

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-SB55)**

Received: 06/29/2001

Received By: **champra**

Wanted: **Today**

Identical to LRB:

For: **Spencer Black (608) 266-7521**

By/Representing: **Susan McMurray**

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

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - collective bargain  
Employ Pub - employee benefits**

Extra Copies:

Submit via email: **NO**

Requester's email:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Treatment of health insurance costs under qualified economic offers

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**Instructions:**

See Attached.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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FE Sent For:

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**Assembly Democrat Budget Amendment Requests**

**Request number: 154**

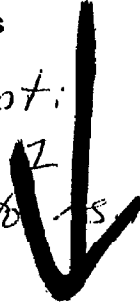
**Agency: WERC**

**Description: treatment of health insurance cost increases under a QEO**

**Attachments: LFB summary of Senate amdt, Gen Govt section p 9 item 4**

**Contact: Susan McMurray, Rep. Black's office 266-7521 or at home at 249-1167**

dual request:  
to ASA 1  
to AA- to ASA 1



please draft this provision  
as an amendment to ~~ASA 1~~  
ASA 1 to SB 55 and as  
an ~~amendment~~ amendment to  
the ARC amendment to  
ASA 1 to SB 55

**DRAFT  
ONLY to  
ASA 1**

with the Department of Employment Relations to deliver labor/management cooperative training to supervisors and represented employees primarily in state agencies.

**3. REPEAL THE AUTHORITY OF THE COMMISSION CHAIRPERSON TO APPOINT AN EXECUTIVE ASSISTANT**

Repeal the current statutory authority for the Chairperson of the Commission to designate an Executive Assistant. Although the Chairperson of the Commission is currently authorized under s. 230.08(2)(m)2. to name an Executive Assistant, the Legislature has neither authorized nor funded such a position at the Commission.

**4. TREATMENT OF HEALTH INSURANCE COST INCREASES UNDER A QUALIFIED ECONOMIC OFFER**

Modify current law qualified economic offer (QEO) provisions applicable to school district employers, as follows:

*Funding of Health Insurance Cost Increases.* Specify that for the purpose of calculating fringe benefits costs under a QEO, the Commission must develop forms that exclude from the calculation of fringe benefits costs that must be maintained under the QEO any increased costs for health insurance benefits that are in excess of the U. S. Consumer Price Index, U. S. city average (CPI-U), as determined by the federal Department of Labor for the 12-month period ending the preceding December 31.

*Effective Date.* Specify that this provision would first apply to the calculation of fringe benefits costs under a QEO submitted by a school district employer on and after the general effective date of the biennial budget act. For most districts, these provisions would not apply until the 2003-05 biennium.

*Potential Fiscal Impact.* Under current law, the school district employer must maintain both the existing employee fringe benefits package and the district's percentage contribution effort to that package. The employer must provide any funding increase required to maintain these fringe benefits provisions up to the equivalent of 1.7% of total compensation and fringe benefits per employee. Where the costs of maintaining the fringe benefits effort are less than 1.7%, the employer must pass on the difference between the lower percentage and 1.7% as an additional element of the salary offer. Where the costs of maintaining the fringe benefits effort are between 1.7% and 3.8%, the employer may reduce the amount of the salary offer element by an amount corresponding the difference between the higher percentage and 1.7%. Where the costs of maintaining the fringe benefits effort exceed 3.8%, the employer may provide for a decrease in current salaries sufficient to fund the fringe benefits costs in excess of 3.8%.

Under this proposal, health insurance cost increases that exceeded the CPI-U for the preceding calendar year would no longer be funded under the QEO. School districts do not centrally report their annual health insurance costs but do report total employee fringe benefits costs. Consequently, only general cost approximations based on aggregate data are possible. Using estimated current costs as an example, if it is assumed that school districts expended the same proportion of their fringe benefits costs on health insurance as does the state in the most recent year, total instructional employee health benefits costs for all school districts of \$451,822,000 in 2000-01 are estimated. For this example, the CPI-U increase for calendar year 2000 was 3.4%, meaning that, in the aggregate for all school districts, the first \$15,362,000 of increased health insurance costs for 2001-02 would be funded as part of the QEO and any cost increases in excess of this amount would have to be funded by the district outside the QEO. If health insurance costs were to increase for 2001-02 at the same annual rate experienced by the state over the last three years (14.63%), the amount of aggregate additional health insurance costs for all districts would be an estimated \$66,101,500, or \$50,739,500 more in 2001-02 than the CPI-U threshold. It should be emphasized that an individual district's health insurance cost increase experience could differ markedly from these aggregate projections.

