 10.6\%$).

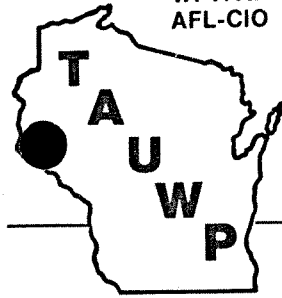
Eligible faculty members would have to contribute 5% of one-twelfth of their highest annual earnings period for each month of creditable service purchased. Thus, assuming an aggregate total of 600 months (50 years) of creditable service and an average monthly salary of \$3,000 (\$36,000 annually), estimated required total employe lump sum payments would be \$90,000 (5% x \$3,000 average monthly salary x 600 months). This computation would leave a balance of \$100,800 to be added to the University's prior service liability to be amortized over the remainder of the current law 40-year amortization period for such costs. These small amounts would not require any increase in the present unfunded liability contribution rate (expressed as a percent of covered salaries) for the University.

TECHNICAL AMENDMENT

When the Legislature enacted 1989 Wisconsin Act 116 granting certain legislative employes the right to purchase prior service credits, it stipulated that the employer could not assume the employe lump sum contribution amounts. If the Committee believes it desirable to have consistency of treatment under similar situations, then it may wish to adopt an amendment to add language barring any employer pick-up of the required employe contribution that would be required under Assembly Bill 516.

Prepared by: Tony Mason

MAR 20 1990



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To: Members of the Assembly

From: Edward J. Muzik, Executive Secretary *Ejm*

Date: March 20, 1990

Re: AB 516 as amended by the Senate

We urge your support of AB 516 as amended by the Senate. The Senate amendment prohibits the UW System from picking up the employee buy-back share. This amendment codifies the original intent of the bill and in no way changes it.

Since you voted for it (96-2) originally, we urge you to confirm your original vote.

Thank you.