

2003 DRAFTING REQUEST

Bill

Received: **01/23/2003**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Kranz**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Kranz - BB0412,

Topic:

Use of accumulated unused sick leave credits by state employees under the WRS

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>
/?				_____			State
/1	rchampag 01/23/2003	jdyer 01/23/2003	jfrantze 01/23/2003	_____	lemery 01/23/2003		State
/2	rchampag 02/04/2003	kgilfoy 02/04/2003	jfrantze 02/04/2003	_____	sbasford 02/05/2003		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	rchampag 02/07/2003	jdye 02/07/2003	jfrantze 02/07/2003	_____	amentkow 02/07/2003		

FE Sent For:

<END>

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/1	rchampag 01/23/2003	jdyer 01/23/2003	jfrantze 01/23/2003		lemery 01/23/2003		State
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	<p>13 % jld 7/2/11 2/11</p>						

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Wanted: **Soon**

Identical to LRB:

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By/Representing: **Caucutt**

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May Contact:

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Employ Pub - miscellaneous

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/?							State
/1	rchampag 01/23/2003	jdyer 01/23/2003	jfrantze 01/23/2003		lemery 01/23/2003		

FE Sent For:

12-2/4 to 2/4
Self
2/4
rhmp

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By/Representing: **Caucutt**

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Employ Pub - miscellaneous

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1?	rchampag	1/23 jld	1/23	3/16			
				7/23			

FE Sent For:

<END>

Changes To Facilitate Voluntary Departure or Transitional Retirement

- **Change Accumulated Sick Leave Programs to permit escrowing of accumulated credits if one has 20 years of service, without having to be eligible for an immediate annuity.**

Explanation: This change would enable some persons that have other non-WRS job prospects to voluntarily leave because the “golden handcuff” of accumulated sick leave would be removed. Currently, those with significant sick leave balances forfeit them if they leave covered service prior to retirement eligibility. Although current law permits one with 20 years of service to remain in the state health insurance program (at their expense), it does not permit the escrow of accumulated sick leave credits.

- **Change Accumulated Sick Leave Programs to lock in the highest rate of pay earned by an employee.**

Explanation: As employees are nearing retirement age, some may prefer to drop into part-time employment or a less demanding or stressful position or possibly accept part-time employment as an alternative to layoff. Often these types of jobs bring reduced pay. Often employees forego this opportunity because their sick leave credits are converted at their rate of pay at retirement. This would remove that disincentive.

Champagne, Rick

From: Caucutt, Dan
Sent: Thursday, January 23, 2003 10:09 AM
To: Miller, Steve
Cc: Champagne, Rick; Schaeffer, Carole; Kranz, Jonathan
Subject: Drafting request to ease voluntary departure from employment



Doc1.doc

Could you please draft this for inclusion in the budget? Followup questions may be directed to Jon Kranz. Carole: Could you assign a log number for this?

Champagne, Rick

From: Schaeffer, Carole
Sent: Thursday, January 23, 2003 10:15 AM
To: Caucutt, Dan; Miller, Steve
Cc: Champagne, Rick; Kranz, Jonathan
Subject: RE: Drafting request to ease voluntary departure from employment

I have assigned this draft tracking number BB0412.

-----Original Message-----

From: Caucutt, Dan
Sent: Thursday, January 23, 2003 10:09 AM
To: Miller, Steve
Cc: Champagne, Rick; Schaeffer, Carole; Kranz, Jonathan
Subject: Drafting request to ease voluntary departure from employment

<< File: Doc1.doc >>

Could you please draft this for inclusion in the budget? Followup questions may be directed to Jon Kranz. Carole:
Could you assign a log number for this?



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1698/1

RAC:.....

JOHN

JLD

DOA:.....Caucutt – BB0412, Use of accumulated unused sick leave credits by state employees under the WRS

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

don't gen

1 AN ACT ...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau
RETIREMENT AND GROUP INSURANCE ✓

Currently, state employees accumulate unused sick leave that may be used to pay health insurance premiums under the state health insurance plan once the employee dies or terminates state employment. Under the program, the employee's accumulated unused sick leave is converted to credits based on his or her basic pay rate immediately prior to termination. In order to use the sick leave credits, the employee must be covered under the state group health insurance plan at the time of death or termination of state employment and, for an employee who terminates state employment, must either be immediately eligible for a retirement annuity or have attained 20 years of creditable service under the Wisconsin Retirement System (WRS) and have deferred application for a retirement annuity.

