

Committee Name:

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

Appointments

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A-7



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS AND THE RETIREMENT RESEARCH COMMITTEE

February 19, 1986

BLAIR L. TESTIN
RESEARCH DIRECTOR

ROOM 203, 110 E. MAIN STREET
MADISON, WI 53703
(608) 266-3019

TO: 40.65 Ad Hoc Committee Members
FROM: Blair Testin, RRC Staff
RE: 40.65 Coverage - Patrol Inspectors

Committee	40.65 Ad Hoc
Meeting Date	2-19-86
Agenda Item	6

40.65 Coverage. The old 66.191 death and disability program had its own definition of covered public employees which included most (but not all) of the protectives under the WRS plus about 200 non-protective WRS participants. When 40.65 was enacted during the 1981 session, the 66.191 coverage definition was essentially duplicated, but with the exclusion of county protectives. Said exclusion reflected the initial lack of support by the county representative on the first Ad Hoc Committee for the new program.

The definition of those covered by 40.65 was changed twice during the 1983 session. First, the definition was taken out of Section 40.65 and was recreated as an added paragraph under 40.02 (48)--the general definition for a protective occupation participant. Secondly, the definition for 40.65 coverage was expanded to include those participants who are designated as protectives by their employers, and also to include county protectives who had been excluded by the 1981 session bill. Hence, the present law includes all protectives under the WRS plus some 200 additional state employee participants who are not protective.

Concerns. It should be noted that only WRS participants who are specifically referred to in the 40.65 definition are covered by that section. In other words, employers cannot unilaterally determine that certain employee groups shall be covered by 40.65 unless they provide that such employees are under the protective category for all other WRS provisions. Employers may be reluctant to designate employees as protective because of the costs involved--about twice the employer normal cost than for general employees. On the other hand, the existing 40.65 coverage includes about 200 WRS participants who are not protective, and hence, the 40.65 program is not presently a benefit strictly for protective participants.

In the original communications to the current Ad Hoc Committee, RRC staff recommended a study of the coverage under 40.65 to determine whether that program ought to be just for WRS protectives or whether it should include other employee categories. Mr. Lawton also addressed this question in the following quotation from his communication:

"Currently a number of state employee classes are requesting that they be treated as protective occupation participants. These include the Motor Vehicle inspectors, the guards at the Mendota and Oshkosh Forensic Facilities (which, in part, replaced Central State Hospital

which is now closed) the youth counselors at the Correctional Schools at Wales and Lincoln Hills, jailers in some of the county jails throughout the State, municipal employees working as linemen for municipal utilities. I also note that AB-262 would provide for protection to state employee electricians under Sec. 230.36. You will note that 230.36 contains a list of employees overlapping the employees protected by Sec. 40.02 (48).

The problem involved will not go away. Injuries and deaths arising out of employment involving these employees are likely to create a serious morale factor if the injured employee is not covered by the Sec. 40.65 and an employee in another agency or instrumentality of government with similar or identical duties is covered. For these reasons I think it is highly desirable that the Retirement Research Council undertake an indepth study of this subject and be in a position to make early recommendations to the Legislature for action. The organization most seriously impacted by this problem is the WSEU with large number of members in the institutions referred to above. However, the County and Municipal Employees Council 40 has the problem in a number of county jails."

State Patrol Inspectors. Only one of the groups of employees noted in Mr. Lawton's letter will be considered at today's meeting--the state patrol inspectors. The Department of Transportation (DOT) had included provisions in the original 1985-86 biennial budget bill that would have newly defined such state employees as protective. During hearings before the JSCRS it was noted that the state agency can already designate such positions as protective if it so chooses, but the DOT indicated a reluctance to make this unilateral decision because of previous actions by the Legislature to specifically exclude motor vehicle inspectors from the protective definition. The JSCRS recommended that these provisions be deleted from the biennial budget bill, and they were, in fact, deleted prior to passage.

The Ad Hoc Committee could consider this problem from two viewpoints:

1. Should motor vehicle inspectors (and perhaps other public employee groups) be newly defined as protective participants under the WRS and hence, automatically eligible for coverage under s. 40.65?
2. Should 40.65 be amended to allow an employer election to cover employees under 40.65 without defining them as protective participants for other purposes under the WRS?

Mr. Mike Moschkau of the Division of the State Patrol will present the viewpoint of DOT. Attached to this cover memo is the correspondence sent by the Secretary of DOT to the RRC office for your added information.



State of Wisconsin

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS
AND THE RETIREMENT RESEARCH COMMITTEE

May 14, 1986

Committee	40.65 Ad Hoc
Meeting Date	5-14-86
Agenda Item	5b

BLAIR L. TESTIN
RESEARCH DIRECTOR

ROOM 203, 110 E. MAIN STREET
MADISON, WI 53703
(608) 266-3019

TO: Members of the Ad Hoc Committee on 40.65 Benefits

FROM: Blair Testin, RRC Staff

RE: Paramedics Vs. WRS Retirement and 40.65 Programs

Classification. In most instances across the state, employers provide paramedic and ambulance service through fire or police departments by firefighters or police officers who are also trained to be paramedics. Hence, in most instances paramedics are within the definition of protective occupation participants (POPs) and are covered by the WRS protective retirement program and the 40.65 death and disability program. They are so covered because of their primary designation as firefighters and police officers who presumably may be called upon to perform such services in addition to their service as paramedics.

Douglas County is an example of an employer who provides paramedic service outside of the police or fire departments. Correspondence from the county ambulance department indicates that such paramedics "are frequently called to the same scenes as law enforcement and fire personnel and are exposed to the same dangers and risks". However, because they are not also firefighters or law enforcement officers, they are not included within the WRS POP or 40.65 programs by definition. Also, it is questionable whether they can be designated by their employer as protective participants because they do not meet the definition requirements found under 40.02 (48)(intro). In addition, they are not covered by the 40.65 death and disability program because they are not included in the definition for that program.

Alternatives. Concerning paramedics not now covered by WRS retirement or 40.65 programs, the following alternatives could be considered:

1. Do nothing on the assumption that the WRS POP program ought to be restricted to those who provide "protective service" to the exclusion of those positions which are only hazardous in nature.

2. Include paramedics under 40.65 only, by amending the definition paragraph for that program to specifically include paramedics who are employed outside of law enforcement or firefighter departments.
3. Provide coverage under both WRS retirement and 40.65 programs by amending the definition of protectives under 40.02 (48)(a) and (b) to specifically include a reference to paramedics.
4. Amend WRS definitions for the retirement and/or 40.65 programs to allow employers to designate additional positions by either unilateral or collective bargaining actions which are not now covered.

Note: See attached correspondence from the Douglas County Ambulance Department and the DETF.

DOUGLAS COUNTY AMBULANCE DEPARTMENT

1313 BELKNAP STREET
SUPERIOR, WISCONSIN 54880

MAR 11 1986

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RICHARD D. COLLYARD
ADMINISTRATOR

10 March 1986

PHONE 715-394-0484
715-394-0338

Mr. Blair L. Testin
Retirement Research Committee
110 E. Main Street, Room 316
Madison, WI 53702

Dear Mr. Testin:

Thank you very much for the time you were able to share with myself and Mr. French last week. It was very informative, as well as educational.

