

2001 ASSEMBLY BILL 193

March 8, 2001 – Introduced by Representative BLACK, cosponsored by Senator RISSER. Referred to Joint survey committee on Retirement Systems.

1 **AN ACT** *to amend* 40.02 (15) (a) (intro.), 1. to 4. and 6., (b) and (c) (intro.) and 1.
2 to 3. , 40.02 (17) (intro.), 40.02 (40), 40.02 (48m) (f), 40.05 (2) (b), 40.25 (7) (a)
3 (intro.), 40.25 (7) (b), 40.30 (3) and 40.71 (1) (c); and *to create* 40.05 (2) (bx) of
4 the statutes; **relating to:** granting creditable service under the Wisconsin
5 retirement system for service in the federal public health service.

Analysis by the Legislative Reference Bureau

Under current law, a participating employee under the Wisconsin retirement system (WRS) may receive one year of creditable service under WRS for each year of military service, up to a maximum of four years of military service credit, at the time of retirement in either of the following ways:

1. If the participant left employment covered under WRS to enter military service and returned to the same employer within 180 days after being discharged, the participant may receive one year of military service credit for each year of military service (regardless of the amount of the participant's creditable service).

2. If the participant's military service was performed before 1974 and the participant terminates employment covered under WRS on or after March 9, 1984, the participant may receive up to one, two, three, or four years of military service credit if the participant has at least five, ten, fifteen, or twenty years, respectively, of creditable service (not counting previously granted military service credit).

This bill provides for similar granting of creditable service under WRS for service in the federal public health service.

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This bill will be referred to the joint survey committee on retirement systems for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 40.02 (15) (a) (intro.), 1. to 4. and 6., (b) and (c) (intro.) and 1. to 3.
2 of the statutes are amended to read:

3 40.02 **(15)** (a) (intro.) “Creditable military or the federal public health service”
4 means active service in the U.S. armed forces or federal public health service, based
5 on the total period of service in the U.S. armed forces or the federal public health
6 service, provided:

7 1. The participant enlisted or was ordered or inducted into active service in the
8 U.S. armed forces or joined the federal public health service;

9 2. The participant left the employment of a participating employer to enter the
10 U.S. armed forces or the federal public health service;

11 3. The participant returns to the employment of the employer whose
12 employment the participant left to enter the U.S. armed forces or the federal public
13 health service within 180 days of release or discharge from the armed forces or
14 resignation from the federal public health service, or within 180 days of release from
15 hospitalization because of injury or sickness resulting from service in the armed
16 forces or the federal public health service;

17 4. The period of service in the U.S. armed forces or the federal public health
18 service is not more than 4 years, unless involuntarily extended for a longer period;

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1 6. The participant upon return from service in the U.S. armed forces or the
2 federal public health service furnishes evidence required to establish the
3 participant's rights under this chapter; and

4 (b) The creditable military or federal public health service under par. (a) shall
5 be the same type, as set forth in s. 40.23 (2m) (e), as the participant was receiving
6 prior to entry into the U.S. armed forces or the federal public health service.

7 (c) (intro.) Notwithstanding sub. (17) (intro.) and any other law, any person who
8 is credited with 5, 10, 15 or 20 or more years of creditable service, not counting any
9 previously granted creditable military or federal public health service, may receive
10 creditable military or federal public health service at the time of retirement for not
11 more than 1, 2, 3 or 4 years, respectively, of active service which meets the standards
12 under par. (a) 5., if applicable, provided:

13 1. This paragraph applies only to active military or federal public health service
14 served prior to January 1, 1974.

15 2. Any creditable military or federal public health service otherwise granted
16 shall be included in determining the maximum years to be granted under this
17 paragraph.

18 3. Creditable military or federal public health service under this paragraph
19 shall be allocated at the time of retirement in proportion to the amount of the
20 participant's creditable service for each of the types of creditable service set forth in
21 s. 40.23 (2m) (e) on the date the participant attains 5, 10, 15 or 20 years of creditable
22 service.

