

**2011 DRAFTING REQUEST**

**Bill**

Received: 03/08/2011

Received By: rchampag

Wanted: Today

Companion to LRB:

For: Tamara Grigsby (608) 266-0645

By/Representing: Vicky/Cindy

May Contact:

Drafter: rchampag

Subject: State Finance - bud generally  
Employ Pub - employee benefits

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Rep.Grigsby@legis.wisconsin.gov

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Fiscal items Bill with WRS and Health Insurance

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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>
/?	rchampag 03/08/2011	kfollett 03/08/2011		_____			State Retire
/1			mduchek 03/08/2011	_____	cduerst 03/08/2011	cduerst 03/08/2011	

FE Sent For:

<END>

→ At Intro.

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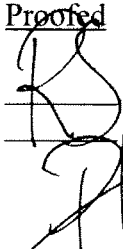
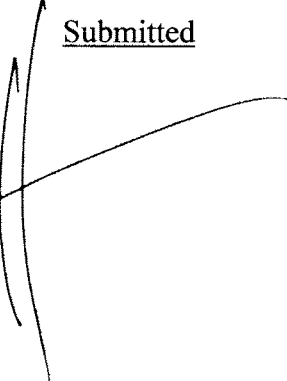
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1/?	rchampag	1/1 GF 3/8					

FE Sent For:

<END>



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-159771

RAC/TJD/MS cjs/kj:rs

Today, it possible

2011 BILL

LRB-161811

RAC & TJD:

cjs & kjf

-regen cat-

1 AN ACT *to amend* 20.515 (1) (ut), 20.866 (2) (xf), 40.03 (6) (c), 40.03 (6) (j), 40.04  
 2 (2) (a), 40.04 (2) (e), 40.23 (2m) (e) 2., 49.175 (1) (zh) and 71.05 (6) (b) 47. of the  
 3 statutes; and *to affect* 2009 Wisconsin Act 28, section 9222 (1d); **relating to:**  
 4 state finances, compensation and fringe benefits of public employees, the  
 5 Medical Assistance program, making a payment under the  
 6 Minnesota-Wisconsin income tax reciprocity agreement, granting bonding  
 7 authority, and making an appropriation.

**Analysis by the Legislative Reference Bureau**

**PUBLIC SECTOR RETIREMENT SYSTEMS**

**Text A** → Currently, when a Wisconsin Retirement System (WRS) participant terminates employment and becomes eligible for a retirement annuity, assuming the participant does not receive a money purchase annuity, the amount of the annuity is determined by multiplying the participant's final average earnings by the participant's years of creditable service and by a percentage multiplier. For a protective occupation participant, the multiplier is either 2 percent or 2.5 percent, depending on whether the person is covered by social security. For elected officials and executive participating employees, the multiplier is 2 percent. For all other participants in the WRS, the multiplier is 1.6 percent. This bill decreases the multiplier for elected officials and executive participating employees from 2 percent to 1.6 percent for creditable service that is performed on or after the bill's effective date.

**BILL****Insert B** →**PUBLIC SECTOR GROUP INSURANCE**

Current law provides that the ~~Group Insurance Board (GIB)~~ may not enter into agreements to modify or expand group insurance coverage in a manner that conflicts with applicable statutes, or the Department of Employee Trust Funds (DETF) rules, or that materially affects the level of premiums required to be paid by the state or its employees or the level of benefits provided under any group insurance coverage. This bill provides that this restriction does not prevent GIB from encouraging participation in wellness or disease management programs under any of its group insurance coverage plans. In addition, the bill provides that this prohibition does not apply to GIB agreements relating to group insurance coverage for the 2012 and 2013 calendar years.

This bill requires GIB to design health care coverage plans for the 2012 calendar year that, after adjusting for any inflationary increase in health benefit costs, reduces the average premium cost of plans offered in the tier with the lowest employee premium cost by at least 5 percent from the cost of such plans offered during the 2011 calendar year. GIB must include copayments in the health care coverage plans for the 2012 calendar year and may require health risk assessments for state employees and participation in wellness or disease management programs.

This bill requires the secretary of employee trust funds to allocate \$28,000,000, from reserve accounts established in the public employee trust fund for group health and pharmacy benefits for state employees, to reduce employer costs for providing group health insurance for state employees for the period beginning on July 1, 2011, and ending on December 31, 2011.

Current law permits GIB to contract with the Department of Health Services (DHS) and other public or private entities for data collection and analysis services related to health maintenance organizations and insurance companies that provide health insurance to state employees. This bill permits GIB to contract for any other consulting services related to plans it offers.

This bill provides that if DETF determines that an audit of its employee benefit programs is necessary during the 2011-12 fiscal year, for the purpose of verifying the eligibility of dependents covered under the programs, DETF must submit a written request to the secretary of administration to expend an amount not exceeding \$700,000 to conduct the audit.

**STATE GOVERNMENT****STATE FINANCE**

This bill increases the amount of state public debt that may be contracted to refund any unpaid indebtedness used to finance tax-supported or self-amortizing facilities from \$309,000,000 to \$474,000,000. Such refunded debt must be contracted before July 1, 2011.

This bill requires the secretary of administration, before July 1, 2011, to lapse to the general fund, from executive branch appropriations, an amount equal to \$27,891,400; requires the cochairpersons of the Joint Committee on Legislative Organization to lapse to the general fund, from appropriations to the legislature, an amount equal to \$717,700; requires the governor to lapse to the general fund, from appropriations to the office of the governor, an amount equal to \$37,500; and requires

**BILL**

the chief justice of the supreme court to lapse to the general fund, from appropriations to the judicial branch, an amount equal to \$1,153,400. The lapses seek to capture employer savings resulting from increases in state employee payments for health insurance and retirement contributions.

**HEALTH AND HUMAN SERVICES****MEDICAL ASSISTANCE**

Under current law, DHS administers the Medical Assistance (MA) program, which is a joint federal and state program that provides health services to individuals who have limited resources. Also under current law, DHS makes payments from a long-term care general purpose revenue (GPR) appropriation account, including community aids to counties, payments for certain MA programs, and social service payments. DHS also currently makes payments for administration of income maintenance activities among other payments. This bill decreases the amount that DHS is authorized to spend from the long-term care GPR appropriation account in fiscal year 2010–11. The bill also increases the amount that DHS is authorized to spend from the MA program benefits and administration GPR appropriation accounts, the income maintenance GPR appropriation account, and the MA trust fund, in fiscal year 2010–11.

In addition, the bill increases the amount that DHS may spend from the GPR account for fiscal year 2010–11 for the MA program for the purposes of funding the contribution for indigent health care for Milwaukee County and making capitation payments to care management organizations and other entities that provide services to MA recipients under a managed care system for services provided in June 2011 to individuals enrolled in care management organizations and managed care systems.

