



(D-Note)
State of Wisconsin
2001 - 2002 LEGISLATURE

January 2002 Special Session

LRBb2714/P1

RAC:.....

Monday, NOON (if possible) Jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SENATE AMENDMENT,

TO SENATE 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 100hr. 40.05 (2) (b) of the statutes is amended to read:
- 4 40.05 (2) (b) Contributions shall be made by each participating employer for
- 5 unfunded prior service liability in a percentage of the earnings of each participating
- 6 employee. A separate percentage rate shall be determined for the employee
- 7 occupational categories under s. 40.23 (2m) as of the employer's effective date of
- 8 participation. The rates shall be sufficient to amortize as a level percent of payroll
- 9 over a period of 40 years from the later of that date or January 1, 1986, the unfunded
- 10 prior service liability for the categories of employees of each employer determined
- 11 under s. 40.05 (2) (b), 1981 stats., increased to reflect any creditable prior service

1 granted on or after January 1, 1986, increased to reflect the effect of 1983 Wisconsin
2 Act 141, increased at the end of each calendar year after January 1, 1986, by interest
3 at the assumed rate on the unpaid balance at the end of the year and adjusted under
4 pars. (bu), ~~(bv)~~ and ~~(bw)~~ to (bz).

History: 1981 c. 96, 274, 278, 386; 1983 a. 9 s. 6; 1983 a. 27, 30; 1983 a. 46 ss. 2 to 4, 7; 1983 a. 140; 1983 a. 141 ss. 7 to 12, 20; 1983 a. 290, 504, 538; 1985 a. 29, 119, 135, 225; 1987 a. 27, 83, 107, 309, 336, 363; 1987 a. 493 s. 256; 1989 a. 13, 14, 31, 119, 122, 166, 182, 189, 230, 336, 355, 359; 1991 a. 32, 39, 107, 113, 141, 152, 189, 269; 1995 a. 27, 81, 88, 89, 240, 302; 1997 a. 35, 58, 140; 1999 a. 9, 11, 13, 104; 2001 a. 16.

5 SECTION 100ht. 40.05 (2) (bwd) of the statutes is created to read:

6 40.05 (2) (bwd) The employer contribution rate under par. (b) for state agencies
7 shall be adjusted to reflect the cost of providing the retirement benefits under 2001
8 Wisconsin Act ... (this act), section 9116 (1g) (c), and that rate shall be sufficient to
9 amortize the unfunded prior service liability of the state agencies over a 25-year
10 amortization period.

11 SECTION 100ig. 40.05 (2) (bwm) of the statutes is created to read:

12 40.05 (2) (bwm) The employer contribution rate under par. (b) for employers
13 that make an election under 2001 Wisconsin Act ... (this act), section 9116 (1g) (e),
14 shall be adjusted to reflect the cost of providing the retirement benefits under 2001
15 Wisconsin Act ... (this act), section 9116 (1g) (c), and that rate shall be sufficient to
16 amortize the unfunded prior service liability of the employers over a 25-year
17 amortization period. The department shall pool all employers that make the election
18 under 2001 Wisconsin Act ... (this act), section 9116 (1g) (e), into a single employing
19 unit for the purpose of calculating the increase in unfunded prior service liability
20 rates under par. (b) that results from providing the retirement benefits under 2001
21 Wisconsin Act ... (this act), section 9116 (1g) (c).

22 SECTION 100jc. 40.05 (2) (c) of the statutes is amended to read:

23 40.05 (2) (c) The percentage rates determined under this subsection shall
24 become effective as of the beginning of the calendar year to which they are applicable

1 and shall remain in effect during the calendar year, except that the secretary, upon
2 the written certification of the actuary, may change any percentage determined
3 under par. (b) during any calendar year for the purpose of reflecting any reduced
4 obligation which results from any payment of advance contributions ^{plain} or any increased
5 obligation that results from providing the retirement benefits under 2001 Wisconsin
6 Act ... (this act), section 9116 (1~~g~~) (c). ^c

History: 1981 c. 96, 274, 278, 386; 1983 a. 9 s. 6; 1983 a. 27, 30; 1983 a. 46 ss. 2 to 4, 7; 1983 a. 140; 1983 a. 141 ss. 7 to 12, 20; 1983 a. 290, 504, 538; 1985 a. 29, 119, 135, 225; 1987 a. 27, 83, 107, 309, 356, 363; 1987 a. 403 s. 256; 1989 a. 13, 14, 31, 119, 122, 166, 182, 189, 230, 336, 355, 359; 1991 a. 32, 39, 107, 113, 141, 152, 189, 269; 1995 a. 27, 81, 88, 89, 240, 302; 1997 a. 35, 58, 149; 1999 a. 9, 11, 13, 104; 2001 a. 16.

7 2. Page 355, line 15: after that line insert:

8 ^c
9 ~~(1g)~~ EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE
10 WISCONSIN RETIREMENT SYSTEM.

11 (a) *Definitions.* The definitions in section 40.02 of the statutes are applicable
12 in this subsection, except that "elected official" means a participating employee
13 elected to an office by vote of the people.

14 (b) *Eligibility for early retirement benefits.* All of the following individuals who
15 are participating employees on the effective date of this paragraph and who were
16 employed by a participating employer, or on a leave of absence from a position with
17 a participating employer, on February 1, 2002, are eligible for the early retirement
18 benefits provided under paragraphs (c) and (d):

19 1. Any state agency employee, other than an elected official or an employee of
20 the board of regents of the University of Wisconsin System, who has at least 10 years
21 of creditable service, who terminates covered employment during the period that
22 begins on July 1, 2002, and ends on January 1, 2003, and ^{who} receives an immediate
23 annuity.

24 2. Any employee of the board of regents of the University of Wisconsin System,
who has at least 10 years of creditable service, who terminates covered employment

1 during the period that begins on January 1, 2003, and ends on July 1, 2003, and ^{who}
2 receives an immediate annuity.

3 3. Any employee who is not a state agency employee, a school district employee,
4 a technical college district employee, or an elected official, whose employer has
5 elected under paragraph (e) to make its employes eligible for the early retirement
6 benefits, who has at least 10 years of creditable service, who terminates covered
7 employment during the period that begins on July 1, 2002, and ends on January 1,

8 2003, and ^{who} receives an immediate annuity.

9 4. Any employee who is a school district employee or a technical college district
10 employee, whose employer has elected under paragraph (e) to make its employees
11 eligible for the early retirement benefits, who has at least 10 years of creditable
12 service, who terminates covered employment during the period that begins on

13 January 1, 2003, and ends on July 1, 2003, and ^{who} receives an immediate annuity.

14 (c) *Early retirement benefits: calculation of retirement annuity and receipt of*
15 *other benefits.* Any participating employee described in paragraph (b) shall have all
16 of the following apply for the purpose of calculating his or her retirement annuity
17 under section 40.23 of the statutes and for receiving any benefit provided under
18 chapter 40 of the statutes:

19 1. The earliest retirement date for the employee under section 40.23 (1) of the
20 statutes is reduced by 2 years.

21 2. The employee's years of creditable service are increased by 3 years. For the
22 purpose of calculating the value of a money purchase annuity under section 40.23 (3)
23 of the statutes, the initial monthly amount of the retirement annuity in the normal
24 form shall be increased by the amount that equals the increase in the initial monthly

1 amount of the retirement annuity under section 40.23 (2m) of the statutes that results
2 from providing the additional 3 years of creditable service.

3 3. The employee's age is increased by 2 years, except for the purpose specified
4 under section 40.23 (2m) (f) 3. of the statutes.