The bill provides that any state employee who has attained 20 years of creditable service and terminates state employment retains his or her sick leave credits even though he or she has not reached the minimum age required to receive a retirement annuity under the WRS. In addition, the bill provides that the sick leaves credits are based on the employee's *highest* basic pay rate he or she received while employed by the state, not the basic rate the employee received immediately prior to termination.

For further information see the *state* 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 (25) (b) 6e. of the statutes is created to read:

2 40.02 (25) (b) 6e. A participating state employee who terminates creditable
3 service after attaining 20[✓] years of creditable service and is not eligible for an
4 immediate annuity or for a lump sum payment under s. 40.25 (1).

5 SECTION 2. 40.05 (4) (b)[✓] of the statutes is amended to read:

6 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
7 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10, and 757.02 (5) and subch.
8 I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying
9 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
10 termination of creditable service and qualifying as an eligible employee under s.
11 40.02 (25) (b) 6. or 10., be converted, at the employee's current highest[✓] basic pay rate
12 he or she received while employed by the state[✓], to credits for payment of health
13 insurance premiums on behalf of the employee or the employee's surviving insured
14 dependents. Any supplemental compensation that is paid to a state employee who
15 is classified under the state classified civil service as a teacher, teacher supervisor,
16 or education director for the employee's completion of educational courses that have
17 been approved by the employee's employer is considered as part of the employee's
18 basic pay for purposes of this paragraph. The full premium for any eligible employee
19 who is insured at the time of retirement, or for the surviving insured dependents of
20 an eligible employee who is deceased, shall be deducted from the credits until the
21 credits are exhausted and paid from the account under s. 40.04 (10), and then

1 deducted from annuity payments, if the annuity is sufficient. The department shall
2 provide for the direct payment of premiums by the insured to the insurer if the
3 premium to be withheld exceeds the annuity payment. Upon conversion of an
4 employee's unused sick leave to credits under this paragraph or par. (bf), the
5 employee or, if the employee is deceased, the employee's surviving insured
6 dependents may initiate deductions from those credits or may elect to delay
7 initiation of deductions from those credits, but only if the employee or surviving
8 insured dependents are covered by a comparable health insurance plan or policy
9 during the period beginning on the date of the conversion and ending on the date on
10 which the employee or surviving insured dependents later elect to initiate
11 deductions from those credits. If an employee or an employee's surviving insured
12 dependents elect to delay initiation of deductions from those credits, an employee or
13 the employee's surviving insured dependents may only later elect to initiate
14 deductions from those credits during the annual enrollment period under par. (be).
15 A health insurance plan or policy is considered comparable if it provides hospital and
16 medical benefits that are substantially equivalent to the standard health insurance
17 plan established under s. 40.52 (1).

History: 1981 c. 96, 274, 278, 386; 1983 a. 9 s. 6; 1983 a. 27, 30; 1983 a. 46 ss. 2 to 4, 7; 1983 a. 140; 1983 a. 141 ss. 7 to 12, 20; 1983 a. 290, 504, 538; 1985 a. 29, 119, 135, 225; 1987 a. 27, 83, 107, 309, 356, 363; 1987 a. 403 s. 256; 1989 a. 13, 14, 31, 119, 122, 166, 182, 189, 230, 336, 355, 359; 1991 a. 32, 39, 107, 113, 141, 152, 189, 269; 1995 a. 27, 81, 88, 89, 240, 302; 1997 a. 35, 58, 149; 1999 a. 9, 11, 18/104; 2001 a. 16.

18 **SECTION 3.** 40.05 (4) (bc) of the statutes is amended to read:

19 40.05 (4) (bc) The accumulated unused sick leave of an eligible employee under
20 s. 40.02 (25) (b) 6e. or 6g. shall be converted to credits for the payment of health
21 insurance premiums on behalf of the employee on the date on which the department
22 receives the employee's application for a retirement annuity or for lump sum
23 payment under s. 40.25 (1). The employee's unused sick leave shall be converted at
24 the eligible employee's highest basic pay rate ~~immediately prior to termination of all~~

1 ~~creditable service~~ [✓] he or she received while employed by the state. [✓] The full premium
 2 for the employee, or for the surviving insured dependents of the employee if the
 3 employee later becomes deceased, shall be deducted from the credits until the credits
 4 are exhausted and paid from the account under s. 40.04 (10), and then deducted from
 5 annuity payments, if the annuity is sufficient. The department shall provide for the
 6 direct payment of premiums by the insured to the insurer if the premium to be
 7 withheld exceeds the annuity payment.