**PUBLIC ASSISTANCE**

Reflecting the receipt of emergency contingency funds under the Temporary Assistance for Needy Families (TANF) block grant program, this bill increases by \$37,000,000 the amount of TANF moneys allocated for the earned income tax credit.

**TAXATION****MINNESOTA-WISCONSIN TAX RECIPROCITY PAYMENTS**

This bill requires the secretary of administration to pay to the state of Minnesota the amount that is due for taxable year 2009, plus interest, under the Wisconsin–Minnesota income tax reciprocity agreement. The secretary must make the payment no later than June 30, 2011.

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* fiscal estimate, which will be printed as an appendix to this bill.

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

**BILL****SECTION 1**

1           **SECTION 1.** 20.515 (1) (ut) of the statutes is amended to read:

2           20.515 **(1)** (ut) *Health insurance data collection and analysis and other*  
3 *consulting services contracts.* From the public employee trust fund, the amounts in  
4 the schedule for the costs of contracting for insurance data collection and analysis  
5 services under ss. 40.03 (6) (j) and 153.05 (2r) and other consulting services contracts  
6 under s. 40.03 (6) (j).

7           **SECTION 2.** 20.866 (2) (xf) of the statutes is amended to read:

8           20.866 **(2)** (xf) *Building commission; refunding tax-supported and*  
9 *self-amortizing general obligation debt ~~incurred~~ before July 1, 2011.* From the  
10 capital improvement fund, a sum sufficient to refund the whole or any part of any  
11 unpaid indebtedness used to finance tax-supported or self-amortizing facilities.  
12 The state may contract public debt in an amount not to exceed \$309,000,000  
13 \$474,000,000 for this purpose. Such indebtedness shall be construed to include any  
14 premium and interest payable with respect thereto. Debt incurred by this paragraph  
15 shall be incurred before July 1, 2011, and shall be repaid under the appropriations  
16 providing for the retirement of public debt incurred for tax-supported and  
17 self-amortizing facilities in proportional amounts to the purposes for which the debt  
18 was refinanced.

19           **SECTION 3.** 40.03 (6) (c) of the statutes is amended to read:

20           40.03 **(6)** (c) Shall not enter into any agreements to modify or expand group  
21 insurance coverage in a manner which conflicts with this chapter or rules of the  
22 department or materially affects the level of premiums required to be paid by the  
23 state or its employees, or the level of benefits to be provided, under any group  
24 insurance coverage. This restriction shall not be construed to prevent modifications  
25 required by law, prohibit the group insurance board from modifying the standard

Insert 4-19

**BILL**

1 plan to establish a more cost effective benefit plan design or providing optional  
2 insurance coverages as alternatives to the standard insurance coverage when any  
3 excess of required premium over the premium for the standard coverage is paid by  
4 the employee, prohibit the group insurance board from encouraging participation in  
5 wellness or disease management programs, or prohibit the group insurance board  
6 from providing other plans as authorized under par. (b).

7 SECTION 4. 40.03 (6) (j) of the statutes is amended to read:

8 40.03 (6) (j) May contract with the department of health services and may  
9 contract with other public or private entities for data collection and analysis services  
10 related to health maintenance organizations and insurance companies that provide  
11 health insurance to state employees, as well as for any other consulting services  
12 related to plans offered by the group insurance board.

13 SECTION 5. 40.04 (2) (a) of the statutes is amended to read:

14 40.04 (2) (a) An administrative account shall be maintained within the fund  
15 from which administrative costs of the department shall be paid, except charges for  
16 services performed by the investment board, costs of medical and vocational  
17 evaluations used in determinations of eligibility for benefits under ss. 40.61, 40.63  
18 and 40.65 and costs of contracting for insurance data collection and analysis services  
19 and other consulting services under s. 40.03 (6) (j).

20 SECTION 6. 40.04 (2) (e) of the statutes is amended to read:

21 40.04 (2) (e) The costs of contracting for insurance data collection and analysis  
22 services and other consulting services under s. 40.03 (6) (j) shall be paid from the  
23 appropriation under s. 20.515 (1) (ut).

24 SECTION 7. 40.23 (2m) (e) 2. of the statutes is amended to read:

Insert 5-24



**BILL**

**SECTION 7**

1 40.23 (2m) (e) 2. For each participant for creditable service as an elected official  
 2 or as an executive participating employee that is performed before January 1, 2000,  
 3 2.165%; for such creditable service that is performed on or after January 1, 2000, but  
 4 before the effective date of this subdivision ... [LRB inserts date], 2%; and for such  
 5 creditable service that is performed on or after the effective date of this subdivision  
 6 ... [LRB inserts date], 1.6%.

7 **SECTION 8.** 49.175 (1) (zh) of the statutes is amended to read:

8 49.175 (1) (zh) *Earned income tax credit supplement.* For the transfer of  
 9 moneys from the appropriation account under s. 20.437 (2) (md) to the appropriation  
 10 account under s. 20.835 (2) (kf) for the earned income tax credit, \$6,664,200 in fiscal  
 11 year 2009-10 and ~~\$6,664,200~~ \$43,664,200 in fiscal year 2010-2011.

12 **SECTION 9.** 71.05 (6) (b) 47. of the statutes, as created by 2011 Wisconsin Act  
 13 5, is amended to read:

14 71.05 (6) (b) 47. An amount equal to the increase in the number of full-time  
 15 equivalent employees employed by the taxpayer in this state during the taxable year,  
 16 multiplied by \$4,000 for a business with gross receipts of no greater than \$5,000,000  
 17 in the taxable year or \$2,000 for a business with gross receipts greater than  
 18 \$5,000,000 in the taxable year. For purposes of this subdivision, the increase in the  
 19 number of full-time equivalent employees employed by the taxpayer in this state  
 20 during the taxable year is determined by subtracting from the number of full-time  
 21 equivalent employees employed by the taxpayer in this state during the taxable year,  
 22 as determined by computing the average employee count from the taxpayer's  
 23 quarterly unemployment insurance reports or other information as required by the  
 24 department for the taxable year, the number of full-time equivalent employees  
 25 employed by the taxpayer in this state during the immediately preceding taxable

Insert 6-7

Insert 6-12

**BILL**

1 year, as determined by computing the average employee count from the taxpayer's  
 2 quarterly unemployment insurance reports or other information as required by the  
 3 department for the immediately preceding taxable year. No person may claim a  
 4 deduction under this subdivision if the person may claim a ~~credit~~ deduction under  
 5 this subchapter based on the person relocating the person's business from another  
 6 state to this state and in an amount equal to the person's tax liability. The  
 7 department shall promulgate rules to administer this subdivision.

8 **SECTION 10.** 2009 Wisconsin Act 28, section 9222 (1d) is repealed.