As you will recall, our major concern is the lack of inclusion of the Douglas County EMT-Paramedics in the classification of "Protective" services for retirement purposes. While my concern is specifically for Douglas County, I am also aware that there are other areas of the state who use ambulance personnel who are neither law enforcement officers or firefighters.

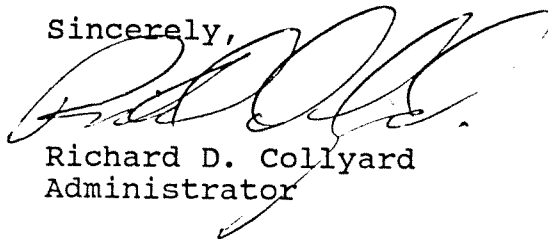
As per your suggestion, I contacted Mr. Gates, Secretary, Department of Employee Trust Funds, and enclosed is his response to my questions. As I read his letter, the only way Douglas County could act on its own is to certify these people as firefighters or law enforcement officers, and they do not have any responsibilities in firefighting or law enforcement.

Given the fact that our EMT-Paramedics are frequently called to the same scene as law enforcement and fire personnel and are exposed to the same dangers and risks, they should be accorded the same status as "Protective" services.

I ask that the Joint Survey Committee on Retirement Systems review this matter with the purpose of including the Douglas County Paramedics under Protective Services classification.

I would be happy to provide any additional information to the committee at any time. Thank you for your consideration in this matter.

Sincerely,



Richard D. Collyard
Administrator

kmk

Enclosure





State of Wisconsin \ DEPARTMENT OF EMPLOYEE TRUST FUNDS

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March 6, 1986

Gary I. Gates
Secretary

201 EAST WASHINGTON AVENUE
P.O. BOX 7931
MADISON, WISCONSIN 53707

Richard Collyard
1313 Bellisnop Street
Superior, WI 54880

IN REPLY REFER TO:

Dear Mr. Collyard:

This letter confirms my oral answers to your questions on the possibility of protective occupation status for paramedics who provide ambulance services.

The statutes specify various occupations which are deemed to be "protective" occupations. Paramedics providing ambulance services are not so deemed.

The statutes also provide that an employer shall include as protective "any participant whose principal duties are determined by the participating employer, or by the department head in the case of a state employe, to involve active law enforcement or active fire suppression or prevention, provided the duties require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning."

This provision is not discretionary with the employer. It is mandatory. If a person meets the criteria, he or she is to be reported as protective. If the person does not meet the criteria, the person cannot be reported as protective. There is obviously, in some cases, a degree of subjective judgement involved in determining whether someone meets the criteria.

As you noted, most employers provide ambulance service through the fire department by firefighters who have also been trained to be paramedics. These people are covered as protective by virtue of their firefighting classification.

Where an employer chooses to provide such service separately, the statutory definition firefighter, of course, does not apply.

I know of no case where an employer has made a determination of protective status for ambulance personnel who do not have either fire or police status.

Sincerely,

Gary I. Gates
Secretary

GIG/drz

cc: Blair Testin
Representative John Volk
Senator Joseph Andrea



State of Wisconsin

May 14, 1986

JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS AND THE RETIREMENT RESEARCH COMMITTEE	
Committee	40.65 Ad Hoc
Meeting Date	5-14-86
Agenda Item	5d

BLAIR L. TESTIN
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TO: Members of the Ad Hoc Committee on 40.65
FROM: Blair Testin, RRC Staff
RE: POP Classification Vs. Collective Bargaining

WRS Protective Participants. Section 40.02 (48) (intro.), (a) and (b), Stats., defines "protective occupation participant" (POP) for purposes of eligibility for regular WRS benefits. These statutory provisions essentially continue the definition of POP's as found under the old WRF law prior to merger during the 1981 session.

Sections of WRS law governing designations as POP's include:

- 40.02 (48) (intro.) -- The intro. generally describes a POP as any participant whose principle duties are determined to involve active law enforcement or active fire suppression, provided that such duties require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning.
- 40.02 (48) (a) and (b) -- These paragraphs specifically define certain state and local participants, police officers and firefighters who are deemed to be POPs by definition.
- 40.06 (1) - Provides that participating employers shall notify the DETF of all names of participants classified as POPs. Employees may appeal such determination, and the DETF shall investigate the appeal and report its determination to the employee and employer involved.
- 40.03 (1) -- Further provides that the DETF Board shall accept appeals by employees which have been timely filed, and the Board may review the relevant factors, hold hearings, and make determinations as to the proper classification of employee participants.

In summary, the WRS statutes define the general requirements for POP designation, specifically define certain positions as included in the POP designation, and provide an appeal procedure by participants to the DETF and the DETF Board when the employer designation is questioned.

40.65 Definition. Section 40.02 (48) (c) defines protective occupation participants for purposes of the death and disability program under 40.65 of the statutes. This paragraph essentially continues the definition that was in effect under the predecessor program found in s. 66.191, Stats. This old program was contained in the municipal chapter of the statutes, and it was separate and in addition to benefits payable under the state retirement system. Historically, however, the 66.191 death and disability program reflected the creation of the old WRF back in 1948 as a replacement for separate local police and fire funds that were operating at the municipal level.

Although the definition of a POP for purposes of 40.65 now includes all of the POPs that are covered by the regular WRS benefit program as provided by 40.02 (48) (a) and (b), the definition under (c) also includes about 200 state employees who are general participants rather than POPs for WRS purposes. Hence, the definitions for WRS retirement vs. 40.65 death and disability purposes are not the same.

Coverage Issues. Several issues have been raised relative to the coverage and definitions under the WRS POP program and the 40.65 death and disability program including the following:

1. Definition Continuity -- It has been questioned whether or not the same definitions ought to be used for both the regular WRS POP program and the special duty-related death and disability program found under 40.65. Presently, the difference relates to about 200 general employees who are covered under 40.65 (c) under the phrase "or any other employee whose principle duties are supervision and discipline of inmates at a state penal institution including Central State Hospital.

If continuity of definition is important, either the general employees covered under the 40.65 could be deleted prospectively, or the general employees now covered by 40.65 could be newly defined as POPs for purposes of the WRS benefit program. In the first instance employee benefits would be taken away relative to the 200 state positions, while in the second instance employee benefits (and employer costs) would be added.

If continuity is not essential, then the 200 state employees with general WRS classification could continue to be covered by the 40.65 program, and perhaps additional positions that are determined to be "hazardous" but not protective could be added to the 40.65 coverage. There are a number of state and local positions that might be added to the 40.65 program which do not now meet the definition of protectives for WRS purposes including state motor vehicle inspectors, supervisors and staff at youth institutions and state mental institutions, county jailers, paramedics, etc.

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Occupation
under
in
2. Definition Vs. Bargaining -- If additional state and local positions warrant coverage under the WRS POP retirement program or the 40.65 death and disability program, the positions could be added either by amending the definitions or by allowing employer designation plus or minus collective bargaining. The problem with specifically defining additional positions to be covered by either the WRS POP or the 40.65 program is that job descriptions can change over time (example--motor vehicle inspectors) or the job descriptions may vary from institution to institution or employer to employer (example--county jailers and paramedics). Hence, adding new positions by specific definition may cause additional inequities immediately or in the future, and may diminish the rationale for exclusive benefits for certain participants under the WRS and/or the 40.65 program.

Allowing the employer to designate added positions as POP for purposes of the WRS or the 40.65 program permits recognitions of differences in job requirements from agency to agency or employer to employer, and also changes in position duties occurring over time. In addition, the collective bargaining process could be involved in such determinations and presumably would require consideration of the costs involved in including positions under the 40.65 program or the WRS protective benefit program. This is a particularly important issue relative to the WRS POP program which reflects employer costs nearly double the employer costs for general participants.

3. Hazardous Positions -- The POP definition for WRS retirement benefits requires that the participant be involved in active law enforcement or fire suppression, and also requires frequent exposure to hazardous duty and superior physical conditioning. Accordingly, it does not include positions which may be hazardous and require good physical conditioning if law enforcement or fire prevention duties are not also involved. Examples of positions which may be hazardous but are not law enforcement or fire prevention include paramedics that are separate from fire or police departments, county jailers who are not deputized, state employees at youth facilities and mental institutions, municipal linemen, highway construction or repair, etc.

Consideration might be given to allowing employers by statute to designate additional hazardous positions to be covered by the WRS POP benefit program if such designation has been arrived at by collective bargaining. Such bargaining presumably is now permissible for state employees pursuant to s. 111.93 of the statutes, but bargaining laws governing local government do not allow local contracts to supersede state statutes.

executive viewpoints

June 1988

Committee	Jscrs
Meeting Date	8-3-89
Agenda Item	A-3

Rollovers To IRAs Offer Flexibility, Tax Advantages

A person who receives an eligible distribution from a retirement plan may elect to roll over the amount into another qualified plan or an individual retirement arrangement (IRA). Such rollovers are encouraged by the Internal Revenue Code.

The decision as to whether to roll over a distribution depends on a variety of factors, such as personal circumstances and the type and amount of the distribution. A recipient may wish to have immediate access to his money. However, rolling over the distribution can provide flexibility and tax advantages.

There are three types of rollovers authorized by the Internal Revenue Code:

1. From a Sec. 408 IRA plan to another such plan;

2. From a Sec. 401(a) qualified pension, profit-sharing, or stock bonus plan or a Sec. 403(a) annuity plan to a Sec. 408 IRA plan;

3. From plans listed under Point 2 to another plan in that category if the plan accepts rollovers.

IRC Sec. 408(d)(3) authorizes rollover contributions between IRA plans. An IRA must permit rollovers once a year; more frequent transfers between affiliated funds may be allowed where the participant "doesn't get his hands on his money." Rollovers between IRAs are becoming commonplace where an individual wishes to change sponsors or the investment mix.

GABRIEL, ROEDER, SMITH & COMPANY **ACTUARIES & CONSULTANTS**

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Rollovers from a qualified plan to an IRA are encouraged by IRC Sec. 402(f), which requires plan administrators to provide a written explanation to recipients of distributions eligible for rollover treatment. An important point is that the transfer to an eligible plan must be made within 60 days following the date the distribution is received.

There has been little activity by employer-qualified plans accepting rollovers from new employees from their former employer plans. However, the question of "portability" of accrued benefits has been tossed around for nearly 20 years, and the issue is drawing increasing attention from Congress.

Employers may consider it worthwhile to encourage rollovers as a precaution against objectionable portability requirements, which could call for accelerated vesting and exacerbate red tape problems.

Forms of distribution. There are numerous variations in circumstances when an employee receives a distribution from an employer-qualified trust or annuity. Thus, explanations provided to employees may go beyond the required basic information.

In the event of age retirement, qualified pension plans either provide for self-payment annuities or purchase annuities specified under IRC Secs. 401(a)(11) and 417. These requirements do not extend to profit-sharing and stock bonus plans. Few, if any, of such plans provide for self-payment life annuities.

A defined benefit plan may itself benefit from favorable investment earnings under self-payment annuities. Under a defined contribution plan there is no such advantage, so delays in immediate distributions are permitted only as an accommodation to participants. Transfers to IRAs relieve employers of such obligations.

Investment in IRAs is allowed up to age 70½, and as restrictions on distributions no longer apply after attainment of age 59½, IRAs offer flexibility in age retirement for over ten years.

Age and the accrued benefit obviously make a difference as to the most advisable distribution method. IRA distributions are permitted without penalty in the event of permanent disability. If

disability occurs before attainment of age 70½, flexibility in securing tax-free investment income is provided.

For distributions in event of the death of a participant, payouts to beneficiaries will vary with age and circumstances. The substantial increase in the number of working women has changed the way-back-when "widow's plight" situation. Flexibility is now desired.

Finally, advocates of portability of benefits tend to overlook the desire of employees to "get their hands on their money." This is a situation where immediate circumstances typically predominate in employee reactions.

The IRA and qualified plan restrictions on early distributions recognize that reaction. Where distributions may be made in cash, rollovers are generally voluntary in connection with qualified plans.

Tax on excess distributions. IRC Sec. 4981A imposes a 15% excise tax on annual distributions in excess of \$112,500, subject to cost-of-living adjustments beginning in 1988. As the dollar amount will be changing, the regulations refer to this amount as the "threshold amount."

The regulations include a special grandfather rule that may be elected in certain circumstances; this election may be made for the 1987 or 1988 taxable year. Under this rule, a portion of an individual's excess distributions are exempted from the excise tax. After Jan. 1, 1989, the deadline for the grandfather election, attention will shift to those who receive distributions in excess of the annual threshold amount.

Rolled over amounts are not distributed per se, and therefore are not included in the threshold amount and excess. However, distributions from IRAs are taxable distributions, and thus are taken into account in determining whether an individual receives excess distributions in a given year.

Affluent employees may choose to establish individual retirement trusts in connection with rollovers. Consequently, those who make such plans will be affected by the Sec. 4981A excise tax.

IRA plan rules permit delays in distributions until age 70½. Qualified plan rules may not be as flexible. Therefore, it may be possible to ease the impact of the 15% excise tax by using various alternative IRA payouts.

Committee	JSCRS
Meeting Date	8-3-89
Agenda Item	A-5

DRAFT

Pension Portability in the New Economic Age:
Enhancing the Mobility of Professional Educators

National Governors' Association

AP 19 B
Purchase of Retirement Service Credit Options
and Stipulations for Public School Teachers

State	Purchase Option?	When Can Purchase?	No. of Years Can Purchase	Contribution Formula	Other stipulations
Alabama*	Yes	10 yrs of service	5 yrs	AL current ER + EE contribution based on salary at time of purchase	Must buy 1 yr increments
Alaska	Yes	N/A	10 yrs	Full actuarial cost + interest (for members hired after 7/78)	Must have taught at least 172 days each school yr, 0-0-s
Arizona*	Yes	At retirement	5 yrs	Actuarial present value of increase in benefit	
Arkansas*	Yes	10 yrs srv	10 yrs	19.5% of 1st yr AR annual salary + interest	Must have taught at least 120 days in fiscal year, 0-0-s
California	No				
Colorado	Yes	5 yrs srv	No limit	Actuarial equivalency	