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

8 **SECTION 4. 40.05 (4) (bf)** of the statutes is amended to read:

9 40.05 (4) (bf) Any eligible employee who was granted credit under s. 230.35 (1)
 10 (gm) for service as a national guard technician, who, on December 31, 1965, had
 11 accumulated unused sick leave that was based on service performed in this state as
 12 a national guard technician before January 1, 1966, and who is a participating
 13 employee or terminated all creditable service after June 30, 1972, or, if the eligible
 14 employee is deceased, the surviving insured dependents of the eligible employee,
 15 may have that accumulated unused sick leave converted to credits for the payment
 16 of health insurance premiums on behalf of the eligible employee or the surviving
 17 insured dependents if, not later than November 30, 1996, the eligible employee or the
 18 surviving insured dependents submit to the department, on a form provided by the
 19 department, an application for the conversion. The application shall include
 20 evidence satisfactory to the department to establish the applicant's rights under this
 21 paragraph and the amount of the accumulated unused sick leave that is eligible for
 22 the conversion. The accumulated unused sick leave shall be converted under this
 23 paragraph, at the eligible employee's [✓] highest basic pay rate ~~immediately prior to~~
 24 ~~termination of all creditable service~~ [✓] he or she received while employed by the state,

1 on the date of conversion specified in par. (b) or on the last day of the 2nd month
2 beginning after the date on which the department receives the application under this
3 paragraph, whichever is later. Deductions from those credits, elections to delay
4 initiation of those deductions and premium payments shall be made as provided in
5 par. (b).

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

6 **SECTION 5. 40.05 (4) (bm)** of the statutes is amended to read:

7 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
8 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employee shall, upon
9 request of the employee at the time the employee is subject to layoff under s. 40.02
10 (40), be converted at the employee's current highest basic pay rate he or she received
11 while employed by the state to credits for payment of health insurance premiums on
12 behalf of the employee. Any supplemental compensation that is paid to a state
13 employee who is classified under the state classified civil service as a teacher, teacher
14 supervisor or education director for the employee's completion of educational courses
15 that have been approved by the employee's employer is considered as part of the
16 employee's basic pay for purposes of this paragraph. The full amount of the required
17 employee contribution for any eligible employee who is insured at the time of the
18 layoff shall be deducted from the credits until the credits are exhausted, the
19 employee is reemployed, or 5 years have elapsed from the date of layoff, whichever
20 occurs first.

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

21 **SECTION 91XX. Nonstatutory provisions; employee trust funds.**

22 (1) ACCUMULATED UNUSED SICK LEAVE CREDITS. The treatment of sections 40.02
23 (25) (b) 6e. and 40.05 (4) (b), (bc), (bf) and (bm) of the statutes first applies to state

1 employees who are participating employees under the Wisconsin retirement system
2 on the effective date of this subsection. ✓

3 (END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1698/1 2

RAC:jld:jf

RMR King

DOA:.....Caucutt – BB0412, Use of accumulated unused sick leave credits by state employees under the WRS

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1

Don't GEN. CAT.
AN ACT ..., relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Currently, state employees accumulate unused sick leave that may be used to pay health insurance premiums under the state health insurance plan once the employee dies or terminates state employment. Under the program, the employee's accumulated unused sick leave is converted to credits based on his or her basic pay rate immediately prior to termination. In order to use the sick leave credits, the employee must be covered under the state health insurance plan at the time of death or termination of state employment and, for an employee who terminates state employment, must either be immediately eligible for a retirement annuity or have attained 20 years of creditable service under the Wisconsin Retirement System (WRS) and have deferred application for a retirement annuity.

The bill provides that any state employee who has attained 20 years of creditable service and terminates state employment retains his or her sick leave credits even though he or she has not reached the minimum age required to receive a retirement annuity under the WRS. In addition, the bill provides that the sick leave credits are based on the employee's *highest* basic pay rate he or she received while employed by the state, not the basic rate the employee received immediately prior to termination.

