

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_pt00

Executive Sessions

89hr_JSC–RS_ES_pt00

Hearing Records

89hr_ab0522

89hr_sb0000

Misc.

89hr_JSC–RS_Misc_pt89

Record of Committee Proceedings

89hr_JSC–RS_RCP_pt00

CONSIDERATION OF AB 522
(BILL NUMBER)

DATE 9/12/89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME ROBERT ALESCH
ADDRESS 1930 MONROE ST.
CITY MADISON STATE WI ZIP 53704
ORGANIZATION, IF ANY V.V. Systems

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR OPPOSED INFORMATION

WOULD LIKE TO REGISTER

IN FAVOR OPPOSED INFORMATION

CONSIDERATION OF 522A
(BILL NUMBER)

DATE 9/12/89

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS

NAME R. Michael Brennan
ADDRESS Box 8003
CITY Madison STATE Wis ZIP 53708
ORGANIZATION, IF ANY Wis Educators Association Council

WOULD LIKE TO TESTIFY (APPEAR BEFORE THE COMMITTEE)

IN FAVOR OPPOSED INFORMATION

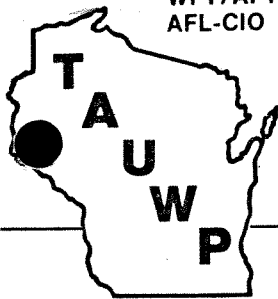
WOULD LIKE TO REGISTER

IN FAVOR OPPOSED INFORMATION

NOTES ON A.B. 522 (DISABILITY EFFECTIVE DATE)

- On Assembly Calendar for Thursday - 2/7/90.
- Authors are Grobschmidt, Hamilton, Volk, Jauch and Stitt.
- This bill was recommended and introduced at the request of the RRC, and it was given a unanimous favorable recommendation by the JSCRS.
- Bill relates to the effective date for WRS disability annuities and rights to convert accumulated sick leave for payment of post-retirement health insurance premiums.
- Under present law, most WRS participants must exhaust their accumulated sick leave before a disability annuity can become payable (see sec. 40.02 (22) 6.)
- An exception was enacted in 1987 for state employees who qualify for a duty disability, and such employees can convert their sick leave to pay post-retirement health insurance premiums without a corresponding delay in the disability effective date.
- All other disabled state employees and all local disabled state employees do not have the conversion right under present law. It should also be noted that exhaustion of sick leave credits is not required for those retiring on a regular retirement annuity.
- The purpose of this bill is to delete the requirement that disabled applicants must exhaust their sick leave before the benefit becomes payable--but only if the employee has rights under statutes or a compensation plan to convert the unused sick leave for post-retirement health insurance payments.
- There are under 400 disabled applicants each year, of which 28% are state and 72% local.
- This bill extends the conversion rights to the remaining state employe applicants and those local government applicants such as Madison which have adopted a conversion plan.
- On average, this may allow disability applicants to start their disability annuity up to 4½ months earlier than under present law.
- It is estimated that this change would not require an increase in employer or employee contribution rates to the WRS.
- This bill will allow those who need post-retirement health insurance coverage the most (those who are disabled) to conserve their accumulated sick leave if statutes or their compensation plan allow such conversion.
- This change is good public policy because it enhances the opportunity for career public employees to have access to health insurance after retirement.

WFT/AFT
AFL-CIO



THE ASSOCIATION OF UNIVERSITY OF WISCONSIN PROFESSIONALS

GLORIA TOIVOLA, *President*
UW-Superior, Political Science Program
Superior, Wisconsin 54880

Telephone 715-394-8482

EDWARD J. MUZIK, *Executive Secretary*
139 West Wilson Street—Suite 210
Madison, Wisconsin 53703-3254

Telephone 608-257-6177

1989-1990 EXECUTIVE COMMITTEE

Vice President
RAY SPOTO
UW-Platteville

Secretary
DAVE JENKINS
UW Centers

Treasurer
WILLIAM L. CAMPBELL
UW-Platteville

TOM FITZ
UW Centers

ALLEN CURTIS
UW-Eau Claire

MAURICE BETTER
UW-Green Bay

RICHARD FLETCHER
UW-La Crosse

VICTOR GREENE
UW-Milwaukee

DAVID IAQUINTA
UW-Oshkosh

STEPHEN MEYER
UW-Parkside

DIJKSTRA
UW-Platteville

SANDRA SOARES
UW-River Falls

BILL KIRBY
UW-Stevens Point

JOHN M. WILLIAMS
UW-Stout

RICHARD WALKER
UW-Superior

BENNETT BERHOW
UW-Whitewater

STANDING COMMITTEE CHAIRPERSONS

*Academic Freedom
and Tenure*
RICHARD SCHAUER
UW-Whitewater

Academic Staff
MARIANNE FRYE
UW-Superior

Collective Bargaining
BILL BROWN
UW-Eau Claire

Educational Policies
ED POND
UW-Eau Claire

Legislation
ROGER WALL
UW Centers

Salary and Fringe Benefits
GORDON PARKS
UW-Whitewater

Women and Minorities
NET POLANSKY
UW-Stout

To: Members of the Assembly

From: Edward J. Muzik, Executive Secretary

Date: February 8, 1990

Re: AB 522

AB 522 would permit a state employe to enter a disability retirement without exhausting all accumulated sick leave.

This is an important bill. It deserves passage.

We get involved with many personnel decisions when there are problems. No situation is more frustrating and difficult than the one that this bill tries to resolve. We currently have a case where everyone's interest would be served for the individual to admit that a disability exists.

Under current law, the individual would have to exhaust accumulated sick leave. This requirement has prevented the individual from seriously considering a disability retirement.

I believe passage of this bill is good public policy and urge you to support passage.

Thank you.



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS AND THE RETIREMENT RESEARCH COMMITTEE

September 29, 1988

Committee	RRC
Meeting Date	9-29-88
Agenda Item	# 5

BLAIR L. TESTIN
RESEARCH DIRECTOR
ROOM 203, 110 E. MAIN STREET
MADISON, WI 53703
(608) 266-3019

TO: The Retirement Research Committee

FROM: Blair Testin, RRC Staff *B.T.*

RE: Issue -- Disability Annuities Vs. Sick Leave Credits

ISSUE. WRS law now requires that accumulated sick leave must be exhausted before a participant may receive a disability annuity. Section 40.02 (22) 6., Stats., which defines "earnings" provides that payments upon termination of accumulated vacation, sick leave, or compensatory time are considered a continuation of an employee's earnings for purposes of disability annuity effective dates. However, the requirement to exhaust accumulated sick leave does not hold for state employees retiring on a regular retirement annuity, and retiring employees are able to convert their accumulated sick leave credits to pay health insurance premiums during the retirement years under prescribed conditions.

RRC. At its 6/29/88 meetings, the RRC reviewed this issue relative to correspondence submitted by the State Engineers Association. It was noted that several other groups and organizations have also expressed concern with this issue, and also that 1987 state employee bargaining contracts and Wis. Act 83 deleted the exhaustion requirement for state employees who are disabled in the line of duty and qualify for a duty-disability benefit under ss. 40.63 or 40.65 of the statutes. At that meeting, the RRC directed that this issue be included within the assignments of a special subcommittee established to review the state's accumulated sick leave program.

SUBCOMMITTEE. The special ASLCC subcommittee of the RRC was appointed by Senator Jauch and Representative Volk, Co-chairmen of the RRC, and includes Ms. Beck, Ms. Bostone, Mr. Gates, Mr. Heineck, and Rep. Volk as Chairman. That subcommittee met on 8/15/88 and adopted the following motion relative to disability annuities and accumulated sick leave credits:

"Mr. Gates moved, seconded by Mr. Heineck, to recommend to the Retirement Research Committee that all disability applicants be allowed to convert unused sick leave to pay for health insurance without delaying the start of the disability annuity, whether or not the disability was duty-related, provided that the employer provides for conversion of sick leave to health insurance premium payments."

RRC DRAFT. RRC staff believes that the proposed amendments to WRS statutes which are attached to this cover memo would accomplish the intent of the subcommittee motion noted above. It should be noted that the proposed amendments would require a local participating employer to adopt some form of sick leave conversion for post-retirement health insurance payments in order for local employees to benefit from this change. At the present time, very few local employers have such a conversion provision in their compensation packages or contracts. Accordingly, the RRC may wish to adopt the subcommittee's motion and recommend introduction of appropriate legislation for the 1989 session.

PROPOSED DISABILITY/SICK LEAVE AMENDMENTS

Section . 40.02 (22)(f) is repealed and recreated to read:

40.02 (22)(f) Does not mean credits for payment of health insurance premiums converted from accumulated sick leave for a participating employee who qualifies for a disability under ss. 40.63 or 40.65, and qualifies for conversion of accumulated sick leave under s. 40.05 (4)(b) or as provided by a participating employer's compensation plan or contract.

Section . 40.02 (25)(b) 10. of the statutes is amended to read:

40.02 (25)(b) 10. Any participating employee who is an employee of this state and who qualifies for a ~~duy~~ disability under ~~s-~~ ss. 40.63 or 40.65.

Section . 40.04 (10) of the statutes is amended 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); ~~(bL)~~ 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), ~~(bL)~~ and (bm) shall be charged to this account. This subsection does not prohibit the direct payments of premiums to insurers when appropriate administrative procedures have been established for direct payments.

Section . 40.05 (4)(bL) of the statutes is repealed.

Section . 40.05 (4)(br) of the statutes is amended to read:

40.05 (4)(br) 1. Employers shall pay contributions that shall be sufficient to pay for the present value of the present and future benefits authorized under ~~para-~~ par. (b) and ~~(bL)~~. 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 cost under ~~para-~~ par. (b) and ~~(bL)~~ 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 cost under this paragraph for the previous calendar year by more than 0.2% of covered payroll.

W I S C O N S I N R E T I R E M E N T C O N S O R T I U M
Ken Opin, Chairman
c/o WFT
2021 Atwood Ave.
Madison, WI 53704
(608) 244-6877

February 26, 1990

To: Senator John Plewa, Chairman, Senate Housing, Government
 Operations, & Cultural Affairs Committee

From: Ken Opin, Wisconsin Retirement Consortium

RE: AB522 -- supported by the Consortium

The Wisconsin Retirement Consortium, which represents the participants and annuitants of the Wisconsin Retirement System, has voted to support the following bill, currently in your committee:

AB522 -- Disability vs. Accumulated Sick Leave

The Retirement Consortium urges you to support this bill, and to exec it from your committee.

If you have any questions about our position on this or other bills, feel free to call me at (608) 244-6877.

###

AB522mem