Source: State retirement systems

* Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased

EE=employee, ER=employer, FAS=final average salary

The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

State	Purchase Option?	When Can Purchase?	No. of Years Can Purchase	Contribution Formula	Other stipulations
Connecticut	Yes	At retirement	10 yrs.	1/2 actuarial present value of increase in benefit	Each yr of 0-0-s must be matched with 2 yrs of CN service
Delaware	Yes	At retirement	5 yrs	Actuarial rate (applies to 0-0-s experience acquired after 1976)	
Florida	No				
Georgia*	Yes	6 yrs srv	10 yrs	Depends on reciprocity (recip states: 8% of salary plus acc. int.)	0-0-s service must have been 1/2 time or more
Hawaii	No				
Idaho	No				
Illinois	Yes	5 yrs srv	10 yrs	Calculated at IL contribution rate plus interest	Purchased credits can't exceed 2/5 of Illinois service
Indiana	Yes	1 yr srv	8 yrs	6 1/2% of 1st yr of IN salary plus int.(after 1981)	Withdrawal allowed if fails to meet min. requirement of 10 yrs IN service

Source: State retirement systems

* Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased

EE=employee, ER=employer, FAS=final average salary

The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

State	Purchase Option?	When Can Purchase?	No. of Years Can Purchase	Contribution Formula	Other stipulations
Iowa*	Yes	4 yrs srv	Must buy	Calculated as if service had been in IA plus int.	Can buy credit for srv in more than 1 state. Can't be vested 0-0-5
Kansas	Yes	N/A	10 yrs.	Actuarial cost based on current salary, age of member	Service purchased counts toward vesting
Kentucky*	Yes	1 yr srv	10 yrs.	Based on contribution rate at time of purchase (after 1/1/84)	Each yr of 0-0-5 must be matched with 2 yrs of KT service
Louisiana*	Yes	10 yrs srv	5 yrs	Actuarial cost based on yrs srv, current salary, age of member	
Maine	Yes	10 yrs srv	No limit	EE, ER amounts based on increase in benefits	
Maryland*	Yes	within yr of retirement	10 yrs	EE, ER amounts based on FAS	
Massachusetts*	Yes	Immediate	10 yrs	Based on 0-0-5 salary at MA rate of contrib + interest	Buy-in can't exceed MA service

Source: State retirement systems
 * Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased
 EE=employee, ER=employer, FAS=final average salary

The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

State	Purchase Option?	When Can Purchase?	No. of Years Can Purchase	Contribution Formula	Other stipulations
Michigan*	Yes	10 yrs srv; 5 must follow 0-0-s srv	15 yrs	5% of highest full-time salary at time of purchase	Buy-in can't exceed MI service
Minnesota	No				
Mississippi	Yes	5 yrs srv	5 yrs	EE, ER share based on current # yrs MS srv, age of member	
Missouri*	Yes	within 10 yrs srv or before 6/19/97	10 yrs	EE contrib rate x 1st yrs MO salary	Must serve full-time in MO
Montana	Yes	5 yrs srv	5 yrs	EE, ER contrib rate + int x 1st MI salary	
Nebraska	Yes	within 3 yrs srv	10 yrs	Retiremt contrib for each yr + actual int.	Can purchase between 1/1/87 - 6/30/88
Nevada*	Yes	5 yrs srv	5 yrs	Avg comp x # mos pur. x age-related % (ER has option of paying 1/2).	Can buy for any 0-0-s. public service
New Jersey	Yes	must be member of NJ retiremt system	10 yrs	1/2 actuarial age factor x current salary x yrs purchased; ER pays 1/2	Cost increases with age & salary at time of purchase request

Source: State retirement systems

* Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased

EE=employee, ER=employer, FAS=final average salary

The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

State	Purchase Option?	When Can Purchase?	No. of Years Can Purchase	Contribution Formula	Other stipulations
New Mexico	Yes	N/A	5 yrs	15.2% x salary at time of purchase	
New Hampshire	No				
New York	No				
North Carolina	No				
North Dakota*	Yes	1 yr srv	10 yrs	Actuarial equivalent cost	Must purchase w/in 5 yrs of eligibility
Ohio*	Yes	1 yr srv	5 yrs	1st yr Ohio srv X current EE contrib. rate + 7.75% annual interest	Can purchase for full- or part-time o-o-s or OH service. Must match o-o-s service with OH service.
Oklahoma*	Yes	10 yrs	5 yrs	5% of salary + 5% interest	Fractional consecutive yrs. o-o-s can be counted
Oregon	No				
Pennsylvania*	Yes	1 yr srv	12 yrs	EE, ER contrib rate x 1st PA salary + annual interest	Must match each o-o-s yr purchased with yr PA service

Source: State retirement systems

* Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased

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The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

Other stipulations

Contribution Formula

State Purchase Option When Can Purchase No. of Years Can Purchase

State	Purchase Option	When Can Purchase	No. of Years Can Purchase	Contribution Formula	Other stipulations
Rhode Island	Yes	1 yr srv	5 yrs	Full actuarial value based on age, salary at purchase	Special low rate is in effect for 1 yr: 10% of 1st yrs. earning; void after 6/30/88
South Carolina*	Yes	N/A	N/A	10% x salary at time of purchase	
South Dakota*	Yes	immediate	no limit	EE, ER current contribution rates x salary	0-0-0 service must have been full-time
Tennessee*	Yes	1 yr srv	Can't exceed yrs TN service	Calculated as if service had been in TN (EE & ER shares) + 7 1/2% annual interest	Form cautions prospective buyer that cost may outweigh benefit
Texas	Yes	10 yrs srv	10 yrs	12% of 1st yr TX annual salary plus 8% crediting fee	Can purchase 1 yr at a time. Must match each yr 0-0-0 with yr TX srv
Utah	Yes	Immediate	No limit	Actuarial value based on current salary and # yrs before retirement	ER has option to purchase authorized service for employees
Vermont	No				

Source: State retirement systems

* Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased

EE=employee, ER=employer, FAS=final average salary

The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

State	Purchase Option	When Can Purchase	No. of Years Can Purchase	Contribution Formula	Other stipulations
Virginia*	Yes	5 yrs srv	= yrs taught in VA	15% of current salary	Application form indicates cost recovered 10 yrs after retirement
Washington	No				
West Virginia*	Yes	2 yrs srv	10 yrs	2 x EE contribution rate based on 1st W Va annual salary + 6% compd interest	2 yrs W Va srv for each 0-0-s yr purchased
Wisconsin	No				
Wyoming*	Yes	within 1st 4 yrs	5 yrs	Actuarial cost based on yrs srv, current salary, etc.	

Source: State retirement systems

* Purchaser must not be eligible to receive benefits from out-of-state service

Note: Formulas generally apply per year purchased

EE=employee, ER=employer, FAS=final average salary

The information presented applies to the most current retirement plan, i.e. if a state applies one set of requirements for individuals employed before 1957 and another for those employed after 1957, only the post-1957 requirements are presented.

PUBLIC EMPLOYEE RETIREMENT SERIES:
GUIDES FOR TRUSTEES AND ADMINISTRATORS

Gary W. Findlay, Series Editor

**Pension Portability and Preservation
for State and Local Governments**

1989 Copyright
By Marta V. Goldsmith

Cathie G. Eitelberg
Project Coordinator

Excerpts re. Service Credit Portability

Committee	JScRS
Meeting Date	8-3-89
Agenda Item	A-5

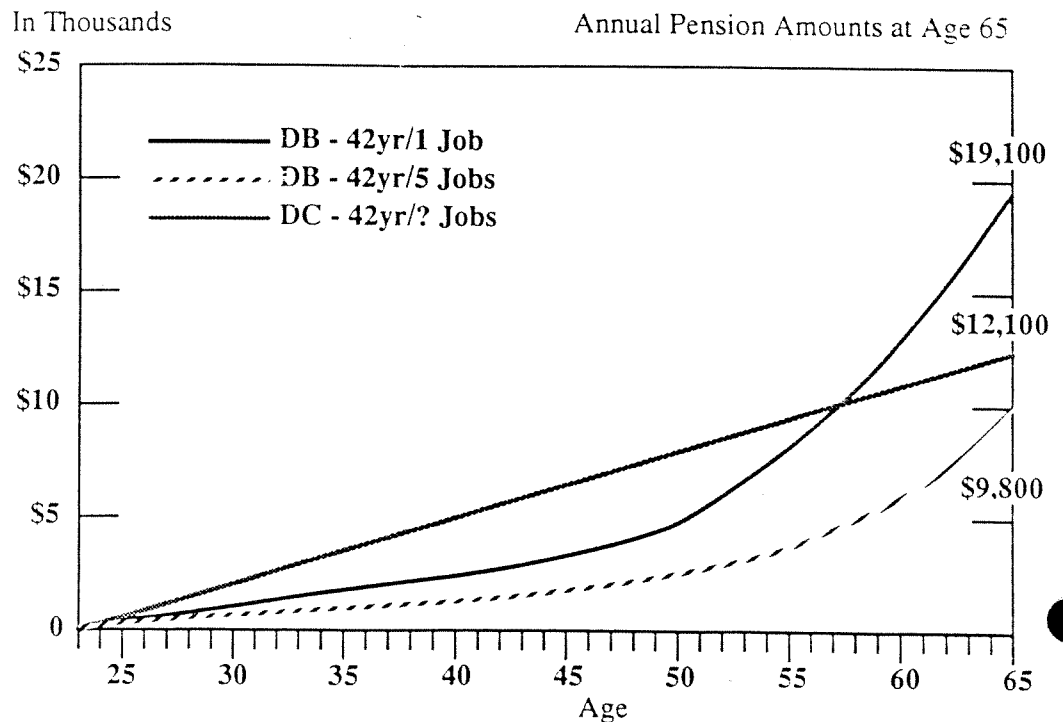
of job changes. The average American worker today holds 10 or 11 jobs in his or her career, according to research by Robert E. Hall of Stanford University. Substantial losses in the ultimate value of benefits for individuals who change jobs relative to those that stay with a single employer throughout his or her career are inherent in the design of most plans. Loss of retirement income can have significant implications for both the public employee and the government support system responsible for those who are unable to provide for themselves in their old age. There are several options available to public officials, described later in this paper, which can be enacted to protect the value of these benefits. These options have costs associated with them and may not necessarily increase portability, in its most literal sense. But they would provide a more adequate level of financial stability for retired public employees through the preservation of pension benefits.

Portability of Service

Portability of service refers to the ability to count years of service earned under the plan of a prior employer when determining the pension benefits to be provided under a more recent employer.⁵ Portability of service can make a substantial difference in retirement benefits in a defined benefit plan where a formula that combines years of service and final pay is used to define benefit amounts. When credited service is not portable, benefits are computed on the basis of service and compensation at the time of termination. Subsequent gains in wages and increases in prices are not reflected in the pension benefit. Non-vested benefits are lost altogether.⁶

In general, concerns over portability of service are not relevant for defined contribution plans because benefits are based on contributions made rather than length of service. Losses in retirement income, from lack of service portability, are also not as great if the pension formula uses career average salary rather than pay at or near retirement.

IMPACT OF JOB MOBILITY ON PENSION AMOUNTS FOR EQUAL COST PENSION PLANS



Portability of Service

Transferring or Purchasing of Service Credits—In situations where credited service is portable, years of service credited with one plan are transferred to a new employer's plan and counted when the final retirement benefit is computed. Service can be transferred solely for the purpose of determining eligibility or it can also be included in the final formula for determining benefits upon retirement. When service is not portable, vested benefits, if the employee is vested, are frozen upon changing employers and future gains in salary are not reflected in the pension. If the employee is not vested, all benefits for those years of service are lost. In general, portability of service across private pension plans is rare, because of the diversity of plan designs and because of the costs associated with crediting employees with service performed for another, earlier employer. Benefit formulas for plans differ considerably and specific rules would be needed to deal with the administration and fiscal responsibilities for mobile employees.

Reciprocity—Reciprocity is an arrangement among two or more plans which allows the transfer of benefits, service or assets among plans upon job changes. Reciprocity can take one of several forms. In one approach, two or more systems agree to count service on a reciprocal basis for the purpose of vesting. Then, each plan would pay benefits according to their standard formula. A second approach uses the combined service to figure benefit levels as well as vesting. In this arrangement, different plans would be responsible for a proportionate share of the benefit and, if necessary, employee contributions could make up a shortfall in benefits. A third approach is an arrangement where plans mutually allow for a full transfer of service credits among plans which are party to the reciprocal agreement. The final employer would hold full responsibility, again possibly with employee contributions, for all benefits.

Reciprocity arrangements in the private sector, among unrelated employers, is rare as is reciprocity among states. Such arrangements do exist among plans with a common employer or in multi-employer plans. There are also some reciprocity arrangements among public plans on an intra-state basis.

Transfer/Purchase of Service Credits—One area where state and local governments are substantially ahead of private pension plans in providing portability to participants is in allowing workers entering the system to transfer or purchase service credits that would be counted in the final formula upon retirement. In general, service is only portable through networks or in multi-employer plans in the private sector.

According to the 1978 House Task Force Report, 82 percent of all state and local government employees are covered by plans having some sort of intra-state portability of pension benefits. Less than 13 percent are covered by plans extending credit for out-of-state service. out-of-state credit is more widely available to teachers as nearly three-fourths of all public school teachers may elect to receive credit for out-of-state service, usually by making employee contributions (purchasing credit).⁵⁴ In the more recent survey by the Wisconsin Retirement Research Committee, 33 plans in 26 states indicated that they allow purchase of out-of-state credit. Thirteen of these plans covered general workers and 24 covered teachers including seven that covered both.⁵⁵

WISCONSIN RETIREMENT RESEARCH COMMITTEE STAFF:

1988 SURVEY OF PERS RELATIVE TO OUT-STATE SERVICE CREDITING

	<u>State</u>	<u>Fund</u>	<u>Provisions for Out-State Service Credit</u>
1.	Alab.	ERS	Yes - by up to five years
2.	Alab.	TRS	Yes - by up to five years
3.	Alas.	PERS	
4.	Alas.	TRS	Yes - by up to 10 years
5.	Ariz.	SRS	
6.	Arka.	PERS	
7.	Arka.	TRS	Yes - by 19.5% of payroll @ yr.
8.	Calif.	PERS	
9.	Calif.	TRS	
10.	Colo.	PERS	
11.	Conn.	SERS	Yes - if reciprocal agreement with state
12.	Conn.	TRS	Yes - one-half of actuarial cost
13.	Dela.	SEPP	Yes - purchase up to five years
14.	Flor.	FRS	No
15.	Geor.	ERS	
16.	Geor.	TRS	Yes - by teaching service only
17.	Hawaii	ERS	
18.	Idaho	PERS	
19.	Ill.	SERS	
20.	Ill.	TRS	Yes - by up to 10 yrs. of teaching service
21.	Ill.	MRF	
22.	Ind.	PERF	
23.	Ind.	TRF	Yes - must purchase
24.	Iowa	PERS	
25.	Kans.	PERS	Yes - teaching service only
26.	Kent.	ERS	Yes - Fed. service may be bought at 50%
27.	Kent.	TRS	Yes - up to 10 yrs. teaching service
28.	Louis.	SERS	
29.	Louis.	TRS	
30.	Maine	SRS	
31.	Mary.	SRS	Yes - purchase at full actuarial cost
32.	Mass.	SERS	
33.	Mass.	TRS	Yes - up to 10 yrs. may be bought
34.	Mich.	SERS	
35.	Mich.	MERS	
36.	Mich.	PSERS	
37.	Minn.	MSRS	
38.	Minn.	PERA	
39.	Minn.	TRS	Yes - bu up to 5 yrs. at full cost
40.	Miss.	PERS	
41.	Mou.	SERS	
42.	Mou.	LAGERS	
43.	Mou.	PSRS	Yes - up to 10 years at 10% payroll cost
44.	Mont.	PERS	
45.	Mont.	TRS	
46.	Nebra.	SERS	
47.	Nebra.	TRS	Yes - may purchase
48.	Nevada	PERS	
49.	N.H.	NHRS	
50.	N.J.	PERS	Yes - may purchase

	<u>State</u>	<u>Fund</u>	<u>Provisions for Out-State Service Credit</u>
51.	N.J.	TRS	Yes - may purchase
52.	N.M.	PERA	
53.	N.M.	ERA	Yes - may purchase up to 5 yrs at 15.2%
54.	N.Y.	ERS	
55.	N.Y.	TRS	
56.	N.C.	TSERS	Yes - may purchase
57.	N.C.	LGERS	
58.	N.D.	PERS	
59.	N.D.	TRF	Yes - may purchase up to 10 years
60.	Ohio	PERS	Yes - may purchase
61.	Ohio	STRS	Yes - may purchase
62.	Okla.	PERS	
63.	Okla.	TRS	Yes - may buy up to five years
64.	Oreg.	PERS	
65.	Penns.	SERS	Yes - may purchase
66.	Penns.	PSERS	Yes - may purchase
67.	R.I.	ERS	
68.	S.C.	SCRS	Yes - may buy at 10% payroll ea. yr.
69.	S.D.	SRS	
70.	Tenn.	CRS	Yes - may buy at EE + ER current rate
71.	Texas	ERS	
72.	Texas	TRS	Yes - may purchase
73.	Texas	MRS	
74.	Utah	SRS	
75.	Verm.	SRS	
76.	Verm.	TRS	
77.	Virg.	SRS	Yes - may buy
78.	Wash.	PERS	
79.	Wash.	TRS	
80.	W.V.	PERS	
81.	W.V.	TRS	
82.	Wyom.	WRS	Yes - may buy up to five years
83.	Milw.	City	
84.	Milw.	County	
85.	Wis.	WRS	No

Committee	JSCRS
Meeting Date	8-3-89
Agenda Item	A-6

WISCONSIN RETIREMENT SYSTEM STUDY COMMITTEE
FINAL REPORT AND RECOMMENDATIONS

MAY 1989

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6. **Recommend that the Investment Board go to a calendar year financial report.** Currently the Employee Trust Funds reports on a calendar year basis and the Investment Board on a state fiscal year basis (June 30). Since the two reports are based on different reporting periods, there is confusion as to the correct values of the retirement system. This recommendation would make the reporting periods the same.
7. **Recommend that the assets of the Wisconsin Retirement System be reported for financial statement purposes in accordance with Generally Accepted Accounting Principles and until those principles change, to report the assets at market value.** One standard for all system reporting by all agencies will provide consistent values for the System, reducing confusion.
8. **Eliminate the Transaction Amortization Account for financial reporting and actuarial purposes.** This account leads to confusing financial reporting because it is reported and not reported in a variety of ways. Often it is not included in the value of the System assets. Because of the statutory requirements, it also causes the values to be misleading, especially for zero coupon bonds. Eliminating the account for financial reporting purposes should eliminate the misleading information.

Eliminating it for actuarial purposes is recommended because it appears to be redundant. Actuaries will provide a smoothing mechanism without the account.

RELATIONSHIP BETWEEN THE EMPLOYEE TRUST FUNDS BOARD AND THE INVESTMENT BOARD (SECTION V)

9. **Merge the Teachers Retirement Board and the Wisconsin Retirement Board into the Employee Trust Funds Board and change the membership.** This would retain the current basic structure less the two advisory boards (the Group Insurance Board and the Investment Board would be retained). The intention is to provide more of a focal point for management of the system and gain more accountability. There are currently five separate boards dealing with some aspect of the Retirement System. The membership changes are intended to provide proportional representation for all the major groups of participants and employers.

A minority of the Committee members supported retention of the current Board structure. The membership should be changed to provide more proportional representation, although it currently provides a broad-based representation needed for a large system. In addition, the current election process is important in the representation of employees in the System.

10. **Add as ex officio (non-voting) members to the Investment Board the Employee Trust Funds Secretary and to the Employee Trust Funds Board the Investment Board Executive Director.** In addition, formalize the information sharing between the two boards. The current arrangement between the two boards appears to be working very well and this recommendation would require this arrangement to continue. In addition requiring that specific information be shared with each Board will give them the necessary data to fulfill their fiduciary responsibilities.

**STATE OF WISCONSIN RETIREMENT RESEARCH COMMITTEE (18)
AND THE JOINT SURVEY COMMITTEE ON
RETIREMENT SYSTEMS (10)**

LEGISLATIVE MEMBERS (6)Term Expires

**	Senator Robert Jauch	1/1/91
**	Representative Richard Grobschmidt	1/1/91
**	Senator Joseph Andrea	1/1/91
**	Representative Leo Hamilton	1/1/91
**	Senator Donald Stitt	1/1/91
**	Representative Esther Walling	1/1/91

TAXPAYER REPRESENTATIVES (4)