5 4. Any limitation in the initial retirement annuity amount under section 40.23
6 (2m) (b) of the statutes shall not apply.

7 (d) *Early retirement benefits: health insurance premium credits.* For any
8 participating employee described in paragraph (b) 1. or 2., the number of health
9 insurance premium credits provided to the employee under subchapter IX of chapter
10 40 are increased by the number that yields an additional \$20,000 in health insurance
11 premium credits.

12 (e) *Early retirement option for employers other than the state.* Any employer,
13 other than a state agency, may elect to make its participating employees eligible for
14 the early retirement benefits provided under paragraph (c) by notifying the
15 department of employee funds, in writing, before July 1, 2002."

16 3. Page 368, line 8: after that line insert:

17 (4) ^(c) COMPENSATION AND FRINGE BENEFIT SAVINGS FOR STATE EMPLOYEES WHO ELECT
18 TO RECEIVE RETIREMENT ANNUITIES DURING PART OF THE 2002-03 FISCAL YEAR.

19 (a) The definitions in section 20.001 of the statutes are applicable in this
20 subsection, except that "state agency" does not include the department of employee
21 trust funds or the investment board.

22 (b) The secretary of administration shall determine for each state agency the
23 amount that the agency would have been required to expend for compensation and
24 fringe benefits during the period that begins on January 1, 2003, and ends on June

1 30, 2003, for state employees who elect to receive retirement benefits under section ^{CS}
2 9116 ^c (1~~g~~) ^{of this act} (c) and from each appropriation from which the moneys would have been
3 expended, other than appropriations of federal revenues.

4 (c) From each sum certain appropriation of general purpose revenue identified
5 in paragraph (b), the secretary of administration shall lapse to the general fund the
6 amount specified in paragraph (b) that would otherwise have been expended from
7 each of the appropriations. After the secretary ^{of administration} makes the lapse, each of the sum
8 certain appropriations is decreased by the amount specified in paragraph (b) for that
9 appropriation.

10 (d) For each sum sufficient appropriation of general purpose revenue identified
11 in paragraph (b), the expenditure estimate for the appropriation during the 2002-03
12 fiscal year is reestimated to subtract the amount specified in paragraph (b) for that
13 appropriation.

14 (e) From each appropriation of program revenues or program revenues-service
15 identified in paragraph (b), the secretary of administration shall lapse to the general
16 fund the amount specified in paragraph (b) that would otherwise have been
17 expended from each of the appropriations. After the secretary ^{of administration} makes the lapse, each
18 of the sum certain program revenues or program revenues-service appropriations
19 is decreased by the amount specified in paragraph (b) for that appropriation.

20 (f) From each appropriation of segregated fund revenues or segregated fund
21 revenues — service identified in paragraph (b), the secretary of administration shall
22 lapse to the underlying fund the amount specified in paragraph (b) that would
23 otherwise have been expended from each of the appropriations. After the secretary
24 makes the lapse, each of the sum certain segregated revenues or segregated revenues
25 — service appropriations is decreased by the amount specified in paragraph (b) for

1 that appropriation and the expenditure estimate for each of the appropriations that
2 are not sum certain appropriations is reestimated to subtract the amount specified
3 in paragraph (b) for that appropriation. The secretary of administration shall then transfer the lapsed
4 amounts and an amount equal to the amount subtracted from the estimates to the
5 general fund.

6 (4) ^{CC} EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer that
7 elects under ^{CS} section 9116 (1) ^C (e) ^{of this act} to provide the retirement benefits under ^{CS} section
8 9116 (1) ^C (c) ^{of this act} to its employees shall fill, no later than January 1, 2004, all law
9 enforcement and fire fighting positions that are vacated by employees who receive
10 the retirement benefits under ^{CS} section 9116 (1) ^C (c) ^{of this act} but only if the employer can fill
11 the positions with qualified individuals.”

12 (END)

D-note
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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb2714/P1dn

RAC: *jd*

Per your instructions, this draft contains the benefit provisions described in "Window Option 3" of the actuary's report. I prepared this draft as a preliminary draft, so that any technical issues can be addressed, as well as any policy changes made, before the amendment is in introducible form. In looking over the amendment, please note the following:

1. The treatment of s. 40.05 (2) (b), (bwd) and (bwm) provides that the increased cost of the early retirement benefits is to be added to the employers' unfunded prior service liability. All state agencies are treated as one unit and all local employers that opt in are pooled as a single employing unit for the purpose of calculating the increase in unfunded prior service liability rates.
2. The treatment of s. 40.05 (2) (c) authorizes the secretary of employee trust funds, upon the written certification of the actuary, to change the employer contribution rates during the calendar year to reflect the increased cost that results from providing the early retirement benefits. This will allow the rates to be increased during the year and not only at the start of the calendar year.
3. Under section 9116 (1) (a), as you requested, "elected official" is defined to be a participating employee elected to an office by vote of the people.
4. Per your instructions, section 9116 (1) (b) (intro.) requires that a person have been a participating employee on February 1, 2002. As a result, any participating employee hired after February 1, 2002, will not be eligible for the early retirement program. If this eligibility restriction is challenged as violating the federal or state constitutional requirement of the equal protection of the laws, a court would have to find that there is a reasonable basis justifying the classification. Please note that a possible justification could be that the legislature determines that the early retirement benefits are for public employees who have remained in public employment and not for former employees who may have left public employment long ago and returned to such employment for the sole purpose of receiving the early retirement benefits.
5. Please note that section 9116 (1) (c) (intro.) ensures that the provisions requiring the reduction in the earliest retirement date under s. 40.23 (1), the increase in years of creditable service, and the increase in the employee's age apply not just for the

purpose of calculating the employee's retirement annuity, but also for all other benefit purposes under ch. 40. You may wish to have DETF verify that there are no unintended consequences of having these provisions apply to all benefits provided under ch. 40.

* 6. Is my assumption in ^(CS)section 9116 (1^C) ~~(*)~~ 3. correct? I assume that you still want the penalty provisions for employees who retire under age 57 to apply.

* 7. In ^(CS)section 9116 (1^C) (e), I required that the local employers must elect before July 1, 2002. Is that date OK, or do you want a different date?

Wisconsin

8. Per Doug's instructions late Friday afternoon, I did not draft a "freeze," but instead required that all dollar savings resulting from the early retirement program be lapsed or transferred to the general fund (with the exception of federal revenue savings). As a result of this lapse or transfer, coupled with the other across-the-board reductions in 2001 Act 16 and in the joint finance committee sub to Special Session AB¹, most state agencies will have difficulty filling these vacant positions before July 1, 2003. *

* 9. Also, per Doug's instructions, in ^(CS)section 9159 (4^{CC}), I required that local employers fill, no later than January 1, 2004, all law enforcement and fire fighting positions that are vacated by individuals who take the early retirement benefits. Please note that this requirement only applies if there are qualified individuals to fill the positions.

10. Finally, please note that the legislature may not affect "the actuarial soundness" of a retirement plan. *Ass'n of State Prosecutors v. Milwaukee County*, 199 Wis. 2d 549, 562 (1996). If for any reason the recommendations of the actuary providing for increased employer contribution rates to fund the early retirement benefits are not implemented, the early retirement benefits provided under the amendment could be challenged as affecting "the actuarial soundness" of the WRS.