9 **SECTION 9101. Nonstatutory provisions; Administration.**

10 (1) TAX RECIPROcity PAYMENTS, MINNESOTA. From the appropriation account  
 11 under section 20.855 (4) (c) of the statutes, the secretary of administration shall  
 12 make the payment due the state of Minnesota under the tax reciprocity agreement,  
 13 as it relates to taxable year 2009, plus interest, no later than June 30, 2011.

14 **SECTION 9115. Nonstatutory provisions; Employee Trust Funds.**

15 (1) ALLOCATION OF CERTAIN EXCESS RESERVES IN THE PUBLIC EMPLOYEE TRUST FUND  
 16 TO REDUCE EMPLOYER HEALTH INSURANCE COSTS DURING 2011. Notwithstanding any  
 17 action of the group insurance board under section 40.03 (6) (d) of the statutes, from  
 18 reserve accounts established under section 20.515 (1) (r) of the statutes for group  
 19 health insurance and pharmacy benefits for state employees, the secretary of  
 20 employee trust funds shall allocate an amount equal to \$28,000,000 to reduce  
 21 employer costs for providing group health insurance for state employees for the  
 22 period beginning on July 1, 2011, and ending on December 31, 2011.

23 (2) AGREEMENTS TO MODIFY GROUP INSURANCE COVERAGE FOR STATE EMPLOYEES.

24 Section 40.03 (6) (c) of the statutes shall not apply to any agreements entered into

Insert 7-7  
 - SECTION #. 111.91(2) (g); RP  
 - Insert 7-8  
 - SECTION #. 111.998 (2) (d); RP

**BILL**

**SECTION 9115**

1 by the group insurance board to modify group insurance coverage for the 2012 and  
2 2013 calendar years.

3 (3) REDUCTIONS IN HEALTH CARE PREMIUM COSTS FOR HEALTH CARE COVERAGE  
4 DURING 2012 CALENDAR YEAR. The group insurance board shall design health care  
5 coverage plans for the 2012 calendar year that, after adjusting for any inflationary  
6 increase in health benefit costs, as determined by the group insurance board, reduces  
7 the average premium cost of plans offered in the tier with the lowest employee  
8 premium cost under section 40.51 (6) of the statutes by at least 5 percent from the  
9 cost of such plans offered during the 2011 calendar year. The group insurance board  
10 shall include copayments in the health care coverage plans for the 2012 calendar  
11 year and may require health risk assessments for state employees and participation  
12 in wellness or disease management programs.

13 (4) AUDIT OF DEPENDENT ELIGIBILITY UNDER BENEFIT PROGRAMS. If the department  
14 of employee trust funds determines that an audit of benefit programs administered  
15 by the department is necessary for the purpose of verifying the eligibility of  
16 dependents covered under the benefit programs, the department shall submit a  
17 written request to the secretary of administration to expend an amount not  
18 exceeding \$700,000 from the appropriation account under section 20.515 (1) (w) of  
19 the statutes for the 2011-12 fiscal year to fund the cost of the audit. If the secretary  
20 of administration approves the request, the department of employee trust funds may  
21 proceed with the audit.

MSK 8-22

22 **SECTION 9155. Nonstatutory provisions; Other.**

23 (1) Section 20.003 (4) shall not apply to the actions of the legislature in enacting  
24 this act.

25 **SECTION 9208. Fiscal changes; Children and Families.**

**BILL**

1           (1) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT FUNDS. In the  
2 schedule under section 20.005 (3) of the statutes for the appropriation to the  
3 department of children and families under section 20.437 (2) (md) of the statutes, as  
4 affected by the acts of 2011, the dollar amount is increased by \$37,000,000 for the  
5 second fiscal year of the fiscal biennium in which this subsection takes effect to  
6 support an increase in the earned income tax credit.

7           (2) INCOME AUGMENTATION LAPSE.

8           (a) Notwithstanding section 20.001 (3) (c) of the statutes, there is lapsed to the  
9 general fund from the appropriation account to the department of children and  
10 families under section 20.437 (1) (kx) of the statutes, as affected by the acts of 2011,  
11 \$2,011,200 in the second fiscal year of the fiscal biennium in which this subsection  
12 takes effect.

13           (b) Notwithstanding 2007 Wisconsin Act 20, section 9201 (1c) (a), the secretary  
14 of administration shall apply the lapse under paragraph (a) to the lapse requirement  
15 for the 2009–11 fiscal biennium under 2007 Wisconsin Act 20, section 9201 (1c) (a).

16           **SECTION 9211. Fiscal changes; Corrections.**

17           (1) ADULT CORRECTIONAL SERVICES. In the schedule under section 20.005 (3) of  
18 the statutes for the appropriation to the department of corrections under section  
19 20.410 (1) (a) of the statutes, as affected by the acts of 2011, the dollar amount is  
20 increased by \$19,537,900 for the second fiscal year of the fiscal biennium in which  
21 this subsection takes effect to increase funding for the purpose for which the  
22 appropriation is made.

23           (2) TRANSFERS.

24           (a) There is transferred from the appropriation account under section 20.410  
25 (1) (f) of the statutes to the appropriation account under section 20.410 (1) (a) of the

**BILL****SECTION 9211**

1 statutes \$5,362,500 in the second fiscal year of the fiscal biennium in which this  
2 paragraph takes effect.

3 (b) There is transferred from the appropriation account under section 20.410  
4 (1) (ab) of the statutes to the appropriation account under section 20.410 (1) (a) of the  
5 statutes \$2,825,300 in the second fiscal year of the fiscal biennium in which this  
6 paragraph takes effect.

7 (c) There is transferred from the appropriation account under section 20.410  
8 (2) (a) of the statutes to the appropriation account under section 20.410 (1) (a) of the  
9 statutes \$100,200 in the second fiscal year of the fiscal biennium in which this  
10 paragraph takes effect.

11 (d) There is transferred from the appropriation account under section 20.410  
12 (3) (cg) of the statutes to the appropriation account under section 20.410 (1) (a) of the  
13 statutes \$71,000 in the second fiscal year of the fiscal biennium in which this  
14 paragraph takes effect.

15 (e) There is transferred from the appropriation account under section 20.410  
16 (1) (bm) of the statutes to the appropriation account under section 20.410 (1) (a) of  
17 the statutes \$10,700 in the second fiscal year of the fiscal biennium in which this  
18 paragraph takes effect.

19 (f) There is transferred from the appropriation account under section 20.410  
20 (3) (a) of the statutes to the appropriation account under section 20.410 (1) (a) of the  
21 statutes \$36,600 in the second fiscal year of the fiscal biennium in which this  
22 paragraph takes effect.

23 (g) There is transferred from the appropriation account under section 20.410  
24 (3) (cg) of the statutes to the appropriation account under section 20.410 (1) (b) of the

**BILL**

1 statutes \$2,138,400 in the second fiscal year of the fiscal biennium in which this  
2 paragraph takes effect.

3 **SECTION 9219. Fiscal changes; Governor.**

4 (1) LAPSES TO GENERAL FUND RELATING TO EMPLOYER SAVINGS IN FRINGE BENEFIT  
5 COSTS DURING THE 2009–11 FISCAL BIENNIUM. Notwithstanding section 20.001 (3) (a) to  
6 (c) of the statutes, before July 1, 2011, the governor shall take actions to ensure that  
7 from general purpose revenue appropriations to the office of the governor under  
8 section 20.525 of the statutes an amount equal to \$37,500 is lapsed from sum certain  
9 appropriation accounts or is subtracted from the expenditure estimates for any other  
10 type of appropriations, or both.

11 **SECTION 9221. Fiscal changes; Health Services.**

12 (1) INCOME AUGMENTATION LAPSE.

13 (a) Notwithstanding section 20.001 (3) (c) of the statutes, there is lapsed to the  
14 general fund from the appropriation account to the department of health services  
15 under section 20.435 (8) (mb) of the statutes, as affected by the acts of 2011,  
16 \$4,500,000 in the second fiscal year of the fiscal biennium in which this subsection  
17 takes effect.

18 (b) Notwithstanding 2007 Wisconsin Act 20, section 9201 (1c) (a), the secretary  
19 of administration shall apply the lapse under paragraph (a) to the lapse requirement  
20 for the 2009–11 fiscal biennium under 2007 Wisconsin Act 20, section 9201 (1c) (a).

21 (2) COMMUNITY AIDS APPROPRIATION. In the schedule under section 20.005 (3) of  
22 the statutes for the appropriation to the department of health services under section  
23 20.435 (7) (b) of the statutes, as affected by the acts of 2011, the dollar amount is  
24 decreased by \$3,100,000 for the second fiscal year of the fiscal biennium in which this  
25 subsection takes effect for the purposes for which the appropriation is made.

**BILL****SECTION 9221**

1           (3) MEDICAL ASSISTANCE GENERAL PURPOSE REVENUE APPROPRIATION. In the  
2 schedule under section 20.005 (3) of the statutes for the appropriation to the  
3 department of health services under section 20.435 (4) (b) of the statutes, as affected  
4 by the acts of 2011, the dollar amount is increased by \$127,200,000 for the second  
5 fiscal year of the fiscal biennium in which this subsection takes effect for the  
6 purposes for which the appropriation is made.

7           (4) MEDICAL ASSISTANCE ADMINISTRATION APPROPRIATION. In the schedule under  
8 section 20.005 (3) of the statutes for the appropriation to the department of health  
9 services under section 20.435 (4) (bm) of the statutes, as affected by the acts of 2011,  
10 the dollar amount is increased by \$16,000,000 for the second fiscal year of the fiscal  
11 biennium in which this subsection takes effect for the purposes for which the  
12 appropriation is made.

13           (5) INCOME MAINTENANCE APPROPRIATION. In the schedule under section 20.005  
14 (3) of the statutes for the appropriation to the department of health services under  
15 section 20.435 (4) (bn) of the statutes, as affected by the acts of 2011, the dollar  
16 amount is increased by \$2,500,000 for the second fiscal year of the fiscal biennium  
17 in which this subsection takes effect for the purposes for which the appropriation is  
18 made.

19           (6) MEDICAL ASSISTANCE TRUST FUND. In the schedule under section 20.005 (3)  
20 of the statutes for the appropriation to the department of health services under  
21 section 20.435 (4) (w) of the statutes, as affected by the acts of 2011, the dollar amount  
22 is increased by \$6,700,000 for the second fiscal year of the fiscal biennium in which  
23 this subsection takes effect for the purposes for which the appropriation is made.

24           (7) MEDICAL ASSISTANCE PROGRAM BENEFITS APPROPRIATION INCREASE. In the  
25 schedule under section 20.005 (3) of the statutes for the appropriation to the

**BILL**

1 department of health services under section 20.435 (4) (b) of the statutes, as affected  
2 by the acts of 2011, the dollar amount is increased by \$6,800,000 for the second fiscal  
3 year of the fiscal biennium in which this subsection takes effect to fund the  
4 contribution for indigent health care in Milwaukee County.

5 (8) INCREASE IN MEDICAL ASSISTANCE APPROPRIATION FOR CAPITATION PAYMENTS. In  
6 the schedule under section 20.005 (3) of the statutes for the appropriation to the  
7 department of health services under section 20.435 (4) (b) of the statutes, as affected  
8 by the acts of 2011, the dollar amount is increased by \$42,700,000 for the second fiscal  
9 year of the fiscal biennium in which this subsection takes effect to pay capitation  
10 payments to care management organizations and other entities that provide services  
11 to medical assistance recipients under a managed care system for services provided  
12 in June 2011, to individuals enrolled in care management organizations and  
13 managed care systems.

**SECTION 9227. Fiscal changes; Joint Committee on Finance.**

14 (1) FEDERAL PROGRAM SUPPLEMENT. In the schedule under section 20.005 (3) of  
15 the statutes for the appropriation to the joint committee on finance under section  
16 20.865 (4) (m) of the statutes, as affected by the acts of 2011, the dollar amount is  
17 decreased by \$37,000,000 for the second fiscal year of the fiscal biennium in which  
18 this subsection takes effect for supplementing federal earned income tax credit  
19 payments.  
20

**SECTION 9230. Fiscal changes; Legislature.**

21 (1) LAPSES TO GENERAL FUND RELATING TO EMPLOYER SAVINGS IN FRINGE BENEFIT  
22 COSTS DURING THE 2009-11 FISCAL BIENNIUM.  
23

24 (a) Notwithstanding section 20.001 (3) (a) to (c) of the statutes, before July 1,  
25 2011, the cochairpersons of the joint committee on legislative organization shall take



**BILL**

1 actions to ensure that from general purpose revenue appropriations to the  
2 legislature under section 20.765 of the statutes an amount equal to \$717,700 is  
3 lapsed from sum certain appropriation accounts or is subtracted from the  
4 expenditure estimates for any other type of appropriations, or both.

5 (b) The amount lapsed under paragraph (a) shall be in addition to the amounts  
6 that are required to be lapsed or transferred to the general fund under 2009  
7 Wisconsin Act 28, section 3416f.

**SECTION 9236. Fiscal changes; Public Defender Board**

8  
9 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation  
10 to the public defender board under section 20.550 (1) (d) of the statutes, as affected  
11 by the acts of 2011, the dollar amount is increased by \$3,500,000 for the second fiscal  
12 year of the fiscal biennium in which this subsection takes effect for the purpose for  
13 which the appropriation is made.

**SECTION 9241. Fiscal changes; Revenue.**

14  
15 (1) EARNED INCOME TAX CREDIT. In the schedule under section 20.005 (3) of the  
16 statutes for the appropriation to the department of revenue under section 20.835 (2)  
17 (kf) of the statutes, as affected by the acts of 2011, the dollar amount is increased by  
18 \$37,000,000 for the second fiscal year of the fiscal biennium in which this subsection  
19 takes effect for the purposes for which the appropriation is made.

**SECTION 9245. Fiscal changes; Supreme Court.**

20  
21 (1) LAPSES TO GENERAL FUND RELATING TO EMPLOYER SAVINGS IN FRINGE BENEFIT  
22 COSTS DURING THE 2009-11 FISCAL BIENNIUM. Notwithstanding section 20.001 (3) (a) to  
23 (c) of the statutes, before July 1, 2011, the chief justice of the supreme court shall take  
24 actions to ensure that from general purpose revenue appropriations to the judicial  
25 branch of government under subchapter VII of chapter 20 of the statutes an amount

**BILL**

1 equal to \$1,153,400 is lapsed from sum certain appropriation accounts or is  
2 subtracted from the expenditure estimates for any other type of appropriations, or  
3 both.

**SECTION 9255. Fiscal changes; Other.**

4 (1) LAPSES TO GENERAL FUND RELATING TO EMPLOYER SAVINGS IN FRINGE BENEFIT  
5 COSTS DURING THE 2009-11 FISCAL BIENNIUM.

6 (a) In this subsection, “state agency” means any office, department, or  
7 independent agency in the executive branch of state government.

8 (b) Notwithstanding section 20.001 (3) (a) to (c) of the statutes, before July 1,  
9 2011, the secretary of administration shall lapse to the general fund, from the  
10 unencumbered balances of general purpose revenue and program revenue  
11 appropriations to state agencies, other than sum sufficient appropriations and  
12 appropriations of federal revenues, an amount equal to \$27,891,400.

13 (c) The amount lapsed under paragraph (b) shall be in addition to the amounts  
14 that are required to be lapsed or transferred to the general fund under 2009  
15 Wisconsin Act 28, section 3416d.

16 (d) The secretary of administration may not lapse moneys under paragraph (b)  
17 if the lapse would violate a condition imposed by the federal government on the  
18 expenditure of the moneys or if the lapse would violate the federal or state  
19 constitution. The secretary also may not lapse any amount from program revenue  
20 appropriations under section 20.285 of the statutes.

**SECTION 9315. Initial applicability; Employee Trust Funds.**

21 (1) CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

22 (a) Except as provided in paragraph (b), for elected officials, as defined in  
23 section 40.02 (24) of the statutes, who are participating employees in the Wisconsin  
24  
25

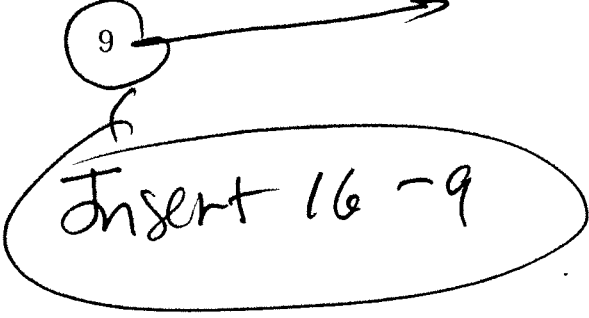
**BILL**

1 retirement system, the treatment of section 40.23 (2m) (e) 2. of the statutes first  
2 applies to creditable service that is performed on the first day of a term of office that  
3 begins after the effective date of this paragraph.

4 (b) For supreme court justices, court of appeals judges, and circuit court judges,  
5 who are participating employees in the Wisconsin retirement system, the treatment  
6 of section 40.23 (2m) (e) 2. of the statutes first applies to creditable service that is  
7 performed on the day on which the next supreme court justice, court of appeals judge,  
8 or circuit court judge assumes office after the effective date of this paragraph.

9

(END)



Insert 16-9

1 as provided by law, or any part thereof when in its judgment it is for the best interests  
2 of the system and the state. All purchases and sales of real property shall be subject  
3 to the approval of the building commission. The provision of all leases of real  
4 property to be occupied by the board shall be the responsibility of the department of  
5 administration under s. 16.84 (5).

6 **SECTION 10.** 36.25 (13g) (c) of the statutes is repealed.

7 **SECTION 11.** 40.02 (25) (b) 2. of the statutes is amended to read:

4-19 8 40.02 (25) (b) 2. Any person employed as a teaching assistant or graduate  
9 assistant and other employees-in-training as are designated by the board of regents  
10 of the university, who are employed on at least a one-third full-time basis.

11 **SECTION 12.** 40.02 (27) of the statutes is amended to read:

12 40.02 (27) "Employee required contribution" means the contribution made by  
13 an employee under s. 40.05 (1) (a) 1. to 4. ~~or for an employee under s. 40.05 (1) (b).~~

14 **SECTION 13.** 40.03 (6) (c) of the statutes is amended to read:

15 40.03 (6) (c) Shall not enter into any agreements to modify or expand group  
16 insurance coverage in a manner which conflicts with this chapter or rules of the  
17 department or materially affects the level of premiums required to be paid by the  
18 state or its employees, or the level of benefits to be provided, under any group  
19 insurance coverage. This restriction shall not be construed to prevent modifications  
20 required by law, prohibit the group insurance board from modifying the standard  
21 plan to establish a more cost effective benefit plan design or providing optional  
22 insurance coverages as alternatives to the standard insurance coverage when any  
23 excess of required premium over the premium for the standard coverage is paid by  
24 the employee, prohibit the group insurance board from encouraging participation in

1 wellness or disease management programs, or prohibit the group insurance board  
2 from providing other plans as authorized under par. (b).

3 **SECTION 14.** 40.03 (6) (j) of the statutes is amended to read:

4 40.03 (6) (j) May contract with the department of health services and may  
5 contract with other public or private entities for data collection and analysis services  
6 related to health maintenance organizations and insurance companies that provide  
7 health insurance to state employees, as well as for any other consulting services  
8 related to plans offered by the group insurance board.

9 **SECTION 15.** 40.04 (2) (a) of the statutes is amended to read:

10 40.04 (2) (a) An administrative account shall be maintained within the fund  
11 from which administrative costs of the department shall be paid, except charges for  
12 services performed by the investment board, costs of medical and vocational  
13 evaluations used in determinations of eligibility for benefits under ss. 40.61, 40.63  
14 and 40.65 and costs of contracting for insurance data collection and analysis services  
15 and other consulting services under s. 40.03 (6) (j).

