

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).

✓ Page 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.

✓ 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"

all employees get benefit of age increase

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

- 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. ↑

Insert 2-13

Insert 2-21

Insert 2-24

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.

Insert 5-6
↙

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.*

Insert 6-7

Insert 6-12

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

Insert 7-17

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

Insert 8-13

Insert 8-17

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 or the investment board”.

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

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)

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 ~~employment~~ ^{creditable service} 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:

W P , 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:

W P 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 ✓

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



State of Wisconsin
2001 - 2002 LEGISLATURE
January 2002 Special Session

LRBb2967/3 4
RAC:cjs:rs

PMR

now

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:

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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 the remainder of the 10-year
14 amortization period specified in the valuation prepared under 2001 Wisconsin Act
15 (this act), section 9116 (1q) (f).

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

1 9116 (1q) (f). The department shall pool all employers that make the election under
2 2001 Wisconsin Act (this act), section 9116 (1q) (e), into a single employing unit
3 for the purpose of calculating the contribution rate. This subdivision shall not apply
4 to any employer that makes an election under 2001 Wisconsin Act (this act),
5 section 9116 (1q) (e), if no employee of that employer elects to receive the retirement
6 benefits provided under 2001 Wisconsin Act (this act), section 9116 (1q).

7 3. In lieu of paying contributions under subd. 1. or 2., a participating employer
8 may fully pay the unfunded liability as a lump sum payment. Such a payment may
9 be made only after the date on which the actuary completes the valuation required
10 under 2001 Wisconsin Act (this act), section 9116 (1q) (f), but before the January
11 1 that first occurs after the actuary completes the valuation required under 2001
12 Wisconsin Act (this act), section 9116 (1q) (f).

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

14 40.23 (2m) (b) Except as provided in s. 40.26, subject to the limitations under
15 section 415 of the Internal Revenue Code, the initial amount of the normal form
16 annuity shall be an amount equal to 70%, or ~~65%~~ for participants whose formula rate
17 is determined under par. (e) 3. or ~~85%~~ 90% for participants whose formula rate is
18 determined under par. (e) 4., of the participant's final average earnings plus the
19 amount which can be provided under pars. (c) and (d) or, if less, shall be in the
20 monthly amount equal to the sum of the amounts determined under pars. (c), (d) and
21 (e) as modified by par. (f) and in accordance with the actuarial tables in effect on the
22 annuity effective date. If the participant has creditable service under both par. (e)
23 4. and another category under par. (e), the percent applied under this paragraph
24 shall be determined by multiplying the percent that each type of creditable service
25 is of the participant's total creditable service by ~~85% and 65%~~ 90% or 70%,

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2 than the amount of the normal form annuity that could be paid based solely on the
3 creditable service under par. (e) 4.”

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

5 “(1q) EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE
6 WISCONSIN RETIREMENT SYSTEM.

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8 in this subsection, except that “elected official” means a participating employee
9 elected to an office by vote of the people and “participating employer” does not include
10 a school district.

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

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

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

1 3. Any employee of the department of employee trust funds, who has at least
2 10 years of creditable service and who does either of the following:

3 a. Terminates covered employment during the period that begins on July 1,
4 2002, and ends on January 1, 2003, and who receives an immediate annuity.

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

12 4. Any employee who is not a state agency employee, a school district employee,
13 a technical college district employee, or an elected official, whose employer has
14 elected under paragraph (e) to make its employees eligible for the early retirement
15 benefits, who has at least 10 years of creditable service, who terminates covered
16 employment during the period that begins on July 1, 2002, and ends on January 1,
17 2003, and who receives an immediate annuity.

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

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

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

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

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

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

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

21 4. Any limitation in the initial retirement annuity amount under section 40.23
22 (2m) (b) of the statutes shall not apply for the purpose of calculating his or her
23 retirement annuity under section 40.23 of the statutes.

24 (d) *Early retirement benefits: health insurance premium credits.*
25 Notwithstanding section 40.95 (2) of the statutes, for any participating employee

1 described in paragraph (b) 1. to 3., the number of health insurance premium credits
2 provided to the employee under subchapter IX of chapter 40 of the statutes are
3 increased by the number that yields an additional \$20,000 in health insurance
4 premium credits.

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

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

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

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

1 department in administering the retirement benefits provided under this
2 subsection.

3 (g) *Establishment of initial employer contribution rates.* Beginning on June 1,
4 2002, and ending on the January 1 that first occurs after the actuary completes the
5 valuation under paragraph (f), for any participating employer whose participating
6 employees terminate covered employment or, with respect to the department of
7 employee trust funds, submit a letter of resignation with a delayed effective date,
8 during the period that begins on July 1, 2002, and ends on January 1, 2003, and
9 beginning on December 1, 2002, and ending on the January 1 that first occurs after
10 the actuary completes the valuation under paragraph (f), for any participating
11 employer whose participating employees terminate covered employment during the
12 period that begins on January 1, 2003, and ends on July 1, 2003, the department of
13 employee trust funds shall establish, and require the payment of, employer
14 contribution rates to fund the cost of the retirement benefits provided under this
15 subsection. For state agencies, the department shall establish, and require the
16 payment of, a temporary employer contribution rate, expressed as a level percent of
17 payroll, to fund the retirement benefits that are received by participating state
18 employees. This rate shall remain in effect until the January 1 that first occurs after
19 the actuary completes the valuation under paragraph (f), unless the actuary
20 certifies, and the employee trust funds board approves, a change in the rate to more
21 accurately reflect the costs of the benefits provided under this subsection. For
22 participating employers that are not state agencies, the department shall establish,
23 and require the payment of, a temporary employer contribution rate, expressed as
24 a level percent of payroll, to fund the retirement benefits that are received by the
25 employees of the participating employers. This rate shall remain in effect until the

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

5 (h) *Emergency rules.* Using the procedure under section 227.24 of the statutes,
6 the department of employee trust funds may promulgate rules to administer the
7 retirement benefits provided under this subsection and any funding mechanism to
8 pay the cost of the retirement benefits for the period before the date on which
9 permanent rules take effect, but not to exceed the period authorized under section
10 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b),
11 and (3) of the statutes, the department is not required to provide evidence that
12 promulgating a rule under this paragraph as an emergency rule is necessary for the
13 preservation of the public peace, health, safety, or welfare and is not required to
14 provide a finding of emergency for a rule promulgated under this paragraph.”.

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

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

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

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

1 (b) The secretary of administration shall determine for each state agency the
2 amount that the agency would have been required to expend for compensation and
3 fringe benefits during the period that begins on January 1, 2003, and ends on June
4 30, 2003, for state employees who elect to receive retirement benefits under SECTION
5 9116 (1q) (c) of this act and each appropriation from which the moneys would have
6 been expended, other than appropriations of federal revenues. For the purpose of
7 making this calculation, the secretary shall reduce the amount by the increased
8 employer contribution costs under the Wisconsin retirement system for that state
9 agency that results from the retirement benefits granted under SECTION 9116 (1q) (c)
10 of this act.

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

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

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

1 revenues—service appropriations is decreased by the amount specified in paragraph
2 (b) for that appropriation.

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

16 (4rq) EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer
17 that elects under SECTION 9116 (1q) (e) of this act to provide the retirement benefits
18 under SECTION 9116 (1q) (c) of this act to its employees shall fill, no later than January
19 1, 2004, all law enforcement and fire fighting positions that are vacated by employees
20 who receive the retirement benefits under SECTION 9116 (1q) (c) of this act, but only
21 if the employer can fill the positions with qualified individuals.

22 (4rqq) POSITION AUTHORIZATIONS RELATED TO PROVISION OF EARLY RETIREMENT
23 BENEFITS. The authorized FTE positions for the department of employee trust funds
24 are increased by 53.0 SEG project positions, to be funded from the appropriation
25 under section 20.515 (1) (vm) of the statutes, as created by this act, for the period

1 beginning on the effective date of this subsection and ending on December 31, 2004,
2 for the purpose of administering the early retirement benefits provided under
3 SECTION 9116 (1q) (c) of this act.”.

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

5 “(2q) INITIAL ANNUITY AMOUNT UNDER THE WISCONSIN RETIREMENT SYSTEM. The
6 treatment of section 40.23 (2m) (b) of the statutes first applies to the calculation of
7 retirement benefits for individuals who are participating employees in the Wisconsin
8 retirement system on the effective date of this subsection.”.

9 (END)

FE Sent For:

<END>



State of Wisconsin
2001 - 2002 LEGISLATURE
January 2002 Special Session

LRBb2967/4
RAC:cjs:pg

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 the remainder of the 10-year
14 amortization period specified in the valuation prepared under 2001 Wisconsin Act
15 (this act), section 9116 (1q) (f).

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

1 9116 (1q) (f). The department shall pool all employers that make the election under
2 2001 Wisconsin Act (this act), section 9116 (1q) (e), into a single employing unit
3 for the purpose of calculating the contribution rate. This subdivision shall not apply
4 to any employer that makes an election under 2001 Wisconsin Act (this act),
5 section 9116 (1q) (e), if no employee of that employer elects to receive the retirement
6 benefits provided under 2001 Wisconsin Act (this act), section 9116 (1q).

7 3. In lieu of paying contributions under subd. 1. or 2., a participating employer
8 may fully pay the unfunded liability as a lump sum payment. Such a payment may
9 be made only after the date on which the actuary completes the valuation required
10 under 2001 Wisconsin Act (this act), section 9116 (1q) (f), but before the January
11 1 that first occurs after the actuary completes the valuation required under 2001
12 Wisconsin Act (this act), section 9116 (1q) (f).

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

14 40.23 (2m) (b) Except as provided in s. 40.26, subject to the limitations under
15 section 415 of the Internal Revenue Code, the initial amount of the normal form
16 annuity shall be an amount equal to 70%, or ~~65%~~ for participants whose formula rate
17 is determined under par. (e) 3. or ~~85%~~ 90% for participants whose formula rate is
18 determined under par. (e) 4., of the participant's final average earnings plus the
19 amount which can be provided under pars. (c) and (d) or, if less, shall be in the
20 monthly amount equal to the sum of the amounts determined under pars. (c), (d) and
21 (e) as modified by par. (f) and in accordance with the actuarial tables in effect on the
22 annuity effective date. If the participant has creditable service under both par. (e)
23 4. and another category under par. (e), the percent applied under this paragraph
24 shall be determined by multiplying the percent that each type of creditable service
25 is of the participant's total creditable service by ~~85% and 65%~~ 90% or 70%,

1 respectively, and adding the results, except that the resulting benefit may not be less
2 than the amount of the normal form annuity that could be paid based solely on the
3 creditable service under par. (e) 4.”

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

5 “(1q) EARLY RETIREMENT OPTION FOR CERTAIN PARTICIPATING EMPLOYEES IN THE
6 WISCONSIN RETIREMENT SYSTEM.

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

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

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

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

1 3. Any employee of the department of employee trust funds, who has at least
2 10 years of creditable service and who does either of the following:

3 a. Terminates covered employment during the period that begins on July 1,
4 2002, and ends on January 1, 2003, and who receives an immediate annuity.

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

12 4. Any employee who is not a state agency employee, a school district employee,
13 a technical college district employee, or an elected official, whose employer has
14 elected under paragraph (e) to make its employees eligible for the early retirement
15 benefits, who has at least 10 years of creditable service, who terminates covered
16 employment during the period that begins on July 1, 2002, and ends on January 1,
17 2003, and who receives an immediate annuity.

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

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

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

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

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

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

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

21 4. Any limitation in the initial retirement annuity amount under section 40.23
22 (2m) (b) of the statutes shall not apply for the purpose of calculating his or her
23 retirement annuity under section 40.23 of the statutes.

24 (d) *Early retirement benefits: health insurance premium credits.*
25 Notwithstanding section 40.95 (2) of the statutes, for any participating employee

1 described in paragraph (b) 1. to 3., the number of health insurance premium credits
2 provided to the employee under subchapter IX of chapter 40 of the statutes are
3 increased by the number that yields an additional \$20,000 in health insurance
4 premium credits.

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

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

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

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

1 department in administering the retirement benefits provided under this
2 subsection.

3 (g) *Establishment of initial employer contribution rates.* Beginning on June 1,
4 2002, and ending on the January 1 that first occurs after the actuary completes the
5 valuation under paragraph (f), for any participating employer whose participating
6 employees terminate covered employment or, with respect to the department of
7 employee trust funds, submit a letter of resignation with a delayed effective date,
8 during the period that begins on July 1, 2002, and ends on January 1, 2003, and
9 beginning on December 1, 2002, and ending on the January 1 that first occurs after
10 the actuary completes the valuation under paragraph (f), for any participating
11 employer whose participating employees terminate covered employment during the
12 period that begins on January 1, 2003, and ends on July 1, 2003, the department of
13 employee trust funds shall establish, and require the payment of, employer
14 contribution rates to fund the cost of the retirement benefits provided under this
15 subsection. For state agencies, the department shall establish, and require the
16 payment of, a temporary employer contribution rate, expressed as a level percent of
17 payroll, to fund the retirement benefits that are received by participating state
18 employees. This rate shall remain in effect until the January 1 that first occurs after
19 the actuary completes the valuation under paragraph (f), unless the actuary
20 certifies, and the employee trust funds board approves, a change in the rate to more
21 accurately reflect the costs of the benefits provided under this subsection. For
22 participating employers that are not state agencies, the department shall establish,
23 and require the payment of, a temporary employer contribution rate, expressed as
24 a level percent of payroll, to fund the retirement benefits that are received by the
25 employees of the participating employers. This rate shall remain in effect until the

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

5 (h) *Emergency rules.* Using the procedure under section 227.24 of the statutes,
6 the department of employee trust funds may promulgate rules to administer the
7 retirement benefits provided under this subsection and any funding mechanism to
8 pay the cost of the retirement benefits for the period before the date on which
9 permanent rules take effect, but not to exceed the period authorized under section
10 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b),
11 and (3) of the statutes, the department is not required to provide evidence that
12 promulgating a rule under this paragraph as an emergency rule is necessary for the
13 preservation of the public peace, health, safety, or welfare and is not required to
14 provide a finding of emergency for a rule promulgated under this paragraph.”.

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

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

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

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

1 (b) The secretary of administration shall determine for each state agency the
2 amount that the agency would have been required to expend for compensation and
3 fringe benefits during the period that begins on January 1, 2003, and ends on June
4 30, 2003, for state employees who elect to receive retirement benefits under SECTION
5 9116 (1q) (c) of this act and each appropriation from which the moneys would have
6 been expended, other than appropriations of federal revenues. For the purpose of
7 making this calculation, the secretary shall reduce the amount by the increased
8 employer contribution costs under the Wisconsin retirement system for that state
9 agency that results from the retirement benefits granted under SECTION 9116 (1q) (c)
10 of this act.

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

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

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

1 revenues—service appropriations is decreased by the amount specified in paragraph
2 (b) for that appropriation.

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

16 (4rq) EMPLOYER OBLIGATION TO FILL CERTAIN VACANT POSITIONS. Any employer
17 that elects under SECTION 9116 (1q) (e) of this act to provide the retirement benefits
18 under SECTION 9116 (1q) (c) of this act to its employees shall fill, no later than January
19 1, 2004, all law enforcement and fire fighting positions that are vacated by employees
20 who receive the retirement benefits under SECTION 9116 (1q) (c) of this act, but only
21 if the employer can fill the positions with qualified individuals.

22 (4rqq) POSITION AUTHORIZATIONS RELATED TO PROVISION OF EARLY RETIREMENT
23 BENEFITS. The authorized FTE positions for the department of employee trust funds
24 are increased by 53.0 SEG project positions, to be funded from the appropriation
25 under section 20.515 (1) (vm) of the statutes, as created by this act, for the period

1 beginning on the effective date of this subsection and ending on December 31, 2004,
2 for the purpose of administering the early retirement benefits provided under
3 SECTION 9116 (1q) (c) of this act.”.

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

5 “(2q) INITIAL ANNUITY AMOUNT UNDER THE WISCONSIN RETIREMENT SYSTEM. The
6 treatment of section 40.23 (2m) (b) of the statutes first applies to the calculation of
7 retirement benefits for individuals who are participating employees in the Wisconsin
8 retirement system on the effective date of this subsection.”.

9

(END)