Rick A. Champagne
Senior Legislative Attorney
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E-mail: rick.champagne@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb2714/P1dn
RAC:jld:jf

March 25, 2002

Per your instructions, this draft contains the benefit provisions described in "Window Option 3" of the actuary's report. I prepared this draft as a preliminary draft, so that any technical issues can be addressed, as well as any policy changes made, before the amendment is in introducible form. In looking over the amendment, please note the following:

1. The treatment of s. 40.05 (2) (b), (bwd) and (bwm) provides that the increased cost of the early retirement benefits is to be added to the employers' unfunded prior service liability. All state agencies are treated as one unit and all local employers that opt in are pooled as a single employing unit for the purpose of calculating the increase in unfunded prior service liability rates.
2. The treatment of s. 40.05 (2) (c) authorizes the secretary of employee trust funds, upon the written certification of the actuary, to change the employer contribution rates during the calendar year to reflect the increased cost that results from providing the early retirement benefits. This will allow the rates to be increased during the year and not only at the start of the calendar year.
3. Under SECTION 9116 (1c) (a), as you requested, "elected official" is defined to be a participating employee elected to an office by vote of the people.
4. Per your instructions, SECTION 9116 (1c) (b) (intro.) requires that a person have been a participating employee on February 1, 2002. As a result, any participating employee hired after February 1, 2002, will not be eligible for the early retirement program. If this eligibility restriction is challenged as violating the federal or state constitutional requirement of the equal protection of the laws, a court would have to find that there is a reasonable basis justifying the classification. Please note that a possible justification could be that the legislature determines that the early retirement benefits are for public employees who have remained in public employment and not for former employees who may have left public employment long ago and returned to such employment for the sole purpose of receiving the early retirement benefits.
5. Please note that SECTION 9116 (1c) (c) (intro.) ensures that the provisions requiring the reduction in the earliest retirement date under s. 40.23 (1), the increase in years of creditable service, and the increase in the employee's age apply not just for the purpose of calculating the employee's retirement annuity, but also for all other benefit purposes under ch. 40. You may wish to have DETF verify that there are no unintended consequences of having these provisions apply to all benefits provided under ch. 40.

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9. Also, per Doug's instructions, in SECTION 9159 (4cc), I required that local employers fill, no later than January 1, 2004, all law enforcement and fire fighting positions that are vacated by individuals who take the early retirement benefits. Please note that this requirement only applies if there are qualified individuals to fill the positions.

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Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
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Marchant, Robert

From: Burnett, Douglas
Sent: Thursday, March 28, 2002 10:04 AM
To: Marchant, Robert
Cc: Schneider, Donald J.
Subject: 01b2714P.pdf



01b2714P.pdf

ob--We need this turned into an introducible draft asap. Sens. Meyer and Wirch need to introduce it today--even though it is not our final proposal--so that we can deal with some procedural issues related to the retirement research committee.

01b2714P.pdf

NOW

2001 - 2002 LEGISLATURE
January 2002 Special Session

LRBb2714/1
RAC:jld:jf

1
CMRR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
SENATE AMENDMENT,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 1

- 1 At the locations indicated, amend the substitute amendment as follows:
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- 5 unfunded prior service liability in a percentage of the earnings of each participating
- 6 employee. A separate percentage rate shall be determined for the employee
- 7 occupational categories under s. 40.23 (2m) as of the employer's effective date of
- 8 participation. The rates shall be sufficient to amortize as a level percent of payroll
- 9 over a period of 40 years from the later of that date or January 1, 1986, the unfunded
- 10 prior service liability for the categories of employees of each employer determined
- 11 under s. 40.05 (2) (b), 1981 stats., increased to reflect any creditable prior service

1 granted on or after January 1, 1986, increased to reflect the effect of 1983 Wisconsin
2 Act 141, increased at the end of each calendar year after January 1, 1986, by interest
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8 Wisconsin Act (this act), section 9116 (1c) (c), and that rate shall be sufficient to
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12 40.05 (2) (bwm) The employer contribution rate under par. (b) for employers
13 that make an election under 2001 Wisconsin Act (this act), section 9116 (1c) (e),
14 shall be adjusted to reflect the cost of providing the retirement benefits under 2001
15 Wisconsin Act (this act), section 9116 (1c) (c), and that rate shall be sufficient to
16 amortize the unfunded prior service liability of the employers over a 25-year
17 amortization period. The department shall pool all employers that make the election
18 under 2001 Wisconsin Act (this act), section 9116 (1c) (e), into a single employing
19 unit for the purpose of calculating the increase in unfunded prior service liability
20 rates under par. (b) that results from providing the retirement benefits under 2001
21 Wisconsin Act (this act), section 9116 (1c) (e).

22 SECTION 100jc. 40.05 (2) (c) of the statutes is amended to read:

23 40.05 (2) (c) The percentage rates determined under this subsection shall
24 become effective as of the beginning of the calendar year to which they are applicable
25 and shall remain in effect during the calendar year, except that the secretary, upon

1 the written certification of the actuary, may change any percentage determined
2 under par. (b) during any calendar year for the purpose of reflecting any reduced
3 obligation which results from any payment of advance contributions or any increased
4 obligation that results from providing the retirement benefits under 2001 Wisconsin
5 Act ... (this act), section 9116 (1c) (c)."

6 **2.** Page 355, line 15: after that line insert:

7 "(1c) EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE
8 WISCONSIN RETIREMENT SYSTEM.

9 (a) *Definitions.* The definitions in section 40.02 of the statutes are applicable
10 in this subsection, except that "elected official" means a participating employee
11 elected to an office by vote of the people.

12 (b) *Eligibility for early retirement benefits.* All of the following individuals who
13 are participating employees on the effective date of this paragraph and who were
14 employed by a participating employer, or on a leave of absence from a position with
15 a participating employer, on February 1, 2002, are eligible for the early retirement
16 benefits provided under paragraphs (c) and (d):

17 1. Any state agency employee, other than an elected official or an employee of
18 the board of regents of the University of Wisconsin System, who has at least 10 years
19 of creditable service, who terminates covered employment during the period that
20 begins on July 1, 2002, and ends on January 1, 2003, and who receives an immediate
21 annuity.

22 2. Any employee of the board of regents of the University of Wisconsin System,
23 who has at least 10 years of creditable service, who terminates covered employment

1 during the period that begins on January 1, 2003, and ends on July 1, 2003, and who
2 receives an immediate annuity.

3 3. Any employee who is not a state agency employee, a school district employee,
4 a technical college district employee, or an elected official, whose employer has
5 elected under paragraph (e) to make its employees eligible for the early retirement
6 benefits, who has at least 10 years of creditable service, who terminates covered
7 employment during the period that begins on July 1, 2002, and ends on January 1,
8 2003, and who receives an immediate annuity.

9 4. Any employee who is a school district employee or a technical college district
10 employee, whose employer has elected under paragraph (e) to make its employees
11 eligible for the early retirement benefits, who has at least 10 years of creditable
12 service, who terminates covered employment during the period that begins on
13 January 1, 2003, and ends on July 1, 2003, and who receives an immediate annuity.

14 (c) *Early retirement benefits: calculation of retirement annuity and receipt of*
15 *other benefits.* Any participating employee described in paragraph (b) shall have all
16 of the following apply for the purpose of calculating his or her retirement annuity
17 under section 40.23 of the statutes and for receiving any benefit provided under
18 chapter 40 of the statutes:

19 1. The earliest retirement date for the employee under section 40.23 (1) of the
20 statutes is reduced by 2 years.

21 2. The employee's years of creditable service are increased by 3 years. For the
22 purpose of calculating the value of a money purchase annuity under section 40.23 (3)
23 of the statutes, the initial monthly amount of the retirement annuity in the normal
24 form shall be increased by the amount that equals the increase in the initial monthly

1 amount of the retirement annuity under section 40.23 (2m) of the statutes that results
2 from providing the additional 3 years of creditable service.