For further information see the *state* 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 (25) (b) 6e. of the statutes is created to read:

2 40.02 (25) (b) 6e. A ~~participating~~ state employee who terminates creditable
3 service after attaining 20 years of creditable service, ~~and is not eligible for an~~ *remains a participant,*
4 immediate annuity ~~or for a lump sum payment under s. 40.25 (1).~~

5 SECTION 2. 40.05 (4) (b) of the statutes is amended to read:

6 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
7 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10, and 757.02 (5) and subch.
8 I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying
9 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
10 termination of creditable service and qualifying as an eligible employee under s.
11 40.02 (25) (b) 6. or 10., be converted, at the employee's current highest basic pay rate
12 he or she received while employed by the state, to credits for payment of health
13 insurance premiums on behalf of the employee or the employee's surviving insured
14 dependents. Any supplemental compensation that is paid to a state employee who
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16 or education director for the employee's completion of educational courses that have
17 been approved by the employee's employer is considered as part of the employee's
18 basic pay for purposes of this paragraph. The full premium for any eligible employee
19 who is insured at the time of retirement, or for the surviving insured dependents of
20 an eligible employee who is deceased, shall be deducted from the credits until the
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9 during the period beginning on the date of the conversion and ending on the date on
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11 a national guard technician before January 1, 1966, and who is a participating
12 employee or terminated all creditable service after June 30, 1972, or, if the eligible
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15 of health insurance premiums on behalf of the eligible employee or the surviving
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17 surviving insured dependents submit to the department, on a form provided by the
18 department, an application for the conversion. The application shall include
19 evidence satisfactory to the department to establish the applicant's rights under this
20 paragraph and the amount of the accumulated unused sick leave that is eligible for
21 the conversion. The accumulated unused sick leave shall be converted under this
22 paragraph, at the eligible employee's highest basic pay rate ~~immediately prior to~~
23 ~~termination of all creditable service~~ he or she received while employed by the state,
24 on the date of conversion specified in par. (b) or on the last day of the 2nd month
25 beginning after the date on which the department receives the application under this

1 paragraph, whichever is later. Deductions from those credits, elections to delay
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4 **SECTION 5.** 40.05 (4) (bm) of the statutes is amended to read:

5 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
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7 request of the employee at the time the employee is subject to layoff under s. 40.02
8 (40), be converted at the employee's current highest basic pay rate he or she received
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10 behalf of the employee. Any supplemental compensation that is paid to a state
11 employee who is classified under the state classified civil service as a teacher, teacher
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14 employee's basic pay for purposes of this paragraph. The full amount of the required
15 employee contribution for any eligible employee who is insured at the time of the
16 layoff shall be deducted from the credits until the credits are exhausted, the
17 employee is reemployed, or 5 years have elapsed from the date of layoff, whichever
18 occurs first.

19 **SECTION 9116. Nonstatutory provisions; employe trust funds.**

20 (1) ACCUMULATED UNUSED SICK LEAVE CREDITS. The treatment of sections 40.02
21 (25) (b) 6e. and 40.05 (4) (b), (bc), (bf) and (bm) of the statutes first applies to state
22 employees who are participating employees under the Wisconsin Retirement System
23 on the effective date of this subsection.

24 (END)

RMR

DOA:.....Kranz – BB0412, Use of accumulated unused sick leave credits by state employees under the WRS

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

Don't gen

1 AN ACT ...; relating to: the budget.

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Currently, state employees accumulate unused sick leave that may be used to pay health insurance premiums under the state health insurance plan once the employee dies or terminates state employment. Under the program, the employee's accumulated unused sick leave is converted to credits based on his or her basic pay rate immediately prior to termination. In order to use the sick leave credits, the employee must be covered under the state health insurance plan at the time of death or termination of state employment and, for an employee who terminates state employment, must either be immediately eligible for a retirement annuity or have attained 20 years of creditable service under the Wisconsin Retirement System (WRS) and have deferred application for a retirement annuity.

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1 **SECTION 1.** 40.02 (25) (b) 6e. of the statutes is created to read:

2 40.02 (25) (b) 6e. A state employee who terminates creditable service after
3 attaining 20 years of creditable service, remains a participant, and is not eligible for
4 an immediate annuity.