**	Leon Kendall	7/1/91
*	Robert F. Taylor	7/1/89
*	Michael J. Mesenbourg	7/1/91
*	George Wilcox	7/1/89

EMPLOYER REPRESENTATIVES

*	Mayor Dorothy Johnson	7/1/91
---	-----------------------	--------

STATE EMPLOYEE REPRESENTATIVE

*	Elaine Bostone	7/1/91
---	----------------	--------

TEACHER REPRESENTATIVE NOT FROM MILWAUKEE

*	Kenneth Stelzig	7/1/89
---	-----------------	--------

TEACHER REPRESENTATIVE FROM MILWAUKEE

*	William Kienzle	7/1/91
---	-----------------	--------

ASSISTANT ATTORNEY GENERAL APPOINTED BY THE ATTORNEY GENERAL

**	Attorney Warren M. Schmidt	
----	----------------------------	--

EXPERIENCED ACTUARY APPOINTED BY THE INSURANCE COMMISSIONER

**	David Heineck	
----	---------------	--

SECRETARY OF THE DEPARTMENT OF EMPLOYEE TRUST FUNDS

**	Gary Gates	
----	------------	--

SECRETARY OF THE DEPT. OF EMPLOYMENT RELATIONS, OR DESIGNEE

Joseph Pellitteri

*	Appointed by the Governor.	
---	----------------------------	--

**	Member of the Joint Survey Committee on Retirement Systems and thus have automatic membership in RRC.	
----	---	--

**EMPLOYEE TRUST FUNDS BOARD (11)
(4-Year Terms)**

MEMBERS OF TEACHER RETIREMENT BOARD (4)
(Elected by TRB)

Term Expires

Kenneth Stelzig	5/1/91
William Kienze	5/1/90
Joann Elder	5/1/92
Mark Stone	5/1/93

MEMBERS OF WISCONSIN RETIREMENT BOARD (4)
(Elected by WRS)

Gale Dushack	5/1/93
Paul Adamski	5/1/92
Marilyn Wigdahl	5/1/91
David Anderson	5/1/90

EXPERIENCED ACTUARY/TAXPAYER REPRESENTATIVE

* Thomas Custis 5/1/93

GOVERNOR OR DESIGNEE TO THE GROUP INSURANCE BOARD

* Stephen Frankel

SECRETARY OF EMPLOYMENT RELATIONS OR DESIGNEE

Constance Beck

* Governor's Appointment

**INVESTMENT BOARD (8)
(6-Year Terms)**

SECRETARY DEPARTMENT OF ADMINISTRATION OR DESIGNEE

James Klauser

INVESTMENT EXPERIENCE (4)

*	Mark McMullen	5/1/91
*	Eugene Martin	5/1/93
*	Richard Lillie M.D.	5/1/91
*	Maureen Busby	5/1/91

TEACHER /WRS PARTICIPANT (Appointments by TRB)

George Hahner	5/1/95
---------------	--------

WRS PARTICIPANTS (Appointment by WRB)

Gary Gates	5/1/94
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PUBLIC MEMBER

* Edward Hales	5/1/91
----------------	--------

* Governor's Appointment

1989

NATIONAL ASSOCIATION OF PUBLIC PENSION ATTORNEYS
P.O. BOX 942707 SACRAMENTO, CA 95829-2707

Committee	JSCRS
Meeting Date	8-3-89
Agenda Item	A-6

TO: Interested Parties
FROM: NAPPA Executive Board
RE: Model Pension Provisions

The Model Pension Provisions are the result of combined efforts of interested members of the National Association of Public Pension Attorneys (NAPPA). Not all NAPPA members are necessarily in agreement with each provision; however, there is general agreement that consistency in laws among public pension funds would be more beneficial than detrimental.

The Provisions are not intended to be a complete act, nor will they necessarily be expanded into a complete act in the future. Key elements, such as benefit formulas, funding methods and investment parameters were purposely omitted. NAPPA's focus was on the basic structure of a pension trust and a framework for its governance and operation.

It is recognized that the Provisions may not be politically acceptable by each and every public pension fund. However, NAPPA saw its role to be that of proposing what was the "best" model from a legal and fiduciary standpoint, regardless of political reality.

Your comments, questions and concerns about this are most welcome. Please address them to the NAPPA office.

PUBLIC EMPLOYEES
MODEL PENSION ACT PROVISIONS

CHAPTER 1. ORGANIZATION

1.01 Purpose

(a) This act establishes a model public employees retirement system which is actuarially funded. The funds of the system shall be held in a tax exempt trust fund for the exclusive benefit of the beneficiaries. The retirement system hereby is created as a trust fund and shall be engaged in an essential governmental function as a body corporate, possessing all powers and privileges of a corporation. Under its corporate name, or in the name of its nominees, the retirement system shall transact all of its business, invest all funds, make all payments, draw all warrants for money and hold all cash, securities, real estate and other property.

(b) This retirement system is to promote economy and efficiency in the public service by providing an orderly means whereby employees may retire with the payment of annuities and other benefits thereby enabling them to care for themselves.

1.02 Retirement Board - Authority

The general administration and responsibility for the proper operation of the retirement system(s) and for making effective the provisions of this chapter

shall be vested solely and exclusively in the retirement board and shall not be subject to the approval or authority of any other body or officer.

1.03 Retirement Board - Trustees - Selection and Qualifications*

The retirement board shall serve as a board of trustees and be composed of seven trustees as follows:

(a) three trustees with experience in investments or banking shall be appointed by the governor with the advice and consent of the Senate.

(b) One trustee from the membership shall be appointed by the governor with the advice and consent of the Senate.

(c) three trustees shall be members of the retirement system(s), elected by the members of the retirement system(s) by mail ballot as provided in rules and regulations adopted by the retirement board.

1.04 Retirement Board - Fiduciaries*

The duty of each trustee is a fiduciary duty to act in the sole interest of the beneficiaries of the fund regardless of other fiduciary duties and obligations the trustee may have in another capacity.

1.05 Retirement Board - Quorum

Four trustees shall constitute a quorum for the purpose of doing business.

* See attachment for official comments

1.06 Retirement Board - Term of Office, Vacancies,
Officers and Expenses*

(a) Each trustee shall serve until his/her trustee's successor is appointed or elected and takes the prescribed (constitutional) oath of office.

(b) All trustees shall serve for six-year terms. Upon termination of employment with a covered employer, a trustee who was appointed or elected pursuant to Section 1.03(b) or (c), respectively, shall be deemed to have resigned from the board.

(c) A vacancy occurring during the term of an appointed trustee shall be filled for the unexpired term by the appointment of a successor in the same manner as the predecessor. A vacancy occurring during a term in the case of an elected trustee shall be filled by a special election called by the board by mail ballot for the unexpired term.

(d) Each year the board shall elect a president and vice president from the board provided, however, each officer shall not serve in such capacity for more than three consecutive one-year terms. Each member shall be reimbursed for necessary expenses incurred in service to the board.

1.07 Retirement Board - Duties

The board:

(a) shall appoint an executive director to administer the retirement system(s);

* See attachment for official comments

Committee	JSCRS
Meeting Date	8-3-89
Agenda Item	A-7

Wisconsin Retirement System

Comparative Summary of December 31, 1988 Valuation Results

Contribution Rates for Indicated Years Expressed as a % of Participant Payroll

Contributions for	General Participants & Elected Officials		Executives		Protective Occupation Participants	
	1989	1990	1989	1990	With Soc. Sec. 1989	Without Soc. Sec. 1990
Participant Normal Cost	5.0%	5.0%	5.5%	5.5%	6.0%	8.0%
Employer Normal Cost	4.9	4.6	11.2	11.0	10.1	15.4
Benefit Adjustment Contribution	1.0	1.0	-	-	1.0	0.9
Section 40.65 Duty Disability	-	-	-	-	1.2	2.0
Unfunded Actuarial Accrued Liability	1.1	1.4	0.7	0.9	1.2	1.5
Total	<u>12.0%</u>	<u>12.0%</u>	<u>17.4%</u>	<u>17.4%</u>	<u>19.5%</u>	<u>26.1%</u>
					<u>20.1%</u>	<u>26.9%</u>

Rates shown for Section 40.65 Duty Disability and for UAAL are weighted averages of rates that vary by employer units.