3 3. The employee's age is increased by 2 years, except for the purpose specified
4 under section 40.23 (2m) (f) 3. of the statutes.

5 4. Any limitation in the initial retirement annuity amount under section 40.23
6 (2m) (b) of the statutes shall not apply.

7 (d) *Early retirement benefits: health insurance premium credits.* For any
8 participating employee described in paragraph (b) 1. or 2., the number of health
9 insurance premium credits provided to the employee under subchapter IX of chapter
10 40 are increased by the number that yields an additional \$20,000 in health insurance
11 premium credits.

12 (e) *Early retirement option for employers other than the state.* Any employer,
13 other than a state agency, may elect to make its participating employees eligible for
14 the early retirement benefits provided under paragraph (c) by notifying the
15 department, in writing, before July 1, 2002.”.

16 **3.** Page 368, line 8: after that line insert:

17 “(4c) COMPENSATION AND FRINGE BENEFIT SAVINGS FOR STATE EMPLOYEES WHO ELECT
18 TO RECEIVE RETIREMENT ANNUITIES DURING PART OF THE 2002-03 FISCAL YEAR.

19 (a) The definitions in section 20.001 of the statutes are applicable in this
20 subsection, except that “state agency” does not include the department of employee
21 trust funds or the investment board.

22 (b) The secretary of administration shall determine for each state agency the
23 amount that the agency would have been required to expend for compensation and
24 fringe benefits during the period that begins on January 1, 2003, and ends on June

1 30, 2003, for state employees who elect to receive retirement benefits under SECTION
2 9116 (1c) (c) of this act and from each appropriation from which the moneys would
3 have been expended, other than appropriations of federal revenues.

4 (c) From each sum certain appropriation of general purpose revenue identified
5 in paragraph (b), the secretary of administration shall lapse to the general fund the
6 amount specified in paragraph (b) that would otherwise have been expended from
7 each of the appropriations. After the secretary of administration makes the lapse,
8 each of the sum certain appropriations is decreased by the amount specified in
9 paragraph (b) for that appropriation.

10 (d) For each sum sufficient appropriation of general purpose revenue identified
11 in paragraph (b), the expenditure estimate for the appropriation during the 2002–03
12 fiscal year is reestimated to subtract the amount specified in paragraph (b) for that
13 appropriation.

14 (e) From each appropriation of program revenues or program revenues–service
15 identified in paragraph (b), the secretary of administration shall lapse to the general
16 fund the amount specified in paragraph (b) that would otherwise have been
17 expended from each of the appropriations. After the secretary of administration
18 makes the lapse, each of the sum certain program revenues or program
19 revenues–service appropriations is decreased by the amount specified in paragraph
20 (b) for that appropriation.

21 (f) From each appropriation of segregated fund revenues or segregated fund
22 revenues — service identified in paragraph (b), the secretary of administration shall
23 lapse to the underlying fund the amount specified in paragraph (b) that would
24 otherwise have been expended from each of the appropriations. After the secretary
25 of administration makes the lapse, each of the sum certain segregated revenues or

1 segregated revenues — service appropriations is decreased by the amount specified
2 in paragraph (b) for that appropriation and the expenditure estimate for each of the
3 appropriations that are not sum certain appropriations is reestimated to subtract
4 the amount specified in paragraph (b) for that appropriation. The secretary of
5 administration shall then transfer the lapsed amounts and an amount equal to the
6 amount subtracted from the estimates to the general fund.

7 (4cc) EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer that
8 elects under SECTION 9116 (1c) (e) of this act to provide the retirement benefits under
9 SECTION 9116 (1c) (c) of this act to its employees shall fill, no later than January 1,
10 2004, all law enforcement and fire fighting positions that are vacated by employees
11 who receive the retirement benefits under SECTION 9116 (1c) (c) of this act, but only
12 if the employer can fill the positions with qualified individuals.”

13

(END)



State of Wisconsin
 2001 - 2002 LEGISLATURE
 January 2002 Special Session

LRBb2954/1
 RAC:1:....

CS

SENATE AMENDMENT,
 TO SENATE SUBSTITUTE AMENDMENT 1,
 TO ASSEMBLY BILL 1

NOW
 insert B

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

2 1. Page 12, line 20: after that line insert:

3 "20.515 Employee trust funds, department of

4 (1) EMPLOYEE BENEFIT PLANS

5 (vm) Early retirement benefits under

6 2001 Wisconsin Act ... (this act) SEG B 1,075,000 1,075,000".

7 2. Page 19, line 20: after that line insert:

8 "SECTION 52h. 20.515 (1) (vm) of the statutes is created to read:

9 20.515 (1) (vm) Early retirement benefits under 2001 Wisconsin Act ... (this act).

10 Biennially, ^{from the public employee trust fund,} the amounts in the schedule for ^{providing} early retirement benefits
 11 under 2001 Wisconsin Act (this act), section 9116 (1). ^{ADMINISTERING THE}
 12 ^{provision of}

3. Page 32, line 23: after that line insert:

19

1 "SECTION 100i. 40.05 (2) (h) of the statutes is created to read:

2 40.05 (2) (h) 1. Beginning on the January 1 that first occurs after the actuary
3 completes the valuation required under 2001 Wisconsin Act (this act), section
4 9116 (1b) (f), contributions shall be made for state agencies in a percentage of the
5 earnings of each participating employee to reflect the cost of providing the retirement
6 benefits under 2001 Wisconsin Act (this act), section 9116 (1b), and ^{1a} ~~that~~ rate shall
7 be sufficient to amortize, as a level percent of payroll, the unfunded liability of the
8 state agencies over a 10-year amortization period. ✓

9 2. Beginning on the January 1 that first occurs after the actuary completes the
10 valuation required under 2001 Wisconsin Act (this act), section 9116 (1b) (f),
11 contributions shall be made for employers that make an election under 2001
12 Wisconsin Act (this act), section 9116 (1b) (e) ^{1a} in a percentage of the earnings of
13 each participating employee to reflect the cost of providing the retirement benefits
14 under 2001 Wisconsin Act (this act), section 9116 (1b) (c), and ^{1a} ~~that~~ rate shall be
15 sufficient to amortize, as a level percent of payroll, the unfunded liability of the
16 employers over a 10-year amortization period. The department shall pool all
17 employers that make the election under 2001 Wisconsin Act (this act), section
18 9116 (1b) (e), into a single employing unit for the purpose of calculating the
19 contribution rate. ✓ ✓

20 3. In lieu of paying contributions under subd. 1. or 2., a participating employer
21 may fully pay the unfunded liability as a lump sum payment. Such a payment may
22 be made only after the date on which the actuary completes the valuation required
23 under 2001 Wisconsin Act (this act), section 9116 (1b) (f), but before the January
24 1 that first occurs after the actuary completes the valuation required under 2001
25 Wisconsin Act (this act), section 9116 (1b) (f). ^{1a} ✓

1 **SECTION 1006.** 40.23 (2m) (b) of the statutes is amended to read:
2 40.23 (2m) (b) Except as provided in s. 40.26, subject to the limitations under
3 section 415 of the Internal Revenue Code, the initial amount of the normal form
4 annuity shall be an amount equal to 70%, or ~~65%~~ ^{plain space} ~~for participants whose formula rate~~
5 ~~is determined under par. (e) 3. or 85%~~ 90% for participants whose formula rate is
6 determined under par. (e) 4., of the participant's final average earnings plus the
7 amount which can be provided under pars. (c) and (d) or, if less, shall be in the
8 monthly amount equal to the sum of the amounts determined under pars. (c), (d) and
9 (e) as modified by par. (f) and in accordance with the actuarial tables in effect on the
10 annuity effective date. If the participant has creditable service under both par. (e)
11 4. and another category under par. (e), the percent applied under this paragraph
12 shall be determined by multiplying the percent that each type of creditable service
13 is of the participant's total creditable service by ~~85% and 65%~~ 90% or 70%,
14 respectively, and adding the results, except that the resulting benefit may not be less
15 than the amount of the normal form annuity that could be paid based solely on the
16 creditable service under par. (e) 4.”

