Champagne, Rick

From: Champagne, Rick
Sent: Thursday, April 04, 2002 8:05 AM
To: Champagne, Rick
Cc: Burnett, Douglas; Meyer, Amber
Subject: RE: Important Note - Window Draft Changes

I'm resending this to copy in Doug and Amber.

-----Original Message-----
From: Champagne, Rick
Sent: Thursday, April 04, 2002 7:51 AM
To: Henning, Pamela
Subject: RE: Important Note - Window Draft Changes

All employees of the UW are employees of the board. All appropriations are to the board and all positions authorizations are for the board. Re the CESA issue, I agree with ETF. A CESA is not a school district; hence, a CESA could opt in.

-----Original Message-----
From: Henning, Pamela
Sent: Thursday, April 04, 2002 7:39 AM
To: Champagne, Rick; Burnett, Douglas; Meyer, Amber
Subject: Important Note - Window Draft Changes
Importance: High

One more significant item - an employee of the board of regents of the UW System DOES NOT include classified employees of the UW. Very few employees are employed by the board of regents.

Page 4, line 8-9 and line 13 should delete the reference to "of the board of regents"

I believe you wanted to allow all UW employees to be eligible during the second window (1/1/03-7/1/03). Current language would keep them under the first window as defined as "any state agency employee".

Thanks.

-----Original Message-----
From: Henning, Pamela
Sent: Wednesday, April 03, 2002 9:35 PM
To: Champagne, Rick; 'doug.burnett@legis.state.wi.us '; Meyer, Amber
Cc: Henning, Pamela
Subject: Window Draft Changes
Importance: High

Rick and Doug:

I spoke with Amber regarding several changes to LRBb2954/1 that ETF feels are necessary before the draft is finalized. Amber agreed that none of the changes requested were controversial, but instead administrative or technical.

The following are the changes requested:

Page 2, line 9 and line 17: after "over" insert "the remainder of the 10-year initial amortization period."

This maintains a 10 year amortization schedule after the actuary will complete its valuation (which could be as late as 2005 with an effective date of Jan. 1, 2006); otherwise, the current wording may result in a 12-year amortization schedule.

Page 2, line 20: after "contribution rate," insert "except that an employer will be exempt if no employee elects under the option"

Rick can change the wording to be more accurate, but the point is that if a local gov't elects to offer the window but no employees opt for the window benefits, then the employer should not be paying a contribution rate in the pool.

Not needed

Page 3, line 3, section 100j: this section should be exempted from the unfunded liability provisions of the bill since it should be treated as a normal cost contribution (as indicated by the actuary).

Pag 5, line 1: after "subsequently" insert ", if agreed to by the employer"

This allows ETF to agree to allow an employee to change his/her termination date.

Page 6, line 3: delete reference to proration and instead insert "based upon last category of employment upon termination"

We handle simultaneous employment categories internally and split as appropriate. We do not want to be forced to track and prorate.

Page 6, line 9: after "creditable service" insert "and the 2 years of age reduction"

It should be stated that the money purchase value is based upon the formula benefit of both the 3 years of creditable service and the 2 years of age reduction.

Page 6, line 10-11: Please change to clarify that the increase in the 2 years age reduction purposes only.

Don't do per Amber.

all employees get benefit of age increase

Page 7, line 12: after "over" insert "the remainder of the 10-year initial amortization period ..."

Page 8, line 9: after "paragraph (f)" insert "unless the actuary certifies and the ETF Board approves a change in the rate to more accurately reflect benefits being paid"

This provides the actuary and the Board the authority to adjust the contribution rate during the middle of the year if necessary after determining actual benefits under the window. I believe this was in the first draft.

Page 8, lines 9-13: Since the locals are going to be pooled, the language should be the same as used in lines 5-9 to allow ETF to establish a temporary rate.

Finally, general question regarding removing school districts from provisions of the bill: what are CESAs considered - under WRS they are not school districts but participating employers. Are they in or out of the bill?