5 **SECTION 2.** 40.05 (4) (b) of the statutes is amended to read:

6 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
7 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10, and 757.02 (5) and subch.
8 I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying
9 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
10 termination of creditable service and qualifying as an eligible employee under s.
11 40.02 (25) (b) 6. or 10., be converted, at the employee's ~~current~~ highest basic pay rate
12 he or she received while employed by the state, to credits for payment of health
13 insurance premiums on behalf of the employee or the employee's surviving insured
14 dependents. Any supplemental compensation that is paid to a state employee who
15 is classified under the state classified civil service as a teacher, teacher supervisor,
16 or education director for the employee's completion of educational courses that have
17 been approved by the employee's employer is considered as part of the employee's
18 basic pay for purposes of this paragraph. The full premium for any eligible employee
19 who is insured at the time of retirement, or for the surviving insured dependents of
20 an eligible employee who is deceased, shall be deducted from the credits until the
21 credits are exhausted and paid from the account under s. 40.04 (10), and then

1 deducted from annuity payments, if the annuity is sufficient. The department shall
2 provide for the direct payment of premiums by the insured to the insurer if the
3 premium to be withheld exceeds the annuity payment. Upon conversion of an
4 employee's unused sick leave to credits under this paragraph or par. (bf), the
5 employee or, if the employee is deceased, the employee's surviving insured
6 dependents may initiate deductions from those credits or may elect to delay
7 initiation of deductions from those credits, but only if the employee or surviving
8 insured dependents are covered by a comparable health insurance plan or policy
9 during the period beginning on the date of the conversion and ending on the date on
10 which the employee or surviving insured dependents later elect to initiate
11 deductions from those credits. If an employee or an employee's surviving insured
12 dependents elect to delay initiation of deductions from those credits, an employee or
13 the employee's surviving insured dependents may only later elect to initiate
14 deductions from those credits during the annual enrollment period under par. (be).
15 A health insurance plan or policy is considered comparable if it provides hospital and
16 medical benefits that are substantially equivalent to the standard health insurance
17 plan established under s. 40.52 (1).

18 **SECTION 3.** 40.05 (4) (bc) of the statutes is amended to read:

19 40.05 (4) (bc) The accumulated unused sick leave of an eligible employee under
20 s. 40.02 (25) (b) 6e. or 6g. shall be converted to credits for the payment of health
21 insurance premiums on behalf of the employee on the date on which the department
22 receives the employee's application for a retirement annuity or for lump sum
23 payment under s. 40.25 (1). The employee's unused sick leave shall be converted at
24 the eligible employee's highest basic pay rate ~~immediately prior to termination of all~~
25 ~~creditable service~~ he or she received while employed by the state. The full premium

1 for the employee, or for the surviving insured dependents of the employee if the
2 employee later becomes deceased, shall be deducted from the credits until the credits
3 are exhausted and paid from the account under s. 40.04 (10), and then deducted from
4 annuity payments, if the annuity is sufficient. The department shall provide for the
5 direct payment of premiums by the insured to the insurer if the premium to be
6 withheld exceeds the annuity payment.

7 **SECTION 4.** 40.05 (4) (bf) of the statutes is amended to read:

8 40.05 (4) (bf) Any eligible employee who was granted credit under s. 230.35 (1)
9 (gm) for service as a national guard technician, who, on December 31, 1965, had
10 accumulated unused sick leave that was based on service performed in this state as
11 a national guard technician before January 1, 1966, and who is a participating
12 employee or terminated all creditable service after June 30, 1972, or, if the eligible
13 employee is deceased, the surviving insured dependents of the eligible employee,
14 may have that accumulated unused sick leave converted to credits for the payment
15 of health insurance premiums on behalf of the eligible employee or the surviving
16 insured dependents if, not later than November 30, 1996, the eligible employee or the
17 surviving insured dependents submit to the department, on a form provided by the
18 department, an application for the conversion. The application shall include
19 evidence satisfactory to the department to establish the applicant's rights under this
20 paragraph and the amount of the accumulated unused sick leave that is eligible for
21 the conversion. The accumulated unused sick leave shall be converted under this
22 paragraph, at the eligible employee's highest basic pay rate ~~immediately prior to~~
23 ~~termination of all creditable service~~ he or she received while employed by the state,
24 on the date of conversion specified in par. (b) or on the last day of the 2nd month
25 beginning after the date on which the department receives the application under this

1 paragraph, whichever is later. Deductions from those credits, elections to delay
2 initiation of those deductions and premium payments shall be made as provided in
3 par. (b).