History: 1981 c. 96, 386; 1983 a. 141, 267, 391; 1987 a. 309, 372; 1987 a. 403 s. 256; 1989 a. 13; 1989 a. 56 s. 259; 1991 a. 152; 1995 a. 225, 302, 414; 1997 a. 35, 69; 1999 a. 11.

17 **4.** Page 355, line 15: after that line insert:

18 “(1) ¹⁹ EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE
19 WISCONSIN RETIREMENT SYSTEM.

20 (a) *Definitions.* The definitions in section 40.02 of the statutes are applicable
21 in this subsection, except that “elected official” means a participating employee
22 elected to an office by vote of the people and “participating employer” does not include
23 a school district.

1 (b) *Eligibility for early retirement benefits.* All of the following individuals who
2 are participating employees on the effective date of this paragraph and who were
3 employed by a participating employer, or on a leave of absence from a position with
4 a participating employer, on February 1, 2002, are eligible for the early retirement
5 benefits provided under this subsection:

6 1. Any state agency employee, other than an elected official, an employee of the
7 board of regents of the University of Wisconsin System, or an employee of the
8 department of employee funds, who has at least 10 years of creditable service, who
9 terminates covered employment during the period that begins on July 1, 2002, and
10 ends on January 1, 2003, and who receives an immediate annuity.

11 2. Any employee of the board of regents of the University of Wisconsin System
12 who has at least 10 years of creditable service, who terminates covered employment
13 during the period that begins on January 1, 2003, and ends on July 1, 2003, and who
14 receives an immediate annuity.

15 3. Any employee of the department of employee funds, who has at least 10 years
16 of creditable service and who does either of the following:

17 a. Terminates covered employment during the period that begins on July 1,
18 2002, and ends on January 1, 2003, and who receives an immediate annuity.

19 b. Submits a letter of resignation to the department of employee trust funds
20 during the period that begins on July 1, 2002, and ends on January 1, 2003, with an
21 effective date of resignation after January 1, 2003, but before April 1, 2004, and who
22 at the time of the effective date of resignation receives an immediate annuity. Any
23 employee who submits such a letter may subsequently change the effective date of
24 resignation but only if the changed date of resignation is before April 1, 2004.

1 4. Any employee who is not a state agency employee, a school district employee,
2 a technical college district employee, or an elected official, whose employer has
3 elected under paragraph (e) to make its employees eligible for the early retirement
4 benefits, who has at least 10 years of creditable service, who terminates covered
5 employment during the period that begins on July 1, 2002, and ends on January 1,
6 2003, and who receives an immediate annuity.

7 5. Any employee who is a technical college district employee, whose employer
8 has elected under paragraph (e) to make its employees eligible for the early
9 retirement benefits, who has at least 10 years of creditable service, who terminates
10 covered employment during the period that begins on January 1, 2003, and ends on
11 July 1, 2003, and who receives an immediate annuity.

12 (c) *Early retirement benefits: calculation of retirement annuity and receipt of*
13 *other benefits.* Any participating employee described in paragraph (b) shall receive
14 all of the following:

15 1. The earliest retirement ^{age} (date) for the employee under section 40.23 (1) of the
16 statutes is reduced by 2 years for the purpose of calculating his or her retirement
17 annuity under section 40.23 of the statutes.

18 2. a. At the time of termination, the employee's years of creditable service are
19 increased by 3 years for the purpose of calculating his or her retirement annuity
20 under section 40.23 of the statutes, for the purpose of calculating creditable military
21 service under section 40.02 (15), and for the purpose of life insurance coverage under
22 subchapter VI of chapter 40.

23 b. For any employee having creditable service of more than one type under
24 section 40.23 (2m) (e) of the statutes, the creditable service received under this

1 subdivision shall be prorated according to the employee's years of service under each
2 type of creditable service.

3 c. For the purpose of calculating the value of a money purchase annuity under
4 section 40.23 (3) of the statutes, the initial monthly amount of the retirement annuity
5 in the normal form shall be increased by the amount that equals the increase in the
6 initial monthly amount of the retirement annuity under section 40.23 (2m) of the
7 statutes that results from providing the additional 3 years of creditable service.

8 3. The employee's age is increased by 2 years for the purpose of calculating his
9 or her retirement annuity under section 40.23 of the statutes.

10 4. Any limitation in the initial retirement annuity amount under section 40.23

11 (2m) (b) of the statutes shall not apply for the purpose of calculating his or
her retirement annuity under section

12 (d) *Early retirement benefits: health insurance premium credits.* 40.23
13 Notwithstanding section 40.95 (2) of the statutes, for any participating employee
14 described in paragraph (b) 1. to 3., the number of health insurance premium credits
15 provided to the employee under subchapter IX of chapter 40 are increased by the
16 number that yields an additional \$20,000 in health insurance premium credits.

17 (e) *Early retirement option for participating employers other than the state.*

18 1. Any participating employer, other than a state agency and a technical college
19 district, may elect to make its participating employees eligible for the early
20 retirement benefits provided under paragraph (c) by notifying the department, in
21 writing, before July 1, 2002.

22 2. A technical college district may elect to make its participating employees
23 eligible for the early retirement benefits provided under paragraph (c) by notifying
24 the department, in writing, before January 1, 2003.

1 (f) *Actuarial valuation of the cost of early retirement benefits.* Not later than
2 January 1, 2005, the department of employee trust funds shall contract with the
3 actuary retained under section 40.03 (1) (d) of the statutes for an actuarial valuation
4 of the costs of the retirement benefits provided under this subsection, as well as the
5 costs incurred by the department of employee trust funds for administering the
6 retirement benefits, for the purpose of determining contribution rates for
7 participating employers whose employees receive retirement benefits under this
8 subsection. The contribution rates established by the actuary shall be sufficient to
9 fund the full cost of the retirement benefits and administrative costs over a 10-year
10 amortization period and shall take effect beginning on the January 1 that first occurs
11 after the actuary completes the valuation. The department shall certify to the
12 actuary all costs, including estimated future costs, that are incurred by the
13 department in administering the retirement benefits provided under this
14 subsection. ✓

15 (g) *Establishment of initial employer contribution rates.* Beginning on June 1,
16 2002, and ending on the January 1 that first occurs after the actuary completes the
17 valuation under paragraph (f), for any participating employer whose participating
18 employees terminate covered employment or, with respect to the department of
19 employee trust funds, submit a letter of resignation with a delayed effective date
20 during the period that begins on July 1, 2002, and ends on January 1, 2003, and
21 beginning on December 1, 2002, and ending on the January 1 that first occurs after
22 the the actuary completes the valuation under paragraph (f), for any participating
23 employer whose participating employees terminate covered employment during the
24 period that begins on January 1, 2003, and ends on July 1, 2003, the department of
25 employee trust funds shall establish, and require the payment of, employer
stays ✓

