

**2001 Jr2 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB1)**

Received: **03/11/2002**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Mason**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - employee benefits**  
**Employ Pub - miscellaneous**

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

LFB:.....Mason -

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**Topic:**

Elimination of employer contributions for income continuation insurance program

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**Instructions:**

See Attached.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	champra 03/12/2002	hhagen 03/12/2002	rschluet 03/12/2002	_____	lrb_docadmin 03/13/2002		

FE Sent For:

<END>

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/1	champra	l.hmk 3/12/02		 3-12-02			

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<END>



**Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Date: MARCH 10, 2002

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From: TONY, LFB

Message:

Rick--

Here are copies of the ARC motions that have been adopted and should be drafted as part of the ARC amendment:

These first 2 were included in the General Government working group package:

[Request #290 -- page 26] Should included prohibited subject of bargaining language so that it will apply to reps and non-reps alike.

[Request 221 -- page 27] Draft to reflect working group modification.

The following item was adopted by the ARC when they dealt with individual members' motions:

[Request 214 -- page 2] State premium payments terminated as of July 1, 2002. The intent of the motion is that employees who wish to participate in the program must pay the full premium costs. The termination of state premium payments is to be a permanent change. For collective bargaining purposes, include language that this provision applies unless the CB agreement provides otherwise.

That's all for now!

# Budget Amendments 2002

**Authorizing**

Duff

**Statement of Intent**

Suspend state subsidy of income continuation insurance for state employees, but make sure those receiving benefits are unaffected.

**Employee Trust Funds**

**Employee Trust Funds**

- 
- 
- 

**Industry**

End state subsidy of state employee income continuation insurance.

Currently the state offers to employees an income continuation insurance program which allows employees to keep their salaries in case disability occurs. State employees must generally pay for coverage under this program, unless they have accumulated unused sick leave. Once an employee accumulates more than 520 hours of unused sick leave, the state begins paying for a portion of this income continuation premium. If an employee accumulates more than 1,040 hours of unused sick leave, the state pays for 100% of the premium. This policy costs the state \$12.5 million annually.

JFC originally approved a motion that would suspend for 1 year the state's subsidy of income continuation insurance. After DETF indicated they would have to charge employees for continuing this insurance, JFC subsequently eliminated this part of the motion because of a misunderstanding during original consideration of that motion.

**Estimated Impact**

\$12.5 million annually

**Number of Employees**

**Number of Positions**

214

*Not apply to PR, SEG, FED*

*out-of-pocket*

*(M)*

*7/1/2002*

*(2)*



State of Wisconsin  
2001 - 2002 LEGISLATURE  
January 2002 Special Session

LRBb2410/1  
RAC: *hjm*

LFB:.....Mason – Elimination of employer contributions for income continuation insurance program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO ASSEMBLY BILL 1

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 32, line 23: after that line insert:

3 "SECTION 100<sup>ij</sup>. 40.05 (5) of the statutes is repealed and recreated to read:

4 40.05 (5) INCOME CONTINUATION INSURANCE PREMIUMS. For any income  
5 continuation insurance provided under subch. V, the entire premium shall be paid  
6 as a deduction under s. 40.06 (1) (a) from an employee's earnings. For employees who  
7 are included in a collective bargaining unit for which a representative is recognized  
8 or certified under subch. V of ch. 111, this subsection shall apply unless otherwise  
9 provided in a collective bargaining agreement.

10 SECTION 100<sup>ik</sup>. 40.61 (2) of the statutes is amended to read:

1           40.61 (2) Except as provided in sub. (4), any eligible employee may become  
2 covered by income continuation insurance by electing coverage within 30 days of  
3 initial eligibility, to be effective as of the first day of the month which begins on or  
4 after the date the application is received by the employer, ~~or by electing coverage~~  
5 ~~within 30 days of initially becoming eligible for a higher level of employer~~  
6 ~~contribution towards the premium cost to be effective as of the first day of the month~~  
7 ~~following the date the application is received by the employer for teachers employed~~  
8 ~~by the university and effective as of the following April 1 for all other employees.~~ Any  
9 employee who does not so elect at one of these times, or who subsequently cancels the  
10 insurance, may not thereafter become insured unless the employee furnishes  
11 evidence of insurability under the terms of the contract, or as otherwise provided by  
12 rule for employees under sub. (3), at the employee's own expense or obtains coverage  
13 subject to contractual waiting periods if contractual waiting periods are provided for  
14 by the contract or by rule for employees under sub. (3). An employee who furnishes  
15 satisfactory evidence of insurability under the terms of the contract shall become  
16 insured as of the first day of the month following the date of approval of evidence.  
17 The method to be used shall be determined by the group insurance board under sub.  
18 (1).”.

History: 1981 c. 96; 1985 a. 29; 1987 a. 309; 1989 a. 31.

19           **2.** Page 350, line 11: after that line insert:

20           <sup>(8x9)</sup>  
21           “(7) LAPSES TO GENERAL FUND RESULTING FROM EMPLOYER SAVINGS FROM INCOME  
22           CONTINUATION INSURANCE PROGRAM.

23           (a) The definitions in section 20.001 of the statutes are applicable in this  
          subsection.

1 (b) The secretary of administration shall determine for each state agency the  
2 amount of general purpose revenue that the agency is not required to spend during  
3 the period that begins on July 1, 2002, and ends on June 30, 2003, as a result of  
4 eliminating employer contributions for income continuation insurance premiums for  
5 nonrepresented state employees and for represented state employees, if such  
6 contributions are not required under applicable collective bargaining units, under  
7 section 40.05 (5) of the statutes, as affected by this act, and from which appropriation  
8 the moneys would have been expended during that period.

9 (c) From each sum certain appropriation of general purpose revenue identified  
10 in paragraph (b), the secretary of administration shall lapse to the general fund the  
11 amount specified in paragraph (b) that would otherwise have been expended from  
12 each of the appropriations. The secretary shall make the lapse on the day on which  
13 the state agency would have been required to make the expenditure. After the  
14 secretary makes the lapse, each of the sum certain appropriations is decreased by the  
15 amount specified in paragraph (b) for that appropriation.

16 (d) For each sum sufficient appropriation of general purpose revenue identified  
17 in paragraph (b) the expenditure estimate for the appropriation during the 2002-03  
18 fiscal year is reestimated to subtract the amount specified in paragraph (b) for that  
19 appropriation.”

20 **3.** Page 445, line 21: after that line insert:

21 “<sup>f</sup>(1<sup>f</sup>) INCOME CONTINUATION INSURANCE. The treatment of sections 40.05 (5) and  
22 40.61 (2) of the statutes takes effect on July 1, 2002.”

23

(END)



State of Wisconsin  
2001 - 2002 LEGISLATURE  
January 2002 Special Session

LRBb2410/1  
RAC:hmh:rs

LFB:.....Mason - Elimination of employer contributions for income continuation insurance program

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4 after the date the application is received by the employer, ~~or by electing coverage~~  
5 ~~within 30 days of initially becoming eligible for a higher level of employer~~  
6 ~~contribution towards the premium cost to be effective as of the first day of the month~~  
7 ~~following the date the application is received by the employer for teachers employed~~  
8 ~~by the university and effective as of the following April 1 for all other employees.~~ Any  
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