Let me know if you have any questions regarding these changes. Thanks.

Pam Henning, Director
Office of Strategic Services
267-2929

State of Wisconsin
2001 – 2002 LEGISLATURE

January 2002 Special Session

LRBb2967/~~2~~ 3
RAC:cjs:pg

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

Now

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

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

"**20.515 Employee trust funds, department of**

(1) EMPLOYEE BENEFIT PLANS

(vm) Early retirement benefits under
2001 Wisconsin Act .... (this act) SEG B 1,075,000 1,075,000".

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

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

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

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

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

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

Insert 2-13

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

Insert 2-21

Insert 2-24

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

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

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

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

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

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

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

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

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

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

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

Insert 5-6

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

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

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

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

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

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

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

Insert 6-7

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

Insert 6-12

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

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

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

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

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

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

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

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

Insert 7-17

(g) *Establishment of initial employer contribution rates.* Beginning on June 1, 2002, and ending on the January 1 that first occurs after the actuary completes the valuation under paragraph (f), for any participating employer whose participating employees terminate covered employment or, with respect to the department of employee trust funds, submit a letter of resignation with a delayed effective date, during the period that begins on July 1, 2002, and ends on January 1, 2003, and beginning on December 1, 2002, and ending on the January 1 that first occurs after the the actuary completes the valuation under paragraph (f), for any participating employer whose participating employees terminate covered employment during the period that begins on January 1, 2003, and ends on July 1, 2003, the department of employee trust funds shall establish, and require the payment of, employer contribution rates to fund the cost of the retirement benefits provided under this subsection. For state agencies, the department shall establish, and require the payment of, a temporary employer contribution rate, expressed as a level percent of payroll, to fund the retirement benefits that are received by participating state employees. This rate shall remain in effect until the January 1 that first occurs after the actuary completes the valuation under paragraph (f). ~~If the participating employer is not a state agency, the department shall charge the employer the actual cost of the early retirement benefits that are received by its participating employees before the January 1 that first occurs after the actuary completes the valuation under paragraph (f).~~

Insert 8-13

Insert 8-17

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

5. Page 366, line 15: after "subsection" insert ", except that "state agency" does not include the department of employee trust funds or the investment board".

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

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

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

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

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

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

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

(f) From each sum certain appropriation of segregated fund revenues or segregated fund revenues — service identified in paragraph (b), the secretary of administration shall lapse to the underlying fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. After the secretary of administration makes the lapse, each of the sum certain segregated revenues or segregated revenues — service appropriations is decreased by the amount specified in paragraph (b) for that appropriation. For each appropriation of segregated fund revenues or segregated fund revenues — services identified in paragraph (b) that is not a sum certain appropriation, the expenditure estimate is reestimated to subtract the amount specified in paragraph (b) for that appropriation. The secretary of administration shall transfer from the underlying fund the lapsed amounts and an amount equal to the amount subtracted from the estimates to the general fund.

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

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

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

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

(END)

2001–2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb2967/3ins
RAC::

Insert 2–13:

no ¶ the remainder of the 10–year amortization period specified in the valuation prepared under 2001 Wisconsin Act .... (this act), section 9116 (1q) (f)

Insert 2–21:

no ¶ the remainder of the 10–year amortization period specified in the valuation prepared under 2001 Wisconsin Act .... (this act), section 9116 (1q) (f)

Insert 2–24:

no ¶ This subdivision shall not apply to any employer that makes an election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e), if no employee of that employer elects to receive the retirement benefits provided under 2001 Wisconsin Act .... (this act), section 9116 (1q).