1 contribution rates to fund the cost of the retirement benefits provided under this
2 subsection. ^{For state agencies,} ~~(If the participating employer is a state agency,~~ the department shall
3 establish, and require the payment of, a temporary employer contribution rate,
4 expressed as a level percent of payroll, to fund the retirement benefits that are
5 received by ~~its~~ participating ^{state} employees. This rate shall remain in effect until the
6 January 1 that first occurs after the actuary completes the valuation under
7 paragraph (f). If the participating employer is not a state agency, the department
8 shall charge the employer the actual cost of the early retirement benefits that are
9 received by its participating employees before the January 1 that first occurs after
10 the actuary completes the valuation under paragraph (f). ✓

11 (h) *Emergency rules.* Using the procedure under section 227.24 of the statutes,
12 the department of employee trust funds may promulgate rules to administer the
13 retirement benefits provided under this subsection and any funding mechanism to
14 pay the cost of the retirement benefits for the period before the date on which
15 permanent rules take effect, but not to exceed the period authorized under section
16 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), ✓
17 and (3) of the statutes, the department is not required to provide evidence that
18 promulgating a rule under this paragraph as an emergency rule is necessary for the
19 preservation of the public peace, health, safety, or welfare and is not required to
20 provide a finding of emergency for a rule promulgated under this paragraph.” ✓

21 **5.** Page 366, line 15: after “subsection” insert “, except that “state agency” does
22 not include the department of employee trust funds”.

23 **6.** Page 368, line 8: after that line insert:

4r

1 “(4r) COMPENSATION AND FRINGE BENEFIT SAVINGS FOR STATE EMPLOYEES WHO ELECT
2 TO RECEIVE RETIREMENT ANNUITIES DURING PART OF THE 2002-03 FISCAL YEAR.

3 (a) The definitions in section 20.001 of the statutes are applicable in this
4 subsection, except that “state agency” does not include the department of employee
5 trust funds or the investment board.

6 (b) The secretary of administration shall determine for each state agency the
7 amount that the agency would have been required to expend for compensation and
8 fringe benefits during the period that begins on January 1, 2003, and ends on June
9 30, 2003, for state employees who elect to receive retirement benefits under SECTION
10 9116 (1a) (c) of this act and from each appropriation from which the moneys would
11 have been expended, other than appropriations of federal revenues. For the purpose
12 of making this calculation, the secretary shall reduce the amount by the increased
13 employer contribution costs under the Wisconsin retirement system for that state
14 agency that results from the retirement benefits granted under SECTION 9116 (1a) (c)
15 of this act. 1a

16 (c) From each sum certain appropriation of general purpose revenue identified
17 in paragraph (b), the secretary of administration shall lapse to the general fund the
18 amount specified in paragraph (b) that would otherwise have been expended from
19 each of the appropriations. After the secretary of administration makes the lapse,
20 each of the sum certain appropriations is decreased by the amount specified in
21 paragraph (b) for that appropriation.

22 (d) For each sum sufficient appropriation of general purpose revenue identified
23 in paragraph (b), the expenditure estimate for the appropriation during the 2002-03
24 fiscal year is reestimated to subtract the amount specified in paragraph (b) for that
25 appropriation.

1 (e) From each appropriation of program revenues or program revenues-service
2 identified in paragraph (b), the secretary of administration shall lapse to the general
3 fund the amount specified in paragraph (b) that would otherwise have been
4 expended from each of the appropriations. After the secretary of administration
5 makes the lapse, each of the sum certain program revenues or program
6 revenues-service appropriations is decreased by the amount specified in paragraph
7 (b) for that appropriation.

8 (f) From each ^{sum certain} appropriation of segregated fund revenues or segregated fund
9 revenues — service identified in paragraph (b), the secretary of administration shall
10 lapse to the underlying fund the amount specified in paragraph (b) that would
11 otherwise have been expended from each of the appropriations. After the secretary
12 of administration makes the lapse, each of the sum certain segregated revenues or
13 segregated revenues — service appropriations is decreased by the amount specified
14 in paragraph (b) for that appropriation, ^(A) and the expenditure estimate for each of the
15 ~~appropriations that are not sum certain appropriations~~ is reestimated to subtract
16 the amount specified in paragraph (b) for that appropriation. The secretary of
17 administration shall ^{from the underlying fund} then transfer the lapsed amounts and an amount equal to the
18 amount subtracted from the estimates to the general fund.

19 ⁽⁴⁵⁾ (45) EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer that
20 elects under SECTION 9116 ¹⁹ (16) (e) of this act to provide the retirement benefits under
21 SECTION 9116 ¹⁹ (16) (c) of this act to its employees shall fill, no later than January 1,
22 2004, all law enforcement and fire fighting positions that are vacated by employees
23 who receive the retirement benefits under SECTION 9116 ¹⁹ (16) (c) of this act, but only
24 if the employer can fill the positions with qualified individuals.

5s

1 (5s) POSITION AUTHORIZATIONS RELATED TO PROVISION OF EARLY RETIREMENT
2 BENEFITS. The authorized FTE positions for the department of employee trust funds ✓
3 are increased by 53.0 SEG project positions, to be funded from the appropriation ✓
4 under section 20.515 (1) (vm) of the statutes, as created by this act, for the period ✓
5 beginning on the effective date of this subsection and ending on December 31, 2004,
6 for the purpose of administering the early retirement benefits provided under
7 SECTION 9116 (19) (c) of this act.”

8 7. Page 435, line 10: after that line insert:

9 “(2b) INITIAL ANNUITY AMOUNT UNDER THE WISCONSIN RETIREMENT SYSTEM. The
10 treatment of section 40.23 (2m) (b) of the statutes first applies to the calculation of
11 retirement benefits for individuals who are participating employees in the Wisconsin
12 retirement system on the effective date of this subsection.”

13

(END)

A

no 4

① For each appropriation of segregated fund revenues or segregated fund revenues - service identified in paragraph (b) ^{is not} that is not a sum certain appropriation,

Champagne, Rick

From: Mason, Tony
Sent: Wednesday, April 03, 2002 11:44 AM
To: Burnett, Douglas
Cc: Champagne, Rick
Subject: Early Retirement Draft

Doug--

I see that the current draft exempts ETF from the sick leave conversion credit payment holiday and the resulting lapse of the freed-up Public Retirement Trust Fund \$\$ to the general fund. If you proceed with this treatment for ETF, the same should probably also be applied to SWIB. Elsewhere in the draft, both of these agencies are also exempted from the lapse/transfer provisions arising from retirement savings.

Tony Mason

YES, per



State of Wisconsin
2001 - 2002 LEGISLATURE
January 2002 Special Session

LRBb2967/1 2
RAC:cjs:rs

RMR

SCC:.....Engel - CN5561, Early retirement program under the Wisconsin retirement system

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 1

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

2 1. Page 12, line 20: after that line insert:

3 "20.515 Employee trust funds, department of

4 (1) EMPLOYEE BENEFIT PLANS

5 (vm) Early retirement benefits under

6 2001 Wisconsin Act (this act) SEG B 1,075,000 1,075,000".

7 2. Page 19, line 20: after that line insert:

8 "SECTION 52h. 20.515 (1) (vm) of the statutes is created to read:

1 20.515 (1) (vm) *Early retirement benefits under 2001 Wisconsin Act (this act).*
2 Biennially, from the public employee trust fund, the amounts in the schedule for
3 administering the provision of early retirement benefits under 2001 Wisconsin Act
4 (this act), section 9116 (1q).”.