16 **SECTION 16.** 40.04 (2) (e) of the statutes is amended to read:

17 40.04 (2) (e) The costs of contracting for insurance data collection and analysis  
18 services and other consulting services under s. 40.03 (6) (j) shall be paid from the  
19 appropriation under s. 20.515 (1) (ut).

20 **SECTION 17.** 40.05 (1) (a) (intro.) of the statutes is amended to read:

21 40.05 (1) (a) (intro.) ~~Except as provided in~~ Subject to par. (b) and sub. (2n):

22 **SECTION 18.** 40.05 (1) (a) 1. of the statutes is amended to read:

23 40.05 (1) (a) 1. For each participating employee not otherwise specified, 5% of  
24 ~~each payment of earnings~~ an amount equal to one-half of all actuarially required  
25 contributions, as approved by the board under s. 40.03 (1) (e).

5-24



1           **SECTION 19.** 40.05 (1) (a) 2. of the statutes is amended to read:

2           40.05 (1) (a) 2. For each participating employee whose formula rate is  
3 determined under s. 40.23 (2m) (e) 2., ~~5.5% of each payment of earnings~~ an amount  
4 equal to one-half of all actuarially required contributions, as approved by the board  
5 under s. 40.03 (1) (e).

6           **SECTION 20.** 40.05 (1) (a) 3. of the statutes is amended to read:

7           40.05 (1) (a) 3. For each participating employee whose formula rate is  
8 determined under s. 40.23 (2m) (e) 3., ~~6% of each payment of earnings~~ the percentage  
9 of earnings paid by a participating employee under subd. 1.

10          **SECTION 21.** 40.05 (1) (a) 4. of the statutes is amended to read:

11          40.05 (1) (a) 4. For each participating employee whose formula rate is  
12 determined under s. 40.23 (2m) (e) 4., ~~8% of each payment of earnings~~ the percentage  
13 of earnings paid by a participating employee under subd. 1.

14          **SECTION 22.** 40.05 (1) (b) of the statutes is repealed and recreated to read:

15          40.05 (1) (b) Except as otherwise provided in a collective bargaining agreement  
16 entered into under subch. IV or V of ch. 111, an employer may not pay, on behalf of  
17 a participating employee, any of the contributions required by par. (a).

18          **SECTION 23.** 40.05 (2m) of the statutes is repealed.

19          **SECTION 24.** 40.05 (2n) of the statutes is repealed.

20          **SECTION 25.** 40.05 (4) (a) 2. of the statutes is amended to read:

21          40.05 (4) (a) 2. For an insured employee who is an eligible employee under s.  
22 40.02 (25) (a) 2. or (b) 1m. or 2c., the employer shall pay required employer  
23 contributions toward the health insurance premium of the insured employee  
24 beginning on the date on which the employee becomes insured. For an insured state  
25 employee who is currently employed, but who is not ~~a limited term appointment~~



1 ~~under s. 230.26 or an eligible employee under s. 40.02 (25) (a) 2. or (b) 1m. or 2c., the~~  
2 ~~employer shall pay required employer contributions toward the health insurance~~  
3 ~~premium of the insured employee beginning on the first day of the 3rd month~~  
4 ~~beginning after the date on which the employee begins employment with the state,~~  
5 ~~not including any leave of absence. For an insured employee who has a limited term~~  
6 ~~appointment under s. 230.26, the employer shall pay required employer~~  
7 ~~contributions toward the health insurance premium of the insured employee~~  
8 ~~beginning on the first day of the 7th month beginning after the date on which the~~  
9 ~~employee first becomes a participating employee.~~

10 SECTION 26. 40.05 (4) (ag) <sup>✓ 1. and 2. are</sup> of the statutes ~~is~~ repealed and recreated to read:

11 40.05 (4) (ag) Except as otherwise provided in a collective bargaining  
12 agreement under subch. V of ch. 111, the employer shall pay for its currently  
13 employed insured employees.

14 <sup>no #</sup> 1. For insured part-time employees other than employees specified in s. 40.02  
15 (25) (b) 2., including those in project positions as defined in s. 230.27 (1), who are  
16 appointed to work less than 1,566 hours per year, an amount determined annually  
17 by the director of the office of state employment relations.

18 2. For eligible employees not specified in subd. 1. and s. 40.02 (25) (b) 2., an  
19 amount not more than 88 percent of the average premium cost of plans offered in the  
20 tier with the lowest employee premium cost under s. 40.51 (6). Annually, the director  
21 of the office of state employment relations shall establish the amount that the  
22 employer is required to pay under this subdivision.

23 SECTION 27. 40.05 (4) (ar) of the statutes <sup>✓</sup> is repealed.

24 SECTION 28. 40.05 (4) (c) of the statutes <sup>✓</sup> is amended to read:

end of  
5-24

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1           40.05 (4) (c) The employer shall contribute toward the payment of premiums  
2 for the plan established under s. 40.52 (3) ~~not more than the percentage of premium~~  
3 ~~paid by the employer for health insurance coverage under par. (ag) 2~~ the amount  
4 established under s. 40.52 (3).

5           **SECTION 29.** 40.23 (2m) (e) 2. of the statutes is amended to read:

6           40.23 (2m) (e) 2. For each participant for creditable service as an elected official  
7 or as an executive participating employee that is performed before January 1, 2000,  
8 2.165%; for such creditable service that is performed on or after January 1, 2000, but  
9 before the effective date of this subdivision ... [LRB inserts date], 2%; and for such  
10 creditable service that is performed on or after the effective date of this subdivision  
11 ... [LRB inserts date], 1.6%.

12           **SECTION 30.** 40.32 (1) of the statutes is amended to read:

13           40.32 (1) The sum of all contributions allocated to a participant's account under  
14 each defined contribution plan sponsored by the employer, including all employer  
15 contributions and picked-up contributions credited with interest at the effective rate  
16 under ss. 40.04 (4) (a) and (5) (b) and 40.05 (2) (g) and all employee contributions  
17 made under ss. 40.02 (17) and 40.05 (1) ~~and (2m)~~, may not in any calendar year  
18 exceed the maximum contribution limitation established under section 415 (c) of the  
19 Internal Revenue Code.

20           **SECTION 31.** 40.51 (7) of the statutes is amended to read:

21           40.51 (7) Any employer, other than the state, may offer to all of its employees  
22 a health care coverage plan through a program offered by the group insurance board.  
23 Notwithstanding sub. (2) and ss. 40.05 (4) and 40.52 (1), the department may by rule  
24 establish different eligibility standards or contribution requirements for such  
25 employees and employers and may by rule limit the categories of employers, other





1 than the state, which may be included as participating employers under this  
2 subchapter. Beginning on January 1, 2012, except as otherwise provided in a  
3 collective bargaining agreement under subch. IV of ch. 111, an employer may not  
4 offer a health care coverage plan to its employees under this subsection if the  
5 employer pays more than 88 percent of the average premium cost of plans offered in  
6 any tier with the lowest employee premium cost under this subsection.