If the provision is enacted and additional costs above the CPI-U threshold were incurred by school district employers beginning in the 2003-05 biennium, the school districts would have to take one or more of the following actions: (a) reallocate the required additional sums to fund the QEO from elsewhere in the district's base budget; (b) generate revenues to fund these increased costs from the property tax levy, to the extent allowed under the district's revenue limit, in which case such costs would be included as shared costs in the following year's calculation of equalized aids; or (c) go to referendum to seek voter approval to exceed the revenue limits, in which case such costs would also be included as shared costs in the following year's calculation of equalized aids.

#### **5. ARBITRATION AWARDS AFFECTING CITY OF MILWAUKEE POLICE OFFICERS**

Delete the Joint Finance provision that would have authorized an arbitrator appointed to resolve a collective bargaining impasse between the City of Milwaukee and its police officers to include in a compulsory, final and binding arbitration award provisions relating to the establishment of a system for conducting interrogations of members of the police department that is limited to the hours between 7 a.m. and 5 p.m. on working days, if the interrogations could lead to disciplinary action, demotion or dismissal. The provision would not have applied to interrogations that were part of a criminal investigation.

#### **6. DISCIPLINARY ACTIONS AGAINST SUBORDINATES BY CITY POLICE AND FIRE COMMISSIONS**

Newly specify that a hearing on a suspension of a subordinate by a police or fire chief may be heard before an arbitrator appointed by the Wisconsin Employment Relations Commission

2001

Date (time) needed \_\_\_\_\_

LRB b 1943, 1

**ADC CAUCUS BUDGET AMENDMENT  
[ONLY FOR CAUCUS]**

RAC: jd: \_\_\_\_\_

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**CAUCUS AMENDMENT  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1  
TO 2001 SENATE BILL 55**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

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

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :



SDC:.....Keckhaver – CN1121, Qualified economic offer health insurance changes

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

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

2 **1.** Page 912, line 20: after that line insert:

3 “SECTION 2608c. 111.70 (4) (cm) 8s. of the statutes is amended to read:

4 111.70 (4) (cm) 8s. ‘Forms for determining costs; calculation of the costs of  
5 certain fringe benefits.’ a. The commission shall prescribe forms for calculating the  
6 total increased cost to the municipal employer of compensation and fringe benefits  
7 provided to school district professional employees. The cost shall be determined  
8 based upon the total cost of compensation and fringe benefits provided to school  
9 district professional employees who are represented by a labor organization on the  
10 90th day before expiration of any previous collective bargaining agreement between

1 the parties, or who were so represented if the effective date is retroactive, or the 90th  
2 day prior to commencement of negotiations if there is no previous collective  
3 bargaining agreement between the parties, without regard to any change in the  
4 number, rank or qualifications of the school district professional employees. For  
5 purposes of such determinations, any cost increase that is incurred on any day other  
6 than the beginning of the 12-month period commencing with the effective date of the  
7 agreement or any succeeding 12-month period commencing on the anniversary of  
8 that effective date shall be calculated as if the cost increase were incurred as of the  
9 beginning of the 12-month period beginning on the effective date or anniversary of  
10 the effective date in which the cost increase is incurred. In each collective bargaining  
11 unit to which subd. 5s. applies, the municipal employer shall transmit to the  
12 commission and the labor organization a completed form for calculating the total  
13 increased cost to the municipal employer of compensation and fringe benefits  
14 provided to the school district professional employees covered by the agreement as  
15 soon as possible after the effective date of the agreement.

16 **SECTION 2609h.** 111.70 (4) (cm) 8s. b. of the statutes is created to read:

17 111.70 (4) (cm) 8s. b. For the purpose of calculating fringe benefit costs under  
18 a qualified economic offer, the commission shall exclude from the calculation any  
19 increased costs in health insurance benefits that are in excess of the U.S. consumer  
20 price index for all urban consumers, U.S. city average, as determined by the U.S.  
21 department of labor, for the 12-month period ending on the preceding December 31.”.

22 **2.** Page 1397, line 18: after that line insert:

23 “(3c) CALCULATION OF CERTAIN FRINGE BENEFIT COSTS. The amendment of section  
24 111.70 (4) (cm) 8s. of the statutes and the creation of section 111.70 (4) (cm) 8s. b. of



1 the statutes first apply to the calculation of fringe benefit costs in qualified economic  
2 offers submitted by a municipal employer under section 111.70 (4) (cm) 5s. of the  
3 statutes on the effective date of this subsection.”.

4 (END)