5 **3.** Page 32, line 23: after that line insert:

6 “**SECTION 100i.** 40.05 (2) (h) of the statutes is created to read:

7 40.05 (2) (h) 1. Beginning on the January 1 that first occurs after the actuary
8 completes the valuation required under 2001 Wisconsin Act (this act), section
9 9116 (1q) (f), contributions shall be made for state agencies in a percentage of the
10 earnings of each participating employee to reflect the cost of providing the retirement
11 benefits under 2001 Wisconsin Act (this act), section 9116 (1q), and any
12 contribution rate shall be sufficient to amortize, as a level percent of payroll, the
13 unfunded liability of the state agencies over a 10–year amortization period.

14 2. Beginning on the January 1 that first occurs after the actuary completes the
15 valuation required under 2001 Wisconsin Act (this act), section 9116 (1q) (f),
16 contributions shall be made for employers that make an election under 2001
17 Wisconsin Act (this act), section 9116 (1q) (e) in a percentage of the earnings of
18 each participating employee to reflect the cost of providing the retirement benefits
19 under 2001 Wisconsin Act (this act), section 9116 (1q) (c), and any contribution
20 rate shall be sufficient to amortize, as a level percent of payroll, the unfunded
21 liability of the employers over a 10–year amortization period. The department shall
22 pool all employers that make the election under 2001 Wisconsin Act (this act),
23 section 9116 (1q) (e), into a single employing unit for the purpose of calculating the
24 contribution rate.

1 3. In lieu of paying contributions under subd. 1. or 2., a participating employer
2 may fully pay the unfunded liability as a lump sum payment. Such a payment may
3 be made only after the date on which the actuary completes the valuation required
4 under 2001 Wisconsin Act (this act), section 9116 (1q) (f), but before the January
5 1 that first occurs after the actuary completes the valuation required under 2001
6 Wisconsin Act (this act), section 9116 (1q) (f).

7 **SECTION 100j.** 40.23 (2m) (b) of the statutes is amended to read:

8 40.23 (2m) (b) Except as provided in s. 40.26, subject to the limitations under
9 section 415 of the Internal Revenue Code, the initial amount of the normal form
10 annuity shall be an amount equal to 70%, or ~~65%~~ for participants whose formula rate
11 ~~is determined under par. (e) 3. or 85%~~ 90% for participants whose formula rate is
12 determined under par. (e) 4., of the participant's final average earnings plus the
13 amount which can be provided under pars. (c) and (d) or, if less, shall be in the
14 monthly amount equal to the sum of the amounts determined under pars. (c), (d) and
15 (e) as modified by par. (f) and in accordance with the actuarial tables in effect on the
16 annuity effective date. If the participant has creditable service under both par. (e)
17 4. and another category under par. (e), the percent applied under this paragraph
18 shall be determined by multiplying the percent that each type of creditable service
19 is of the participant's total creditable service by ~~85% and 65%~~ 90% or 70%,
20 respectively, and adding the results, except that the resulting benefit may not be less
21 than the amount of the normal form annuity that could be paid based solely on the
22 creditable service under par. (e) 4.”

23 **4.** Page 355, line 15: after that line insert:

1 “(1q) EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE
2 WISCONSIN RETIREMENT SYSTEM.

3 (a) *Definitions.* The definitions in section 40.02 of the statutes are applicable
4 in this subsection, except that “elected official” means a participating employee
5 elected to an office by vote of the people and “participating employer” does not include
6 a school district.

7 (b) *Eligibility for early retirement benefits.* All of the following individuals who
8 are participating employees on the effective date of this paragraph and who were
9 employed by a participating employer, or on a leave of absence from a position with
10 a participating employer, on February 1, 2002, are eligible for the early retirement
11 benefits provided under this subsection:

12 1. Any state agency employee, other than an elected official, an employee of the
13 board of regents of the University of Wisconsin System, or an employee of the
14 department of employee funds, who has at least 10 years of creditable service, who
15 terminates covered employment during the period that begins on July 1, 2002, and
16 ends on January 1, 2003, and who receives an immediate annuity.

17 2. Any employee of the board of regents of the University of Wisconsin System
18 who has at least 10 years of creditable service, who terminates covered employment
19 during the period that begins on January 1, 2003, and ends on July 1, 2003, and who
20 receives an immediate annuity.

21 3. Any employee of the department of employee trust funds, who has at least
22 10 years of creditable service and who does either of the following:

23 a. Terminates covered employment during the period that begins on July 1,
24 2002, and ends on January 1, 2003, and who receives an immediate annuity.

1 b. Submits a letter of resignation to the department of employee trust funds
2 during the period that begins on July 1, 2002, and ends on January 1, 2003, with an
3 effective date of resignation after January 1, 2003, but before April 1, 2004, and who
4 at the time of the effective date of resignation receives an immediate annuity. Any
5 employee who submits such a letter may subsequently change the effective date of
6 resignation but only if the changed date of resignation is before April 1, 2004.

7 4. Any employee who is not a state agency employee, a school district employee,
8 a technical college district employee, or an elected official, whose employer has
9 elected under paragraph (e) to make its employees eligible for the early retirement
10 benefits, who has at least 10 years of creditable service, who terminates covered
11 employment during the period that begins on July 1, 2002, and ends on January 1,
12 2003, and who receives an immediate annuity.

13 5. Any employee who is a technical college district employee, whose employer
14 has elected under paragraph (e) to make its employees eligible for the early
15 retirement benefits, who has at least 10 years of creditable service, who terminates
16 covered employment during the period that begins on January 1, 2003, and ends on
17 July 1, 2003, and who receives an immediate annuity.

18 (c) *Early retirement benefits: calculation of retirement annuity and receipt of*
19 *other benefits.* Any participating employee described in paragraph (b) shall receive
20 all of the following:

21 1. The earliest retirement age for the employee under section 40.23 (1) of the
22 statutes is reduced by 2 years for the purpose of calculating his or her retirement
23 annuity under section 40.23 of the statutes.

24 2. a. At the time of termination, the employee's years of creditable service are
25 increased by 3 years for the purpose of calculating his or her retirement annuity

1 under section 40.23 of the statutes, for the purpose of calculating creditable military
2 service under section 40.02 (15) of the statutes, and for the purpose of life insurance
3 coverage under subchapter VI of chapter 40 of the statutes.

4 b. For any employee having creditable service of more than one type under
5 section 40.23 (2m) (e) of the statutes, the creditable service received under this
6 subdivision shall be prorated according to the employee's years of service under each
7 type of creditable service.

8 c. For the purpose of calculating the value of a money purchase annuity under
9 section 40.23 (3) of the statutes, the initial monthly amount of the retirement annuity
10 in the normal form shall be increased by the amount that equals the increase in the
11 initial monthly amount of the retirement annuity under section 40.23 (2m) of the
12 statutes that results from providing the additional 3 years of creditable service.

13 3. The employee's age is increased by 2 years for the purpose of calculating his
14 or her retirement annuity under section 40.23 of the statutes.

15 4. Any limitation in the initial retirement annuity amount under section 40.23
16 (2m) (b) of the statutes shall not apply for the purpose of calculating his or her
17 retirement annuity under section 40.23 of the statutes.

18 (d) *Early retirement benefits: health insurance premium credits.*
19 Notwithstanding section 40.95 (2) of the statutes, for any participating employee
20 described in paragraph (b) 1. to 3., the number of health insurance premium credits
21 provided to the employee under subchapter IX of chapter 40 of the statutes are
22 increased by the number that yields an additional \$20,000 in health insurance
23 premium credits.

24 (e) *Early retirement option for participating employers other than the state.*

1 1. Any participating employer, other than a state agency and a technical college
2 district, may elect to make its participating employees eligible for the early
3 retirement benefits provided under paragraph (c) by notifying the department, in
4 writing, before July 1, 2002.