Insert 5–6:

no ¶ the department consents to the change and

Insert 6–7:

no ¶ based on the employee's last type of creditable service ~~employment~~ at the time of termination

Insert 6–12:

no ¶ and the 2 years of age reduction

Insert 7–17:

no ¶ , including any amount paid under section 40.05 (2) (h) of the statutes, as created by this act,

Insert 8–13:

no ¶ , unless the actuary certifies, and the employee trust funds board approves, a change in the rate to more accurately reflect the costs of the benefits provided under this subsection

Insert 8–13:

no ¶ For participating employers that are not state agencies, the department shall establish, and require the payment of, a temporary employer contribution rate, expressed as a level percent of payroll, to fund the retirement benefits that are received by the employees of the participating employers. This rate shall remain in effect until the January 1 that first occurs after the actuary completes the valuation under paragraph (f), unless the actuary certifies, and the employee trust funds board approves, a change in the rate to more accurately reflect the costs of the benefits provided under this subsection

STATE OF WISCONSIN – LEGISLATIVE REFERENCE BUREAU – LEGAL SECTION
(608-266-3561)

Include DETF suggested change under p. 6, 10-11 in memo.

State of Wisconsin
2001 – 2002 LEGISLATURE

LRBb2967/~~3~~ 4
RAC:cjs:rs

January 2002 Special Session

Now

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

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

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

"**20.515 Employee trust funds, department of**

(1) EMPLOYEE BENEFIT PLANS

(vm) Early retirement benefits under 2001 Wisconsin Act .... (this act)	SEG	B	1,075,000	1,075,000".

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

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

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

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

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

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

2. Beginning on the January 1 that first occurs after the actuary completes the valuation required under 2001 Wisconsin Act .... (this act), section 9116 (1q) (f), contributions shall be made for employers that make an election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e) in a percentage of the earnings of each participating employee to reflect the cost of providing the retirement benefits under 2001 Wisconsin Act .... (this act), section 9116 (1q) (c), and any contribution rate shall be sufficient to amortize, as a level percent of payroll, the unfunded liability of the employers over the remainder of the 10–year amortization period specified in the valuation prepared under 2001 Wisconsin Act .... (this act), section

9116 (1q) (f). The department shall pool all employers that make the election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e), into a single employing unit for the purpose of calculating the contribution rate. This subdivision shall not apply to any employer that makes an election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e), if no employee of that employer elects to receive the retirement benefits provided under 2001 Wisconsin Act .... (this act), section 9116 (1q).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. For any employee having creditable service of more than one type under section 40.23 (2m) (e) of the statutes, the creditable service received under this subdivision shall based on the employee's last type of creditable service at the time of termination.

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

3. The employee's age is increased by 2 years only for the purpose of making the calculation ~~calculating his or her retirement annuity~~ age reduction under section 40.23 (2m) (f) of the statutes.

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

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

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

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

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

(f) *Actuarial valuation of the cost of early retirement benefits.* Not later than January 1, 2005, the department of employee trust funds shall contract with the actuary retained under section 40.03 (1) (d) of the statutes for an actuarial valuation of the costs of the retirement benefits provided under this subsection, as well as the costs incurred by the department of employee trust funds for administering the retirement benefits, for the purpose of determining contribution rates for participating employers whose employees receive retirement benefits under this subsection. The contribution rates established by the actuary shall be sufficient to fund the full cost of the retirement benefits and administrative costs over a 10–year amortization period, including any amount paid under section 40.05 (2) (h) of the statutes, as created by this act, and shall take effect beginning on the January 1 that first occurs after the actuary completes the valuation. The department shall certify to the actuary all costs, including estimated future costs, that are incurred by the department in administering the retirement benefits provided under this subsection.