7 **SECTION 32.** 40.52 (3) of the statutes is amended to read: ✓

8 40.52 (3) The group insurance board, after consulting with the board of regents  
9 of the University of Wisconsin System, shall establish the terms of a health insurance  
10 plan for graduate assistants, for teaching assistants, and for employees-in-training  
11 designated by the board of regents, who are employed on at least a one-third  
12 full-time basis and for teachers who are employed on at least a one-third full-time  
13 basis by the University of Wisconsin System with an expected duration of  
14 employment of at least 6 months but less than one year. Annually, the director of the  
15 office of state employment relations shall establish the amount that the employer is  
16 required to pay in premium costs under this subsection.

17 **SECTION 33.** 49.175 (1) (zh) of the statutes is amended to read:

18 49.175 (1) (zh) *Earned income tax credit supplement.* For the transfer of  
19 moneys from the appropriation account under s. 20.437 (2) (md) to the appropriation  
20 account under s. 20.835 (2) (kf) for the earned income tax credit, ~~\$6,664,200~~ in fiscal  
21 year 2009–10 and ~~\$6,664,200~~ \$43,664,200 in fiscal year 2010–2011.

22 **SECTION 34.** 59.875 of the statutes is created to read:

23 **59.875 Payment of contributions in an employee retirement system of**  
24 **populous counties.** (1) In this section, “county” means any county having a  
25 population of 500,000 or more.

↓

end of  
6-7

6-12

1           (2) Beginning on the effective date of this subsection .... [LRB inserts date], in  
2 any employee retirement system of a county, except as otherwise provided in a  
3 collective bargaining agreement entered into under subch. IV of ch. 111, employees  
4 shall pay half of all actuarially required contributions for funding benefits under the  
5 retirement system. The employer may not pay on behalf of an employee any of the  
6 employee's share of the actuarially required contributions.

7           SECTION 35. 62.623 of the statutes is created to read:

8           **62.623 Payment of contributions in an employee retirement system of**  
9 **a 1st class city.** Beginning on the effective date of this section .... [LRB inserts date],  
10 in any employee retirement system of a 1st class city, except as otherwise provided  
11 in a collective bargaining agreement entered into under subch. IV of ch. 111,  
12 employees shall pay ~~half~~ of all <sup>employee</sup> ~~actuarially~~ required contributions for funding benefits  
13 under the retirement system. The employer may not pay on behalf of an employee  
14 any of the employee's share of the ~~actuarially~~ required contributions.

15           SECTION 36. 66.0518 of the statutes is created to read:

16           **66.0518 Defined benefit pension plans.** A local governmental unit, as  
17 defined in s. 66.0131 (1) (a), may not establish a defined benefit pension plan for its  
18 employees unless the plan requires the employees to pay half of all actuarially  
19 required contributions for funding benefits under the plan and prohibits the local  
20 governmental unit from paying on behalf of an employee any of the employee's share  
21 of the actuarially required contributions.

22           SECTION 37. 196.025 (7) of the statutes is created to read:

23           196.025 (7) REGULATION OF CERTAIN PLANTS. If the department of administration  
24 sells or contracts for the operation of any plant under s. 16.896 (1), and the purchaser  
25 or contractor is not a public utility because the purchaser or contractor does not use

add  
6-12

1 the plant to provide service directly or indirectly to or for the public, the commission  
2 shall, upon petition at any time by the department of administration, regulate the  
3 purchaser or contractor as a public utility under this chapter if the commission  
4 determines that such regulation is in the public interest.

5 **SECTION 38.** 2007 Wisconsin Act 20, section 9201 (1c) (a) is amended to read:

6 [2007 Wisconsin Act 20] Section 9201 (1c) (a) Notwithstanding sections 20.001  
7 (3) (a) to (c) and 25.40 (3) of the statutes, but subject to paragraph (d), the secretary  
8 of administration shall lapse to the general fund or transfer to the general fund from  
9 the unencumbered balances of state operations appropriations to executive branch  
10 state agencies, other than sum sufficient appropriations and appropriations of  
11 federal revenues, an amount equal to \$200,000,000 during the 2007–09 fiscal  
12 biennium and ~~\$200,000,000~~ \$121,000,000 during the 2009–11 fiscal biennium. This  
13 paragraph shall not apply to appropriations to the Board of Regents of the University  
14 of Wisconsin System and to the technical college system board.

15 **SECTION 39.** 2009 Wisconsin Act 28, section 9222 (1b) is repealed.

16 **SECTION 9101. Nonstatutory provisions; Administration.**

17 (1) TAX RECIPROCITY PAYMENTS, MINNESOTA. From the appropriation account  
18 under section 20.855 (4) (c) of the statutes, the secretary of administration shall  
19 make the payment due the state of Minnesota under the tax reciprocity agreement,  
20 as it relates to taxable year 2009, plus interest, no later than June 30, 2011.

21 **SECTION 9115. Nonstatutory provisions; Employee Trust Funds.**

22 ~~(1)~~ STATE EMPLOYEE HEALTH CARE COVERAGE.

23 (a) ~~(1)~~ Notwithstanding section 40.05 (4) (ag) and (c) of the statutes, as affected by  
24 this act, beginning with health insurance premiums paid in April 2011, and ending  
25 with coverage for December 2011, all of the following shall apply:

8-22  
V

1           1. Employees covered under section 40.05 (4) (ag) 2. of the statutes, as affected  
2 by this act, shall pay \$84 a month for individual coverage and \$208 a month for family  
3 coverage for health care coverage under any plan offered in the tier with the lowest  
4 employee premium cost under section 40.51 (6) of the statutes; \$122 a month for  
5 individual coverage and \$307 a month for family coverage for health care coverage  
6 under any plan offered in the tier with the next lowest employee premium cost under  
7 section 40.51 (6) of the statutes; and \$226 a month for individual coverage and \$567  
8 a month for family coverage for health care coverage under any plan offered in the  
9 tier with the highest employee premium cost under section 40.51 (6) of the statutes.

10           2. Eligible employees covered under section 40.02 (25) (b) 2. of the statutes, as  
11 affected by this act, shall pay 50 percent of the amounts required for employees under  
12 subdivision 1.

13           3. Employees covered under section 40.05 (4) (ag) 1. of the statutes, as affected  
14 by this act, and craft employees, as defined in section 111.81 (4) of the statutes, and  
15 related nonrepresented employees shall pay the same amounts that they are  
16 required to pay on the day before the effective date of this subdivision.

17           (b) If an employer is unable to modify payroll procedures in sufficient time to  
18 collect employees' increased share of the premium costs for health care coverage  
19 under paragraph (a), the employer shall recover all amounts that employees owe for  
20 the increased share of premium costs before July 1, 2011.