The 1989 40.65 average rates are estimated based upon actual receipts during the first six months of 1989.

The 1990 40.65 rates are preliminary estimates pending completion of that portion of the valuation.

CURRENT LAW GOVERNING PROTECTIVE DESIGNATION

40.02 (48)

(48) "Protective occupation participant" means any participant whose principal duties are determined by the participating employer, or by the department head in the case of a state employe, to involve active law enforcement or active fire suppression or prevention, provided the duties require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning.

(a) "Protective occupation participant" is deemed to include any participant whose name is certified to the fund as provided in s. 40.06 (1) (d) and who is a conservation warden, conservation patrol boat captain, conservation patrol boat engineer, conservation pilot, conservation patrol officer, forest fire control assistant, member of the state patrol, state motor vehicle inspector (if hired prior to January 1, 1968), police officer, fire fighter, sheriff, undersheriff, deputy sheriff, county traffic police officer, state forest ranger, fire watcher employed by the Wisconsin veterans home, state correctional-psychiatric officer, excise tax investigator employed by the department of revenue, special criminal investigation agent in the department of justice, assistant or deputy fire marshal, or person employed under s. 61.66 (1).

(b) Each determination of the status of a participant under this subsection shall include consideration, where applicable, of the following factors:

1. A "police officer" is any officer, including the chief, or employe of a police department, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist or mechanic and whose functions do not clearly fall within the scope of active law enforcement even though such an employe is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. Police officer includes any person regularly employed and quali-

fying as a patrol officer or a person of equal or higher rank, even if temporarily assigned to other duties.

2. A "fire fighter" is any officer, including the chief, or employe of a fire department, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist or mechanic and whose functions do not clearly fall within the scope of active fire suppression or prevention even though such an employe is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active fire suppression or prevention. Fire fighter includes any person regularly employed and qualifying as a fire fighter, hose handler or a person of equal or higher rank, even if temporarily assigned to other duties.

3. A "deputy sheriff" or a "county traffic police officer" is any officer or employe of a sheriff's office or county traffic department, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist or mechanic and whose functions do not clearly fall within the scope of active law enforcement even though such an employe is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. Deputy sheriff or county traffic police officer includes any person regularly employed and qualifying as a deputy sheriff or county traffic police officer, even if temporarily assigned to other duties.

(c) In s. 40.65, "protective occupation participant" means a participating employe who is a police officer, fire fighter, a person determined by a participating employer under sub. (48) (intro.) to be a protective occupation participant, county undersheriff, deputy sheriff, county traffic police officer, conservation warden, state forest ranger, field conservation employe of the department of natural resources who is subject to call for forest fire control or warden duty, member of the state traffic patrol, university of Wisconsin system full-time police officer, guard or any other employe whose principal duties are supervision and discipline of inmates at a state penal institution, excise tax investigator employed by the department of revenue, person employed under s. 61.66 (1), or a special criminal investigation agent employed by the department of justice.

40.06 (1) (d) and (e)

(d) Each participating employer and each state agency shall notify the department in the manner and at the time prescribed by the department, of the names of all participating employes classified as protective occupation participants determined in accordance with s. 40.02 (48) or classified as teacher participants in accordance with s. 40.02 (55) or other classification as specified by the department.

(e) An employe may appeal a determination under par. (d), including a determination that the employe is not a participating employe, to the department by filing written notice with the department. An appeal under this paragraph does not apply to any service rendered more than 7 years prior to the date the written notice of appeal is received by the department. The department shall investigate the appeal and mail a report of its determination to the employe and the participating employer or state agency. Appeals under this paragraph are subject to the following conditions:

1. The employe or the participating employer or state agency which gave the notice under par. (d) may appeal the department's determination to the board by filing written notice of appeal with the department not later than 30 days after the report is mailed to the person appealing. If written notice of appeal is not filed as required by this paragraph the determination from which an appeal is permitted is final.

2. A determination of an employe's status under par. (d) made after an appeal is filed under this paragraph shall remain in effect until receipt by the department of a notification indicating a classification for the employe different from the determination. The employe may appeal that subsequent determination.

BUDGET BILL AMENDMENTS TO PROTECTIVE DESIGNATION LAW

SECS. 796am, 797am, and 798am

SECTION 796am. 40.02 (48) (intro.) of the statutes is renumbered 40.02 (48) (a) and amended to read:

40.02 (48) (a) "Protective occupation participant" means any participant whose principal duties are determined by the participating employer, or, subject to s. 40.06 (1) (dm), by the department head in the case of a state employe, to involve active law enforcement or active fire suppression or prevention, provided the duties require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning.

SECTION 797am. 40.02 (48) (a) of the statutes is renumbered 40.02 (48) (am) and amended to read:

40.02 (48) (am) "Protective occupation participant" ~~is deemed to include~~ includes any participant whose name is certified to the fund as provided in s. 40.06 (1) (d) and (dm) and who is a conservation warden, conservation patrol boat captain, conservation patrol boat engineer, conservation pilot, conservation patrol officer, forest fire control assistant, member of the state patrol, state motor vehicle inspector (if hired prior to January 1, 1968), police officer, fire fighter, sheriff, undersheriff, deputy sheriff, county traffic police officer, state forest ranger, fire watcher employed by the Wisconsin veterans home, state correctional-psychiatric officer, excise tax investigator employed by the department of revenue, special criminal investigation agent in the department of justice, assistant or deputy fire marshal, or person employed under s. 61.66 (1).

SECTION 798am. 40.02 (48) (c) of the statutes is amended to read:

40.02 (48) (c) In s. 40.65, "protective occupation participant" means a participating employe who is a police officer, fire fighter, ~~a person~~ an individual determined by a participating employer under ~~sub. (48) (intro.) par. (a)~~ to be a protective occupation participant, county undersheriff, deputy sheriff, county traffic police officer, conservation warden, state forest ranger, field conservation employe of the department of natural resources who is subject to call for forest fire control or warden duty, member of the state traffic patrol, university of Wisconsin system full-time police officer, guard or any other employe whose principal duties are supervision and discipline of inmates at a state penal institution, excise tax investigator employed by the department of revenue, person employed under s. 61.66 (1), or a special criminal investigation agent employed by the department of justice.

SECS. 815c and 815e

SECTION 815c. 40.06 (1) (dm) of the statutes is created to read:

40.06 (1) (dm) Each determination by a department head regarding the classification of a state employe as a protective occupation participant shall be reviewed by the department of employment relations. A state employe's name may not be certified to the fund as a protective occupation participant under par. (d) until the department of employment relations approves the determination.

SECTION 815e. 40.06 (1) (em) of the statutes is created to read:

40.06 (1) (em) The department may review any determination by a participating employer to classify an employe who is not a state employe as a protective occupation participant and may appeal the determination to the board by filing a written notice of appeal with the board. The determination by the employer shall remain in effect until the department receives a written notification from the board indicating a classification for the employe that is different from the employer's determination.