4 SECTION 5. 40.05 (4) (bm) of the statutes is amended to read:

5 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
6 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employee shall, upon
7 request of the employee at the time the employee is subject to layoff under s. 40.02
8 (40), be converted at the employee's ~~current~~ highest basic pay rate he or she received
9 while employed by the state to credits for payment of health insurance premiums on
10 behalf of the employee. Any supplemental compensation that is paid to a state
11 employee who is classified under the state classified civil service as a teacher, teacher
12 supervisor or education director for the employee's completion of educational courses
13 that have been approved by the employee's employer is considered as part of the
14 employee's basic pay for purposes of this paragraph. The full amount of the required
15 employee contribution for any eligible employee who is insured at the time of the
16 layoff shall be deducted from the credits until the credits are exhausted, the
17 employee is reemployed, or 5 years have elapsed from the date of layoff, whichever
18 occurs first.

19 *Fix component* SECTION 9.16. ~~Nonstatutory provisions,~~ *3* employee trust funds. *Initial applicability*

20 (1) ACCUMULATED UNUSED SICK LEAVE CREDITS. The treatment of sections 40.02
21 (25) (b) 6e. and 40.05 (4) (b), (bc), (bf) and (bm) of the statutes first applies to state
22 employees who are participating employees under the Wisconsin Retirement System
23 on the effective date of this subsection.

24 (END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1698/3
RAC:jld:jf

DOA:.....Kranz – BB0412, Use of accumulated unused sick leave credits by state employees under the WRS

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

Currently, state employees accumulate unused sick leave that may be used to pay health insurance premiums under the state health insurance plan once the employee dies or terminates state employment. Under the program, the employee's accumulated unused sick leave is converted to credits based on his or her basic pay rate immediately prior to termination. In order to use the sick leave credits, the employee must be covered under the state health insurance plan at the time of death or termination of state employment and, for an employee who terminates state employment, must either be immediately eligible for a retirement annuity or have attained 20 years of creditable service under the Wisconsin Retirement System (WRS) and have deferred application for a retirement annuity.

The bill provides that any state employee who has attained 20 years of creditable service and terminates state employment retains his or her sick leave credits even though he or she has not reached the minimum age required to receive a retirement annuity under the WRS. In addition, the bill provides that the sick leave credits are based on the employee's *highest* basic pay rate he or she received while employed by the state, not the basic rate the employee received immediately prior to termination.

For further information see the *state* 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 (25) (b) 6e. of the statutes is created to read:

2 40.02 (25) (b) 6e. A state employee who terminates creditable service after
3 attaining 20 years of creditable service, remains a participant, and is not eligible for
4 an immediate annuity.

5 **SECTION 2.** 40.05 (4) (b) of the statutes is amended to read:

6 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
7 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10, and 757.02 (5) and subch.
8 I or V of ch. 111 of any eligible employee shall, at the time of death, upon qualifying
9 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
10 termination of creditable service and qualifying as an eligible employee under s.
11 40.02 (25) (b) 6. or 10., be converted, at the employee's ~~current~~ highest basic pay rate
12 he or she received while employed by the state, to credits for payment of health
13 insurance premiums on behalf of the employee or the employee's surviving insured
14 dependents. Any supplemental compensation that is paid to a state employee who
15 is classified under the state classified civil service as a teacher, teacher supervisor,
16 or education director for the employee's completion of educational courses that have
17 been approved by the employee's employer is considered as part of the employee's
18 basic pay for purposes of this paragraph. The full premium for any eligible employee
19 who is insured at the time of retirement, or for the surviving insured dependents of
20 an eligible employee who is deceased, shall be deducted from the credits until the
21 credits are exhausted and paid from the account under s. 40.04 (10), and then

1 deducted from annuity payments, if the annuity is sufficient. The department shall
2 provide for the direct payment of premiums by the insured to the insurer if the
3 premium to be withheld exceeds the annuity payment. Upon conversion of an
4 employee's unused sick leave to credits under this paragraph or par. (bf), the
5 employee or, if the employee is deceased, the employee's surviving insured
6 dependents may initiate deductions from those credits or may elect to delay
7 initiation of deductions from those credits, but only if the employee or surviving
8 insured dependents are covered by a comparable health insurance plan or policy
9 during the period beginning on the date of the conversion and ending on the date on
10 which the employee or surviving insured dependents later elect to initiate
11 deductions from those credits. If an employee or an employee's surviving insured
12 dependents elect to delay initiation of deductions from those credits, an employee or
13 the employee's surviving insured dependents may only later elect to initiate
14 deductions from those credits during the annual enrollment period under par. (be).
15 A health insurance plan or policy is considered comparable if it provides hospital and
16 medical benefits that are substantially equivalent to the standard health insurance
17 plan established under s. 40.52 (1).