23 **SECTION 2.** 40.02 (17) (intro.) of the statutes is amended to read:

24 40.02 (17) (intro.) "Creditable service" means the creditable current and prior
25 service, expressed in years and fractions of a year to the nearest one-hundredth, for

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1 which a participating employee receives or is considered to receive earnings under
2 sub. (22) (e) or (em) and for which contributions have been made as required by s.
3 40.05 (1) and (2) and creditable military or federal public health service, service
4 credited under s. 40.25 (7) and service credited under s. 40.29, expressed in years and
5 fractions of years to the nearest one-hundredth. How much service in any annual
6 earnings period is the full-time equivalent of one year of creditable service shall be
7 determined by rule by the department and the rules may provide for differing
8 equivalents for different types of employment. Except as provided under pars. (i) and
9 (k), the amount of creditable service for periods prior to January 1, 1982, shall be the
10 amount for which the participant was eligible under the applicable laws and rules
11 in effect prior to January 1, 1982. No more than one year of creditable service shall
12 be granted for any annual earnings period. Creditable service is determined in the
13 following manner for the following persons:

14 **SECTION 3.** 40.02 (40) of the statutes is amended to read:

15 40.02 **(40)** “Leave of absence” means any period during which an employee has
16 ceased to render services for a participating employer and receive earnings and there
17 has been no formal termination of the employer–employee relationship. For
18 purposes of the fund every leave of absence, except a military or federal public health
19 service leave or union service leave, shall terminate 3 years after it begins or, if
20 earlier, upon the date specified by the employer in a notification to the department
21 that the employer–employee relationship has terminated. A leave of absence is not
22 deemed ended or interrupted by reason of resumption of active duty until the
23 employee has resumed active performance of duty for 30 consecutive calendar days
24 for at least 50% of what is considered that employee’s normal work time with that
25 employer. For the purpose of group health insurance coverage, every leave of absence

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1 due to employee layoff which has not been terminated before 3 years have elapsed
2 shall continue for affected insured employees until an additional 2 years elapse or
3 until sick leave credits used to pay health insurance premiums are exhausted,
4 whichever occurs first.

5 **SECTION 4.** 40.02 (48m) (f) of the statutes is amended to read:

6 40.02 **(48m)** (f) The judgment, decree or order requires the participant to
7 certify, in a form prescribed by the department, all of the participant's active military
8 or federal public health service, as described in sub. (15) (a).

9 **SECTION 5.** 40.05 (2) (b) of the statutes is amended to read:

10 40.05 **(2)** (b) Contributions shall be made by each participating employer for
11 unfunded prior service liability in a percentage of the earnings of each participating
12 employee. A separate percentage rate shall be determined for the employee
13 occupational categories under s. 40.23 (2m) as of the employer's effective date of
14 participation. The rates shall be sufficient to amortize as a level percent of payroll
15 over a period of 40 years from the later of that date or January 1, 1986, the unfunded
16 prior service liability for the categories of employees of each employer determined
17 under s. 40.05 (2) (b), 1981 stats., increased to reflect any creditable prior service
18 granted on or after January 1, 1986, increased to reflect the effect of 1983 Wisconsin
19 Act 141, increased at the end of each calendar year after January 1, 1986, by interest
20 at the assumed rate on the unpaid balance at the end of the year and adjusted under
21 pars. (bu), (bv) ~~and~~, (bw), and (bx).

22 **SECTION 6.** 40.05 (2) (bx) of the statutes is created to read:

23 40.05 **(2)** (bx) The employer contribution rate determined under par. (b) for
24 participating employees who served in the federal public health service shall be
25 adjusted to reflect the cost of granting creditable service for those participating

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1 employees under s. 40.02 (15) and that rate shall be sufficient to amortize the
2 unfunded prior service liability of the employers over the remainder of the 40-year
3 amortization period under par. (b).

4 **SECTION 7.** 40.25 (7) (a) (intro.) of the statutes is amended to read:

5 40.25 (7) (a) (intro.) Each participating employee whose creditable service
6 terminates on or after May 1, 1992, and who has performed service, other than
7 military or federal public health service, as an employee of the federal government
8 or a state or local governmental entity in the United States, other than a
9 participating employer, that is located within or outside of this state, or each
10 participating employee whose creditable service terminates on or after May 4, 1994,
11 and who has performed service as an employee for an employer who was not at the
12 time a participating employer but who subsequently became a participating
13 employer, may receive creditable service for such service if all of the following
14 conditions are met:

15 **SECTION 8.** 40.25 (7) (b) of the statutes is amended to read:

16 40.25 (7) (b) Creditable service granted under par. (a) shall be calculated in an
17 amount equal to the year and fractions of a year to the nearest one-hundredth of a
18 year for service, other than military or federal public health, service performed for
19 the governmental entity, as determined by evidence of such service furnished under
20 par. (a) 4. Creditable service granted under par. (a) shall be the same type of
21 creditable service as the type that is granted to participants who are not executive
22 participating employees, elected officials or protective occupation participants. A
23 participating employee may apply to receive part or all of the creditable service that
24 he or she is eligible to receive under par. (a).

25 **SECTION 9.** 40.30 (3) of the statutes is amended to read:

