

2001 DRAFTING REQUEST

Bill

Received: **08/22/2001**

Received By: **champra**

Wanted: **As time permits**

Identical to LRB:

For: **Fred Risser (608) 266-1627**

By/Representing: **Sarah Briganti**

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

Drafter: **champra**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

Educational support staff and benefits provided under the Wisconsin retirement system

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	champra 10/15/2001	jdyer 10/15/2001	pgreensl 10/15/2001	_____	lrb_docadmin 10/15/2001	lrb_docadminS&L 01/25/2002	Retire

FE Sent For:

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→ **AT**
Intro.

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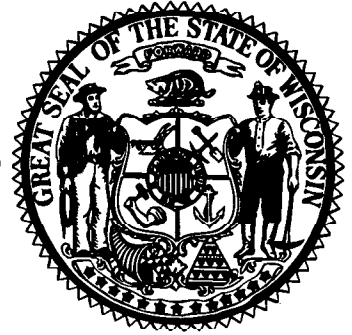
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FE Sent For:

<END>

FRED A. RISSER
President
Wisconsin State Senate



To: Rick Champagne
Legislative Reference Bureau- Drafting

From: Senator Risser

Date: August 9, 2001

RE: Drafting request

Ken Opin, of Wisconsin Federation of Teachers, contacted my office recently regarding concerns about inequities in K-12/ Wisconsin Technical College System support staff pension program.

After meeting with Dave Stella at DETF, Ken presented me with the attached information outlining 5 areas that would help to fix the identified inequities.

I am requesting that legislation be drafted according to the enclosed information. If you should have any questions, please feel free to contact Dave Stella (267-9038), Ken Opin (277-7700 x229), or Sarah Briganti in my office.

August 7, 2001

MEMO

To: Senator Risser

From: Ken Opin, WFT Lobbyist

RE: K-12 and WTCS school support staff pension inequities and possible legislative solutions

Here are five issues that I identified from a meeting with Dave Stella at the Employee Trust Funds Board.

- ✓ 1. .75 of a year up to 1.00 equals one year for early retirement purposes. We have many school support staff who work .69 of a year. Therefore, lowering the year for earlier retirement purposes from .75 to .65 would provide equity for our members.
2. For school support staff who go from .75 of a year for most of their careers, and then go to 1.0, could the Final Average Salary be set at .75? Or could the FAS factor be increased by 25%?
3. If a school support staff member has worked .75 of a year for most of her career, and then works longer hours during her final three years, her Final Average Earnings goes DOWN. We must correct this inequity.
- ✓ 4. To gain original coverage by Employee Trust Funds, a teacher's expected hours must be at least 440. For school support staff, it's 600. A second test is a look back at the previous year and if the teacher has worked 440 hours or the school support staff member has worked 600 hours, then that person is entitled to coverage. This is based on an Administrative Rule of ETF and assumes either the teacher or the school support staff member has worked 3/4 of a year. Since many school support staff members work exactly the same hours as a teacher, then for full time school (including WTCS) one third of full time will be defined as 440 hours.
- ✓ 5. The 1940 hours that define a work year for school support staff is based on the lowest number of hours that define a work year for any MUNICIPAL plan in Wisconsin. What is the appropriate number for school support staff? $440 \times 3 = 1320$.

Nothing to draft.

**STATE OF WISCONSIN
DEPARTMENT OF EMPLOYEE TRUST FUNDS
801 West Badger Road
Madison, WI 53702**

CORRESPONDENCE MEMORANDUM

DATE: October 31, 2000
TO: Dave Stella
FROM: Shelly Schueller
SUBJECT: Creditable Service for Educational Support Personnel

As a follow-up to your meeting about creditable service for educational support personnel with representatives of the Wisconsin Federation of Teachers (Ken Opin, et. al) in July 2000, I have assembled the following information for you.

EDUCATIONAL SUPPORT PERSONNEL

Educational support personnel are known as "Category 12" Wisconsin Retirement System (WRS) participants in WEBS, ETF's computer system. They are part of the general category of WRS participants, and by definition include persons who are employees of school districts, cooperative educational service agencies (CESAs) or technical colleges, but are not teachers. They were first recognized as distinct subgroups in the late 1990s; 1995 Wisconsin Act 381 authorized s. 40.02(22m), WI Stats., to define educational support personnel working at school districts, and 1997 Wisconsin Act 162 provided the definitions for educational support personnel working at CESAs [s. 40.02(3)(e), WI Stats.,] and technical colleges [s.40.02(55g), WI Stats.,].

S
The union representing educational support personnel has two primary issues on which they would like more information:

1. Equity: Is how full and less-than-full time years of service for educational support personnel is credited under the WRS equitable when compared to how this same service is credited for teachers?
2. Whether or not moving from a career of less-than-full time employment to full time employment during the period in which the highest years salary are earned increases or decreases a participants' final formula retirement benefit. E.g., does the higher salary offset the change in the pattern of years of service?

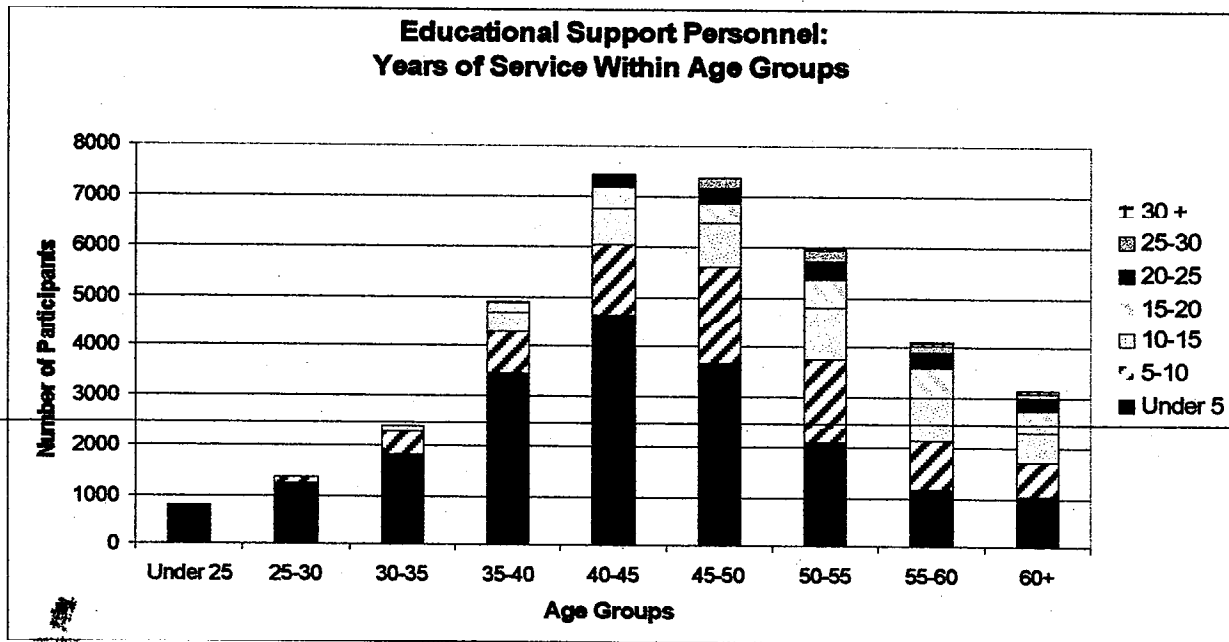
You also requested information on the following:

1. The statutory or administrative rule definition of "qualifying coverage," "creditable service," and any other existing statutes or administrative rules that apply.
2. Information on what authority the ETF Board has regarding its ability to adjust benefits if the change in annual earnings (from part to full- time, etc.) does adversely affect formula benefits. Does the ETF Board have statutory authority to do this? If so, can ETF write an administrative rule covering this issue?

STATISTICS

As of August 2000, there are 37,477 active participants in WEBS Category 12 (Ed. Support). They are 15% of the overall active WRS population of 253,298 and 24% of the active non-teaching population of 154,337. (source: WEBS data query and 1999 ETF CAFR pgs. 68-69).

The table below shows the breakdown of their average age and average years of creditable service. Over all age groups, 53% of the participants (19,891) have five or less years of service and 21% have five to ten years of service under the WRS. Approximately 40% of participants in this category are aged 40-45 or 45-50, meaning that 14,815 are within 15 years of potential retirement. If you include participants aged 50-55, this increases the population within 15 years of retirement to 20,772, which is 55% of all the active participants in Category 12.



ANALYSIS

Union Issues

1. EQUITY

Credit for employment (e.g.. creditable service) is addressed by Wisconsin Administrative Code. ETF 10.03(3) states that the full-time equivalent of one year of creditable service for a teacher is 1,320 hours and for all other participating employees (including educational support personnel), the full-time equivalent of one year of creditable service is 1,904 hours. On this basis, assuming that both teachers and non-teachers work the same amount of hours in a school year for a given school district, creditable service between teachers and non-teachers is not equitable as it takes a non-teaching school district employee an additional 584 hours to earn a full year of creditable WRS service.

The difference in full-time equivalencies between teachers and all other WRS participants is a direct carry-over from pre-merger days (prior to 1982), when the State Teachers Retirement System (STRS) and the Wisconsin Retirement Fund (WRF) were separate entities. Under the STRS, creditable service was expressed in terms of school years, which was defined as 165

teaching days. Multiplying 165 days by 8 hours per day yields 1,320 hours as the full-time equivalent of one year of teaching. This distinction has been carried forward to existing administrative code.

Virtually all other WRS employment categories except teachers use 1,904 hours as the full-time equivalent of one year of creditable service. This includes general category employees working as cooks, janitors, secretaries, clerical assistants, financial specialists, analysts or administrators for state and local municipalities as well as protective category employees (police officers and firefighters) and elected and executive employees. Thus, a janitor working at a school or technical college earns creditable service at the same rate as a janitor working in a city hall, county courthouse or state office building.

NOTE: The distinction between teachers and all other WRS participants appears in other administrative rules as well. For example, in order to be covered under the WRS, ETF 20.015, WI Admin. Code, states that a participant must work at least 1/3rd of what is considered full-time employment. For non-teachers, 600 hours is considered 1/3rd of full-time employment. For teachers, it is 440 hours.

2. EFFECTS OF CAREER EMPLOYMENT PATTERN CHANGES

The second question raised by the union was the effect of career employment pattern changes on final formula benefits. The union asked about the formula benefit outcomes of changing from a lifetime career of less-than-full-time to full-time during the period in which the three highest years salary are earned, or vice versa.

Under the method used to calculate a WRS formula benefit, a participant can receive a smaller formula benefit ("is penalized") if they change from less-than-full-time to full-time during the period in which the three highest years salary are earned (generally, the last three years of employment). This situation occurs because earning service at full time without a proportionate increase in earnings can result in a smaller Final Average Earnings (FAE), which, when multiplied by the lower total years of service earned from working primarily less-than-full-time (the divisor), results in a smaller formula benefit.

However, in general, the higher salary earned by working full-time during the period in which the three highest years salary are earned offsets the change in the divisor in the formula that results for a change in the pattern of years of service. The examples included here may help clarify this.

First, review how the FAE is calculated (sum of three highest years earnings/creditable service

Final Average Earnings (FAE) Calculation

1. Sum earnings for three highest years
2. Divide total in #1 by the creditable service earned during the three high years
3. Divide total in #2 by 12

in three highest years/12). If our participant worked three-quarter time (0.75) in his or her three highest years (total creditable service = $0.75 * 3 = 2.25$) and earned a total of \$62,124.55 in those three high years, the FAE would be calculated as follows: $\$62,124.55 / 2.25 / 12 = \2300.91 .

However, if our participant earned the same amount (\$62,124.55) in his or her three highest years, but was working full-time during those years (total creditable service = $1 * 3 = 3$), then their FAE would be calculated as follows: $\$62,124.55 / 3 / 12 = \1725.68 . In this example, the participant's FAE is lower than the first example by \$475.23 because the time period in which

they earned their three highest years went from less-than-part-time to full-time without any corresponding increase in salary.

As stated earlier, working full-time usually also means that the participant earns a higher salary than they were earning when they worked less-than-full-time. When this occurs, in most situations, there is no real change in FAE because the participant's higher total earnings offset the increase in the divisor. In our initial example, assume that by working full-time, the participant's total earnings for his or her three high years increase to \$82,836.42. The FAE would be calculated as follows: $\$82,836.42/3/12 = \2301.01 . The higher total earnings offset the change in the divisor and the FAE is nearly identical to the FAE in the original example.

Now examine how the FAE affects a formula benefit calculation. The FAE calculation is shown in the box at left. For the example formula benefit calculations below, assume that the participant is retiring early at age 55 (normal retirement age is 65) in early 2000 after working 30 years (1969-1999). The formula factor used is for general category service pre-2000 is 1.765. (General category service performed after 1999 would use the post-1999 formula factor, which is 1.7.) Annual wage increases are 3%. Finally, because this participant has partial service in 5 of the last 10 years prior to retiring, there is no age reduction factor for retiring prior to the normal age.

WRS Formula Benefit Calculation

Final Average Earnings (FAE)
 multiplied by
 Years of Service
 multiplied by
 Formula Factor
 multiplied by
 Age Reduction Factor (ARF)
 =
 FAE*Y. of Service*F.Factor*ARF

Formula Benefit Calculation Examples

Creditable Service Earned	Three High Years	FAE	Years of Service	Formula Factor	A R F	Monthly Formula Benefit
A. 30 Years of Service Worked at 0.75 Entire Career	23,567.36 + 24,724.38 + 25,002.61 = 73,294.35	73,294.35/ (3*0.75)/ 12 = 2,714.60	30*0.75 = 22.5	0.01765	0	\$1,078.03
B. 30 Years of Service Worked. 27 years @ 0.75, last 3 high years at .90 WITHOUT commensurate increase in salary	23,567.36 + 24,724.38 + 25,002.61 = 73,294.35	73,294.35/ (3*0.90)/ 12 = 2,262.17	30*0.75 = 22.5	0.01765	0	\$898.36
C. 30 Years of Service Worked. 27 years @ 0.75, last 3 high years at 0.90 WITH commensurate increase in salary	26,313.07 + 27,102.49 + 27,915.54 = 81,331.07	81,331.07/ (3*0.90)/ 12 = 2,510.22	(27*0.75) + (3*0.90) = 22.95	0.01765	0	\$1,016.81
D. 30 Years of Service Worked. 27 years @ 0.75, last 3 high years at 1.0 (full-time) WITH commensurate increase in salary	28,601.16 + 29,459.19 + 30,342.97 = 88,403.33	88,403.33/ (3*1.0)/ 12 = 2,455.65	(27*0.75) + (3*1.0) = 23.25	0.01765	0	\$1,007.71

In examples A and B, the change in creditable service from three-quarter time (0.75) to ninety percent (0.90) results in a lower final average earnings. When applied to the formula benefit, has the effect of lowering the participant's monthly formula benefit in example B by \$179.67 from what the benefit was in example A. This re-illustrates the fact that unless salary goes up proportionate to the increase in work, a participant's formula benefit is typically reduced (e.g., the participant is "penalized") by changing a career work pattern of 0.75 to 0.90 time.

Examples C and D, in which the participant goes from three-quarter time to ninety percent or full-time and receives commensurate salary increases (including annual salary increases of 3%) provide additional illustrations of how changing a career working pattern can decrease a formula benefit despite the salary increases. In examples C and D, the formula benefit decreases are much smaller. This is the effect of the salary increases; if the salary increases are large enough, they would offset the career working pattern change and the formula benefit would be very similar to what it was in example A.

Administrative Issues

1. APPLICABLE STATUTES AND ADMINISTRATIVE CODE

a. QUALIFYING COVERAGE

Qualifying coverage is addressed in state statute and administrative code. S. 40.22, WI Stats., provides that employees who are expected to work at least one-third of what is considered full-time employment for a participating WRS employer are to be included within the WRS as participating employees.

One-third of what is considered full-time employment is determined by ETF 20.015, WI Admin. Code. For non-teachers, ETF 20.015(1) states that 600 hours of employment with an employer in one year is considered one-third of full-time employment.

For teachers, ETF 20.015(2) states that 440 hours of employment with an employer in one year is considered one-third of full-time employment.

b. CREDITABLE SERVICE

Creditable service is addressed in state statutes and administrative code. S. 40.02(17), WI Stats., defines creditable service and provides that "How much service in any annual earnings period is the full-time equivalent of one year of creditable service shall be determined by rule by the department and the rules may provide for differing equivalents for different types of employment."

ETF 10.03(3), WI Admin. Code, states that the full-time equivalent of one year of creditable service for a teacher is 1,320 hours and for all other participating employees (including educational support personnel), the full-time equivalent of one year of creditable service is 1,904 hours.

c. ACTUARIAL AGE REDUCTION FACTOR

s. 40.23(2m)(fm), WI Stats., states that if a participant has partial service in 5 of the last 10 years prior to their year of termination, service of three-quarters of a year (0.75) or greater will be credited as 1.0 year of WRS service. This statute eliminates the actuarial age reduction factor (discount) for retiring early after working less-than-full-time. Eliminating the actuarial age reduction factor for "career" less-than-full-time WRS participants, including those in Category 12, can help increase their retirement benefits

calculated under the formula method.

2. ETF BOARD AUTHORITY

The ETF Board has statutory authority to prevent inequities in WRS benefits. Under s. 40.03(1)(a), WI Stats., the Employee Trust Funds Board is permitted to "authorize and terminate the payment of all annuities and death benefits...and may adjust the computation of any amount...as necessary to prevent any inequity which might otherwise exist if a participant has a combination of full-time and part-time service, a change in annual earnings period during the high years of earnings or has previously received an annuity which was terminated."

An example of the ETF Board's recent usage of its equity authority occurred in 1999. At its September 1999 meeting, in response to complaints and appeals from recent Category 12 annuitants whose benefits were reduced by the change from calendar to fiscal year earnings period, the ETF Board directed the Department to leave Category 12 participants on a calendar year earnings basis for any year which would affect the participant's FAE calculation, starting with 1997 or 1998, respectively, for those affected by the 1995 WI Act 381 or 1997 WI Act 162.

Further, s 40.02(17), WI Stats., states that "...the full-time equivalent of one year of creditable service shall be determined by rule by the department and the rules may provide for differing equivalents for different types of employment." Currently, the only rules addressing creditable service is ETF 10.03(3), WI Admin. Code, (discussed above). If requested by the ETF Board, the Department could develop administrative rules to address inequities in creditable service.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3651/1

RAC:.....

2001 BILL

1 AN ACT ...; relating to: retirement benefits provided to educational support
2 personnel under the Wisconsin retirement system.

Analysis by the Legislative Reference Bureau

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

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

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

3 SECTION 1. 40.02 (17) (intro.) of the statutes is amended to read:
4 40.02 (17) (intro.) "Creditable service" means the creditable current and prior
5 service, expressed in years and fractions of a year to the nearest one-hundredth, for
6 which a participating employee receives or is considered to receive earnings under
7 sub. (22) (e) or (em) and for which contributions have been made as required by s.
8 40.05 (1) and (2) and creditable military service, service credited under s. 40.25 (7)

BILL**SECTION 1**

1 and service credited under s. 40.29, expressed in years and fractions of years to the
2 nearest one-hundredth. How much service in any annual earnings period is the
3 full-time equivalent of one year of creditable service shall be determined by rule by
4 the department and the rules may provide for differing equivalents for different
5 types of employment, except that the full-time equivalent of one year of creditable
6 service for an educational support personnel employee is 1,320 hours. Except as
7 provided under pars. (i) and (k), the amount of creditable service for periods prior to
8 January 1, 1982, shall be the amount for which the participant was eligible under
9 the applicable laws and rules in effect prior to January 1, 1982. No more than one
10 year of creditable service shall be granted for any annual earnings period. Creditable
11 service is determined in the following manner for the following persons:

History: 1981 c. 96, 187, 250, 274, 386; 1983 a. 9, 27; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 106, 140; 1983 a. 141 ss. 1 to 3, 20; 1983 a. 191 ss. 1, 6; 1983 a. 192 s. 304; 1983 a. 255 s. 6; 1983 a. 275, 290, 368; 1983 a. 435 s. 7; 1985 a. 29, 225; 1985 a. 332 ss. 52, 251 (1); 1987 a. 27, 62, 83, 107, 309, 340, 356, 363, 372, 399; 1987 a. 403 ss. 43 to 45, 256; 1989 a. 13, 14, 31; 1989 a. 56 s. 259; 1989 a. 166, 182, 189, 218, 230, 240, 323, 327, 336, 355, 357, 359; 1991 a. 32, 39, 113, 152, 229, 269, 315; 1993 a. 16, 263, 383, 490, 491; 1995 a. 27, ss. 1946 to 1953, 9130 (4); 1995 a. 81, 88, 89, 216, 240, 302, 381, 417; 1997 a. 3, 27, 39, 69, 110, 162, 237, 238; 1999 a. 9, 11, 42, 63, 65, 83.

12 **SECTION 2.** 40.02 (33) (d) of the statutes is created to read:

13 40.02 (33) (d) For an educational support personnel employee, the amount
14 calculated under par. (a) multiplied by 1.25.

15 **SECTION 3.** 40.22 (2) (a) of the statutes is amended to read:

16 40.22 (2) (a) Except as provided in sub. (2m), the employee is not expected to
17 work at least one-third of what is considered full-time employment by the
18 department, as determined by rule, or, for an educational support personnel
19 employee, as determined under s. 40.02 (17) (intro.).

History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

20 **SECTION 4.** 40.22 (2m) (intro.) of the statutes is amended to read:

21 40.22 (2m) (intro.) An employee who is not expected to work at least one-third
22 of what is considered full-time employment by the department, as determined by
23 rule, or, for an educational support personnel employee, as determined under s. 40.02

BILL

1 (17) (intro.), and who is not otherwise excluded under sub. (2) from becoming a
2 participating employee shall become a participating employee if he or she is
3 subsequently employed by the state agency or other participating employer for either
4 of the following periods:

5 History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

6 **SECTION 5.** 40.22 (2m) (a) of the statutes is amended to read:

7 40.22 (2m) (a) At least one year for at least one-third of what is considered
8 full-time employment by the department, as determined by rule, or, for an
9 educational support personnel employee, as determined under s. 40.02 (17) (intro.).

10 History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

11 **SECTION 6.** 40.22 (3) (b) of the statutes is amended to read:

12 40.22 (3) (b) The first day after completion of one year of employment for at
13 least one-third of what is considered full-time employment by the department, as
14 determined by rule, or, for an educational support personnel employee, as
15 determined under s. 40.02 (17) (intro.), if the person becomes a participating
16 employee under sub. (2m) after the employer's effective date of participation.

17 History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

18 **SECTION 7.** 40.23 (2m) (fm) of the statutes is amended to read:

19 40.23 (2m) (fm) Notwithstanding s. 40.02 (17) (intro.), for purposes of
20 determining creditable service under par. (f) 2., participants with at least ~~0.75~~ 0.65
21 of a year of creditable service in any annual earnings period shall be treated as
22 having one year of creditable service for that annual earnings period. To be eligible
23 for the treatment provided by this paragraph, the participant must have earned only
24 a partial year of creditable service in at least 5 of the 10 annual earnings periods
immediately preceding the annual earnings period in which the participant
terminated covered employment, and the participant must notify the department of
the applicability of this paragraph to the participant's service. The participant is not

BILL

1 eligible for the treatment provided by this paragraph if such notification is provided
2 by the participant later than 60 days after the participant's annuity effective date.
3 This paragraph does not apply to service credited under s. 40.02 (15) or to creditable
4 service as a teacher.

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

5

(END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3651/1

RAC:.....

Monday 10/22

Jed

2001 BILL

Gen

1 AN ACT ...; relating to: retirement benefits provided to educational support
2 personnel under the Wisconsin retirement system. ✓

Analysis by the Legislative Reference Bureau

This bill increases Wisconsin retirement system (WRS) benefits provided to an "educational support personnel employee" who is defined under current law as any school district employee other than a teacher, librarian, or administrator. The bill makes the following changes to the WRS:

1. Under current law, to become covered under the WRS, an individual must work for a covered employer at least one-third of what is considered full-time employment, as determined by the department of employee trust funds (DETF) by rule. For all WRS participants, other than teachers, librarians, and administrators, DETF defines full-time employment to be 1904 hours per year and one-third employment to be 600 hours per year. In contrast, for teachers, librarians, and administrators, DETF defines full-time employment to be 1320 hours per year and one-third employment to be 440 hours per year. This bill requires that educational support personnel employees and teachers, librarians, and administrators must be treated the same in terms of qualifying for coverage under the WRS, with full-time employment for educational support personnel employees set at 1320 hours per year.

2. Under current law, the initial amount of a WRS annuity is calculated according to one of two methods. One method consists in determining the initial annuity amount based on the sum of a participant's accumulated additional and employee required contributions plus an amount equal to the participant's accumulated employee required contributions. The other method is to use a

BILL

Participant
retirement formula the variables of which are a participant's years of service, formula multiplier, and final average earnings. The initial annuity amount that a WRS may receive is the higher amount, as determined under the two methods.

This bill provides that the final average earnings of an educational support personnel employee are increased by 25% for the purpose of determining the initial amount of a WRS retirement annuity under the second method.

3. Under current law, for early retirement purposes under the WRS, a participant, other than a teacher, librarian, or administrator, with at least 0.75 of a year of creditable service in any annual earnings period must be treated as having one year of creditable service for that annual earnings period. To be eligible for the treatment, the participant must have earned only a partial year of creditable service in at least ^{five} of the ^{ten} ~~10~~ annual earnings periods immediately preceding the annual earnings period in which the participant terminated covered employment. This bill reduces the amount that is required for the purpose of calculating what constitutes a year of creditable service from 0.75 to 0.65 of a year of creditable service. The result is that WRS participants need have worked fewer hours in a year in order to qualify for this treatment for early retirement purposes.

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

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

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

1 SECTION 1. 40.02 (17) (intro.)[✓] of the statutes is amended to read:

2 40.02 (17) (intro.) "Creditable service" means the creditable current and prior
3 service, expressed in years and fractions of a year to the nearest one-hundredth, for
4 which a participating employee receives or is considered to receive earnings under
5 sub. (22) (e) or (cm) and for which contributions have been made as required by s.
6 40.05 (1) and (2) and creditable military service, service credited under s. 40.25 (7)
7 and service credited under s. 40.29, expressed in years and fractions of years to the
8 nearest one-hundredth. How much service in any annual earnings period is the
9 full-time equivalent of one year of creditable service shall be determined by rule by
10 the department and the rules may provide for differing equivalents for different
11 types of employment, except that the full-time equivalent of one year of creditable

BILL

1 service for an educational support personnel employee is 1,320 hours. Except as
 2 provided under pars. (i) and (k), the amount of creditable service for periods prior to
 3 January 1, 1982, shall be the amount for which the participant was eligible under
 4 the applicable laws and rules in effect prior to January 1, 1982. No more than one
 5 year of creditable service shall be granted for any annual earnings period. Creditable
 6 service is determined in the following manner for the following persons:

History: 1981 c. 96, 187, 250, 274, 386; 1983 a. 9, 27; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 106, 140; 1983 a. 141 ss. 1 to 3, 20; 1983 a. 191 ss. 1, 6; 1983 a. 192 s. 304; 1983 a. 255 s. 6; 1983 a. 275, 290, 368; 1983 a. 435 s. 7; 1985 a. 29, 225; 1985 a. 332 ss. 52, 251 (1); 1987 a. 27, 62, 83, 107, 309, 340, 356, 363, 372, 399; 1987 a. 403 ss. 43 to 45, 256; 1989 a. 13, 14, 31; 1989 a. 56 s. 259; 1989 a. 166, 182, 189, 218, 230, 240, 323, 327, 336, 355, 357, 359; 1991 a. 32, 39, 113, 152, 229, 269, 315; 1993 a. 16, 263, 383, 490, 491; 1995 a. 27, ss. 1946 to 1953, 9130 (4); 1995 a. 81, 88, 89, 216, 240, 302, 381, 417; 1997 a. 3, 27, 39, 69, 110, 162, 237, 238; 1999 a. 9, 11, 42, 63, 65, 83.

7 **SECTION 2.** 40.02 (33) (d) of the statutes is created to read:

8 40.02 (33) (d) For an educational support personnel employee, the amount
 9 calculated under par. (a) multiplied by 1.25.

10 **SECTION 3.** 40.22 (2) (a) of the statutes is amended to read:

11 40.22 (2) (a) Except as provided in sub. (2m), the employee is not expected to
 12 work at least one-third of what is considered full-time employment by the
 13 department, as determined by rule, or, for an educational support personnel
 14 employee, as specified under s. 40.02 (17) (intro.).

History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

15 **SECTION 4.** 40.22 (2m) (intro.) of the statutes is amended to read:

16 40.22 (2m) (intro.) An employee who is not expected to work at least one-third
 17 of what is considered full-time employment by the department, as determined by
 18 rule, or, for an educational support personnel employee, as specified under s. 40.02
 19 (17) (intro.), and who is not otherwise excluded under sub. (2) from becoming a
 20 participating employee shall become a participating employee if he or she is
 21 subsequently employed by the state agency or other participating employer for either
 22 of the following periods:

History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

23 **SECTION 5.** 40.22 (2m) (a) of the statutes is amended to read:

BILL**SECTION 5**

1 40.22 (2m) (a) At least one year for at least one-third of what is considered
2 full-time employment by the department, as determined by rule, or, for an
3 educational support personnel employee, as specified under s. 40.02 (17) (intro.).

4 History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

4 **SECTION 6.** 40.22 (3) (b) of the statutes is amended to read:

5 40.22 (3) (b) The first day after completion of one year of employment for at
6 least one-third of what is considered full-time employment by the department, as
7 determined by rule, or, for an educational support personnel employee, as specified
8 under s. 40.02 (17) (intro.), if the person becomes a participating employee under sub.
9 (2m) after the employer's effective date of participation.

10 History: 1981 c. 96, 386; 1989 a. 13; 1991 a. 152; 1993 a. 399; 1995 a. 216; 1997 a. 69, 110; 1999 a. 150 s. 672.

10 **SECTION 7.** 40.23 (2m) (fm) of the statutes is amended to read:

11 40.23 (2m) (fm) Notwithstanding s. 40.02 (17) (intro.), for purposes of
12 determining creditable service under par. (f) 2., participants with at least ~~0.75~~ ^{0.65}
13 of a year of creditable service in any annual earnings period shall be treated as
14 having one year of creditable service for that annual earnings period. To be eligible
15 for the treatment provided by this paragraph, the participant must have earned only
16 a partial year of creditable service in at least 5 of the 10 annual earnings periods
17 immediately preceding the annual earnings period in which the participant
18 terminated covered employment, and the participant must notify the department of
19 the applicability of this paragraph to the participant's service. The participant is not
20 eligible for the treatment provided by this paragraph if such notification is provided
21 by the participant later than 60 days after the participant's annuity effective date.
22 This paragraph does not apply to service credited under s. 40.02 (15) or to creditable
23 service as a teacher.

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

Emery, Lynn

From: Sen.Risser
Sent: Friday, January 25, 2002 12:04 PM
To: LRB.Legal
Subject: jacketing request.

Please jacket LRB 3651/1 for introduction in the Senate. We are ready to go with it.

Thank you.