5 2. A technical college district may elect to make its participating employees
6 eligible for the early retirement benefits provided under paragraph (c) by notifying
7 the department, in writing, before January 1, 2003.

8 (f) *Actuarial valuation of the cost of early retirement benefits.* Not later than
9 January 1, 2005, the department of employee trust funds shall contract with the
10 actuary retained under section 40.03 (1) (d) of the statutes for an actuarial valuation
11 of the costs of the retirement benefits provided under this subsection, as well as the
12 costs incurred by the department of employee trust funds for administering the
13 retirement benefits, for the purpose of determining contribution rates for
14 participating employers whose employees receive retirement benefits under this
15 subsection. The contribution rates established by the actuary shall be sufficient to
16 fund the full cost of the retirement benefits and administrative costs over a 10-year
17 amortization period and shall take effect beginning on the January 1 that first occurs
18 after the actuary completes the valuation. The department shall certify to the
19 actuary all costs, including estimated future costs, that are incurred by the
20 department in administering the retirement benefits provided under this
21 subsection.

22 (g) *Establishment of initial employer contribution rates.* Beginning on June 1,
23 2002, and ending on the January 1 that first occurs after the actuary completes the
24 valuation under paragraph (f), for any participating employer whose participating
25 employees terminate covered employment or, with respect to the department of

1 employee trust funds, submit a letter of resignation with a delayed effective date,
2 during the period that begins on July 1, 2002, and ends on January 1, 2003, and
3 beginning on December 1, 2002, and ending on the January 1 that first occurs after
4 the the actuary completes the valuation under paragraph (f), for any participating
5 employer whose participating employees terminate covered employment during the
6 period that begins on January 1, 2003, and ends on July 1, 2003, the department of
7 employee trust funds shall establish, and require the payment of, employer
8 contribution rates to fund the cost of the retirement benefits provided under this
9 subsection. For state agencies, the department shall establish, and require the
10 payment of, a temporary employer contribution rate, expressed as a level percent of
11 payroll, to fund the retirement benefits that are received by participating state
12 employees. This rate shall remain in effect until the January 1 that first occurs after
13 the actuary completes the valuation under paragraph (f). If the participating
14 employer is not a state agency, the department shall charge the employer the actual
15 cost of the early retirement benefits that are received by its participating employees
16 before the January 1 that first occurs after the actuary completes the valuation
17 under paragraph (f).

18 (h) *Emergency rules.* Using the procedure under section 227.24 of the statutes,
19 the department of employee trust funds may promulgate rules to administer the
20 retirement benefits provided under this subsection and any funding mechanism to
21 pay the cost of the retirement benefits for the period before the date on which
22 permanent rules take effect, but not to exceed the period authorized under section
23 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b),
24 and (3) of the statutes, the department is not required to provide evidence that
25 promulgating a rule under this paragraph as an emergency rule is necessary for the

1 preservation of the public peace, health, safety, or welfare and is not required to
2 provide a finding of emergency for a rule promulgated under this paragraph.”

3 **5.** Page 366, line 15: after “subsection” insert “, except that “state agency” does
4 not include the department of employee trust funds”.

5 **6.** Page 368, line 8: after that line insert:

6 “(4r) COMPENSATION AND FRINGE BENEFIT SAVINGS FOR STATE EMPLOYEES WHO ELECT
7 TO RECEIVE RETIREMENT ANNUITIES DURING PART OF THE 2002–03 FISCAL YEAR.

8 (a) The definitions in section 20.001 of the statutes are applicable in this
9 subsection, except that “state agency” does not include the department of employee
10 trust funds, the board of regents of the University of Wisconsin System, or the
11 investment board.

12 (b) The secretary of administration shall determine for each state agency the
13 amount that the agency would have been required to expend for compensation and
14 fringe benefits during the period that begins on January 1, 2003, and ends on June
15 30, 2003, for state employees who elect to receive retirement benefits under SECTION
16 9116 (1q) (c) of this act and each appropriation from which the moneys would have
17 been expended, other than appropriations of federal revenues. For the purpose of
18 making this calculation, the secretary shall reduce the amount by the increased
19 employer contribution costs under the Wisconsin retirement system for that state
20 agency that results from the retirement benefits granted under SECTION 9116 (1q) (c)
21 of this act.

22 (c) From each sum certain appropriation of general purpose revenue identified
23 in paragraph (b), the secretary of administration shall lapse to the general fund the
24 amount specified in paragraph (b) that would otherwise have been expended from

the investment board
or

1 each of the appropriations. After the secretary of administration makes the lapse,
2 each of the sum certain appropriations is decreased by the amount specified in
3 paragraph (b) for that appropriation.

4 (d) For each sum sufficient appropriation of general purpose revenue identified
5 in paragraph (b), the expenditure estimate for the appropriation during the 2002–03
6 fiscal year is reestimated to subtract the amount specified in paragraph (b) for that
7 appropriation.

8 (e) From each appropriation of program revenues or program revenues–service
9 identified in paragraph (b), the secretary of administration shall lapse to the general
10 fund the amount specified in paragraph (b) that would otherwise have been
11 expended from each of the appropriations. After the secretary of administration
12 makes the lapse, each of the sum certain program revenues or program
13 revenues–service appropriations is decreased by the amount specified in paragraph
14 (b) for that appropriation.

15 (f) From each sum certain appropriation of segregated fund revenues or
16 segregated fund revenues — service identified in paragraph (b), the secretary of
17 administration shall lapse to the underlying fund the amount specified in paragraph
18 (b) that would otherwise have been expended from each of the appropriations. After
19 the secretary of administration makes the lapse, each of the sum certain segregated
20 revenues or segregated revenues — service appropriations is decreased by the
21 amount specified in paragraph (b) for that appropriation. For each appropriation of
22 segregated fund revenues or segregated fund revenues — services identified in
23 paragraph (b) that is not a sum certain appropriation, the expenditure estimate is
24 reestimated to subtract the amount specified in paragraph (b) for that appropriation.
25 The secretary of administration shall transfer from the underlying fund the lapsed

1 amounts and an amount equal to the amount subtracted from the estimates to the
2 general fund.

3 (4rq) EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer
4 that elects under SECTION 9116 (1q) (e) of this act to provide the retirement benefits
5 under SECTION 9116 (1q) (c) of this act to its employees shall fill, no later than January
6 1, 2004, all law enforcement and fire fighting positions that are vacated by employees
7 who receive the retirement benefits under SECTION 9116 (1q) (c) of this act, but only
8 if the employer can fill the positions with qualified individuals.

9 (4rqq) POSITION AUTHORIZATIONS RELATED TO PROVISION OF EARLY RETIREMENT
10 BENEFITS. The authorized FTE positions for the department of employee trust funds
11 are increased by 53.0 SEG project positions, to be funded from the appropriation
12 under section 20.515 (1) (vm) of the statutes, as created by this act, for the period
13 beginning on the effective date of this subsection and ending on December 31, 2004,
14 for the purpose of administering the early retirement benefits provided under
15 SECTION 9116 (1q) (c) of this act.”

16 **7.** Page 435, line 10: after that line insert:

17 “(2q) INITIAL ANNUITY AMOUNT UNDER THE WISCONSIN RETIREMENT SYSTEM. The
18 treatment of section 40.23 (2m) (b) of the statutes first applies to the calculation of
19 retirement benefits for individuals who are participating employees in the Wisconsin
20 retirement system on the effective date of this subsection.”

21 (END)