(g) *Establishment of initial employer contribution rates.* Beginning on June 1, 2002, and ending on the January 1 that first occurs after the actuary completes the valuation under paragraph (f), for any participating employer whose participating employees terminate covered employment or, with respect to the department of employee trust funds, submit a letter of resignation with a delayed effective date, during the period that begins on July 1, 2002, and ends on January 1, 2003, and beginning on December 1, 2002, and ending on the January 1 that first occurs after the actuary completes the valuation under paragraph (f), for any participating employer whose participating employees terminate covered employment during the period that begins on January 1, 2003, and ends on July 1, 2003, the department of employee trust funds shall establish, and require the payment of, employer contribution rates to fund the cost of the retirement benefits provided under this subsection. For state agencies, the department shall establish, and require the payment of, a temporary employer contribution rate, expressed as a level percent of payroll, to fund the retirement benefits that are received by participating state employees. This rate shall remain in effect until the January 1 that first occurs after the actuary completes the valuation under paragraph (f), unless the actuary certifies, and the employee trust funds board approves, a change in the rate to more accurately reflect the costs of the benefits provided under this subsection. For participating employers that are not state agencies, the department shall establish, and require the payment of, a temporary employer contribution rate, expressed as a level percent of payroll, to fund the retirement benefits that are received by the employees of the participating employers. This rate shall remain in effect until the

January 1 that first occurs after the actuary completes the valuation under paragraph (f), unless the actuary certifies, and the employee trust funds board approves, a change in the rate to more accurately reflect the costs of the benefits provided under this subsection.

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

5. Page 366, line 15: after "subsection" insert ", except that "state agency" does not include the department of employee trust funds or the investment board".

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

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

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

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

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

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

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

(f) From each sum certain appropriation of segregated fund revenues or segregated fund revenues — service identified in paragraph (b), the secretary of administration shall lapse to the underlying fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. After the secretary of administration makes the lapse, each of the sum certain segregated revenues or segregated revenues — service appropriations is decreased by the amount specified in paragraph (b) for that appropriation. For each appropriation of segregated fund revenues or segregated fund revenues — services identified in paragraph (b) that is not a sum certain appropriation, the expenditure estimate is reestimated to subtract the amount specified in paragraph (b) for that appropriation. The secretary of administration shall transfer from the underlying fund the lapsed amounts and an amount equal to the amount subtracted from the estimates to the general fund.

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

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

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

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

(END)

FE Sent For:

<END>

State of Wisconsin
2001 – 2002 LEGISLATURE

LRBb2967/4
RAC:cjs:pg

January 2002 Special Session

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

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

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

"**20.515 Employee trust funds, department of**

(1) EMPLOYEE BENEFIT PLANS

(vm) Early retirement benefits under
2001 Wisconsin Act .... (this act) SEG B 1,075,000 1,075,000".

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

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

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

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

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

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

2. Beginning on the January 1 that first occurs after the actuary completes the valuation required under 2001 Wisconsin Act .... (this act), section 9116 (1q) (f), contributions shall be made for employers that make an election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e) in a percentage of the earnings of each participating employee to reflect the cost of providing the retirement benefits under 2001 Wisconsin Act .... (this act), section 9116 (1q) (c), and any contribution rate shall be sufficient to amortize, as a level percent of payroll, the unfunded liability of the employers over the remainder of the 10–year amortization period specified in the valuation prepared under 2001 Wisconsin Act .... (this act), section

9116 (1q) (f). The department shall pool all employers that make the election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e), into a single employing unit for the purpose of calculating the contribution rate. This subdivision shall not apply to any employer that makes an election under 2001 Wisconsin Act .... (this act), section 9116 (1q) (e), if no employee of that employer elects to receive the retirement benefits provided under 2001 Wisconsin Act .... (this act), section 9116 (1q).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. For any employee having creditable service of more than one type under section 40.23 (2m) (e) of the statutes, the creditable service received under this subdivision shall based on the employee's last type of creditable service at the time of termination.

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

3. The employee's age is increased by 2 years only for the purpose of making the calculation under section 40.23 (2m) (f) of the statutes.