18 **SECTION 3.** 40.05 (4) (bc) of the statutes is amended to read:

19 40.05 (4) (bc) The accumulated unused sick leave of an eligible employee under
20 s. 40.02 (25) (b) 6e. or 6g. shall be converted to credits for the payment of health
21 insurance premiums on behalf of the employee on the date on which the department
22 receives the employee's application for a retirement annuity or for lump sum
23 payment under s. 40.25 (1). The employee's unused sick leave shall be converted at
24 the eligible employee's highest basic pay rate ~~immediately prior to termination of all~~
25 ~~creditable service~~ he or she received while employed by the state. The full premium

1 for the employee, or for the surviving insured dependents of the employee if the
2 employee later becomes deceased, shall be deducted from the credits until the credits
3 are exhausted and paid from the account under s. 40.04 (10), and then deducted from
4 annuity payments, if the annuity is sufficient. The department shall provide for the
5 direct payment of premiums by the insured to the insurer if the premium to be
6 withheld exceeds the annuity payment.

7 **SECTION 4.** 40.05 (4) (bf) of the statutes is amended to read:

8 40.05 (4) (bf) Any eligible employee who was granted credit under s. 230.35 (1)
9 (gm) for service as a national guard technician, who, on December 31, 1965, had
10 accumulated unused sick leave that was based on service performed in this state as
11 a national guard technician before January 1, 1966, and who is a participating
12 employee or terminated all creditable service after June 30, 1972, or, if the eligible
13 employee is deceased, the surviving insured dependents of the eligible employee,
14 may have that accumulated unused sick leave converted to credits for the payment
15 of health insurance premiums on behalf of the eligible employee or the surviving
16 insured dependents if, not later than November 30, 1996, the eligible employee or the
17 surviving insured dependents submit to the department, on a form provided by the
18 department, an application for the conversion. The application shall include
19 evidence satisfactory to the department to establish the applicant's rights under this
20 paragraph and the amount of the accumulated unused sick leave that is eligible for
21 the conversion. The accumulated unused sick leave shall be converted under this
22 paragraph, at the eligible employee's highest basic pay rate ~~immediately prior to~~
23 ~~termination of all creditable service~~ he or she received while employed by the state,
24 on the date of conversion specified in par. (b) or on the last day of the 2nd month
25 beginning after the date on which the department receives the application under this

1 paragraph, whichever is later. Deductions from those credits, elections to delay
2 initiation of those deductions and premium payments shall be made as provided in
3 par. (b).

4 **SECTION 5.** 40.05 (4) (bm) of the statutes is amended to read:

5 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
6 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employee shall, upon
7 request of the employee at the time the employee is subject to layoff under s. 40.02
8 (40), be converted at the employee's ~~current~~ highest basic pay rate he or she received
9 while employed by the state to credits for payment of health insurance premiums on
10 behalf of the employee. Any supplemental compensation that is paid to a state
11 employee who is classified under the state classified civil service as a teacher, teacher
12 supervisor or education director for the employee's completion of educational courses
13 that have been approved by the employee's employer is considered as part of the
14 employee's basic pay for purposes of this paragraph. The full amount of the required
15 employee contribution for any eligible employee who is insured at the time of the
16 layoff shall be deducted from the credits until the credits are exhausted, the
17 employee is reemployed, or 5 years have elapsed from the date of layoff, whichever
18 occurs first.

19 **SECTION 9316. Initial applicability; employee trust funds.**

20 (1) ACCUMULATED UNUSED SICK LEAVE CREDITS. The treatment of sections 40.02
21 (25) (b) 6e. and 40.05 (4) (b), (bc), (bf) and (bm) of the statutes first applies to state
22 employees who are participating employees under the Wisconsin Retirement System
23 on the effective date of this subsection.

24 (END)