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

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

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

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

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

(f) *Actuarial valuation of the cost of early retirement benefits.* Not later than January 1, 2005, the department of employee trust funds shall contract with the actuary retained under section 40.03 (1) (d) of the statutes for an actuarial valuation of the costs of the retirement benefits provided under this subsection, as well as the costs incurred by the department of employee trust funds for administering the retirement benefits, for the purpose of determining contribution rates for participating employers whose employees receive retirement benefits under this subsection. The contribution rates established by the actuary shall be sufficient to fund the full cost of the retirement benefits and administrative costs over a 10–year amortization period, including any amount paid under section 40.05 (2) (h) of the statutes, as created by this act, and shall take effect beginning on the January 1 that first occurs after the actuary completes the valuation. The department shall certify to the actuary all costs, including estimated future costs, that are incurred by the department in administering the retirement benefits provided under this subsection.

(g) *Establishment of initial employer contribution rates.* Beginning on June 1, 2002, and ending on the January 1 that first occurs after the actuary completes the valuation under paragraph (f), for any participating employer whose participating employees terminate covered employment or, with respect to the department of employee trust funds, submit a letter of resignation with a delayed effective date, during the period that begins on July 1, 2002, and ends on January 1, 2003, and beginning on December 1, 2002, and ending on the January 1 that first occurs after the actuary completes the valuation under paragraph (f), for any participating employer whose participating employees terminate covered employment during the period that begins on January 1, 2003, and ends on July 1, 2003, the department of employee trust funds shall establish, and require the payment of, employer contribution rates to fund the cost of the retirement benefits provided under this subsection. For state agencies, the department shall establish, and require the payment of, a temporary employer contribution rate, expressed as a level percent of payroll, to fund the retirement benefits that are received by participating state employees. This rate shall remain in effect until the January 1 that first occurs after the actuary completes the valuation under paragraph (f), unless the actuary certifies, and the employee trust funds board approves, a change in the rate to more accurately reflect the costs of the benefits provided under this subsection. For participating employers that are not state agencies, the department shall establish, and require the payment of, a temporary employer contribution rate, expressed as a level percent of payroll, to fund the retirement benefits that are received by the employees of the participating employers. This rate shall remain in effect until the

January 1 that first occurs after the actuary completes the valuation under paragraph (f), unless the actuary certifies, and the employee trust funds board approves, a change in the rate to more accurately reflect the costs of the benefits provided under this subsection.

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

5. Page 366, line 15: after "subsection" insert ", except that "state agency" does not include the department of employee trust funds or the investment board".

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

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

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

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

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

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

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

(f) From each sum certain appropriation of segregated fund revenues or segregated fund revenues — service identified in paragraph (b), the secretary of administration shall lapse to the underlying fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. After the secretary of administration makes the lapse, each of the sum certain segregated revenues or segregated revenues — service appropriations is decreased by the amount specified in paragraph (b) for that appropriation. For each appropriation of segregated fund revenues or segregated fund revenues — services identified in paragraph (b) that is not a sum certain appropriation, the expenditure estimate is reestimated to subtract the amount specified in paragraph (b) for that appropriation. The secretary of administration shall transfer from the underlying fund the lapsed amounts and an amount equal to the amount subtracted from the estimates to the general fund.

(4rq) Employer obligation to fill certain vacant positions. Any employer that elects under Section 9116 (1q) (e) of this act to provide the retirement benefits under Section 9116 (1q) (c) of this act to its employees shall fill, no later than January 1, 2004, all law enforcement and fire fighting positions that are vacated by employees who receive the retirement benefits under Section 9116 (1q) (c) of this act, but only if the employer can fill the positions with qualified individuals.

(4rqq) Position authorizations related to provision of early retirement benefits. The authorized FTE positions for the department of employee trust funds are increased by 53.0 SEG project positions, to be funded from the appropriation under section 20.515 (1) (vm) of the statutes, as created by this act, for the period beginning on the effective date of this subsection and ending on December 31, 2004, for the purpose of administering the early retirement benefits provided under SECTION 9116 (1q) (c) of this act.".

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

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

(END)