21           ~~(2)~~ EMPLOYER AND EMPLOYEE REQUIRED CONTRIBUTIONS FOR 2011. Notwithstanding  
22 the employer and employee required contributions rates established for 2011 under  
23 section 40.05 (1) and (2), 2009 stats., beginning on the first day of the first pay period  
24 after March 13, 2011, the employee required contributions under section 40.05 (1) (a)  
25 of the statutes, as affected by this act, shall be in effect for the remainder of 2011, and

↘

1 the employer required contributions under section 40.05 (2) of the statutes shall be  
2 adjusted to reflect the increases in employee required contributions for the  
3 remainder of 2011. ~~In addition, beginning on the first day of the first pay period after~~  
4 ~~March 13, 2011, for the purpose of calculating employee required contributions, the~~  
5 ~~benefit adjustment contribution established under section 40.05 (2m), 2009 stats.,~~  
6 ~~shall be treated as an employer required contribution for the remainder of 2011.~~ If  
7 an employer is unable to modify payroll procedures in sufficient time to collect the  
8 increased employee required contributions before the first day of the first pay period  
9 after March 13, 2011, the employer shall recover all amounts that employees owe  
10 before July 1, 2011.

and  
8-22

11 (3) MODIFICATIONS TO WISCONSIN RETIREMENT SYSTEM.

12 (a) The secretary of administration, the director of the office of state  
13 employment relations, and the secretary of employee trust funds shall study the  
14 structure of the Wisconsin Retirement System and benefits provided under the  
15 Wisconsin Retirement System. The study shall specifically address the following  
16 issues:

- 17 1. Establishing a defined contribution plan as an option for participating  
18 employees, as defined in section 40.02 (46) of the statutes.
- 19 2. Establishing a vesting period of 1, 5, or 10 years for employer contributions  
20 under section 40.05 (2) of the statutes and for eligibility for retirement benefits.
- 21 3. Modifying the supplemental health insurance premium credit program  
22 under subchapter IX of chapter 40 of the statutes.
- 23 4. Permitting employees to not make employee required contributions under  
24 section 40.05 (1) (a) of the statutes and limiting retirement benefits for employees

1 (d) The secretary of administration may not lapse moneys under paragraph (b)  
2 if the lapse would violate a condition imposed by the federal government on the  
3 expenditure of the moneys or if the lapse would violate the federal or state  
4 constitution. The secretary also may not lapse any amount from program revenue  
5 appropriations under section 20.285 of the statutes.

6 **SECTION 9315. Initial applicability; Employee Trust Funds.**

7 ~~(1)~~ HEALTH CARE COVERAGE PREMIUMS. The treatment of sections 40.02 (25) (b)  
8 2., 40.05 (4) (ag), (ar), and (c), 40.51 (7), and 40.52 (3) of the statutes and SECTION 9115

9 ~~(1)~~ of this act first apply to employees who are covered by a collective bargaining  
10 agreement that contains provisions inconsistent with those sections on the day on  
11 which the agreement expires or is terminated, extended, modified, or renewed,  
12 whichever occurs first.

13 ~~(2)~~ PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS. The treatment of sections

14 ~~40.02 (2), 40.02 (3), 40.02 (4), 40.02 (5), 40.02 (6), 40.02 (7), 40.05 (1) (a) (intro.), 1., 2., 3., and 4., 40.05 (2m), and (2n),~~  
15 40.32 (1), 59.875, 62.623, and 66.0518 of the statutes and SECTION 9115 ~~(2)~~ of this act  
16 first apply to employees who are covered by a collective bargaining agreement that  
17 contains provisions inconsistent with those sections on the day on which the  
18 agreement expires or is terminated, extended, modified, or renewed, whichever  
19 occurs first.

20 (3) CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

21 (a) Except as provided in paragraph (b), for elected officials, as defined in  
22 section 40.02 (24) of the statutes, who are participating employees in the Wisconsin  
23 retirement system, the treatment of section 40.23 (2m) (e) 2. of the statutes first  
24 applies to creditable service that is performed on the first day of a term of office that  
25 begins after the effective date of this paragraph.

111.91 (1)(cm) and (2)(g), and  
111.998 (1)(d) and (2)(d)

insert 7-7

111.91 (1)



(cm) Except as provided in sub. (2) ~~(g)~~ and (h) and ss. 40.02 (22) (e) and 40.23 (1) (f) 4., all laws governing the Wisconsin retirement system under ch. 40 and all actions of the employer that are authorized under any such law which apply to nonrepresented individuals employed by the state shall apply to similarly situated employees, unless otherwise specifically provided in a collective bargaining agreement that applies to those employees.

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Insert 7-8

111.998 (1)



(d) Except as provided in sub. (2) ~~(d)~~ and (e) and ss. 40.02 (22) (e) and 40.23 (1) (f) 4., all laws governing the Wisconsin Retirement System under ch. 40 and all actions of the board that are authorized under any such law which apply to nonrepresented individuals employed by the state shall apply to similarly situated employees, unless otherwise specifically provided in a collective bargaining agreement that applies to those employees.

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Under SELRA and MERA, a collective bargaining unit elects a labor organization as its representative once a majority of the employees in that collective bargaining unit who are actually voting votes for that labor organization; that labor organization remains the representative unless a percentage of members of the collective bargaining unit supports a petition for a new election and subsequently votes to decertify the representative. This bill requires an annual certification election of the labor organization that represents each collective bargaining unit containing general employees. If, at the election, less than 51 percent of the actual employees in the collective bargaining unit vote for a representative, then, at the expiration of the current collective bargaining agreement, the current representative is decertified and the members of the collective bargaining unit are nonrepresented and may not be represented for one year. This bill requires an initial certification election for all represented state and municipal general employees in April 2011.

Currently, except for an initial collective bargaining agreement, the terms of collective bargaining agreements are generally two years for state and municipal employees, and current law does not prohibit collective bargaining agreements from being extended. This bill limits the term for general employees to one year and prohibits the extension of collective bargaining agreements.

Current law provides that state and municipal employees who are represented by a labor organization have the organization dues deducted from their salaries. Except for salary deductions for public safety employees, this bill prohibits the salary deductions for labor organization dues. This bill also allows a general employee to refrain from paying dues and remain a member of a collective bargaining unit.

Under current law, University of Wisconsin (UW) System employees, employees of the UW Hospitals and Clinics Authority, and certain home care and child care providers have the right to collectively bargain over wages, hours, and conditions of employment. This bill eliminates the rights of these employees to collectively bargain.

### **PUBLIC SECTOR RETIREMENT SYSTEMS**

Currently, employer and employee required contributions, and the earnings on these contributions, fund the cost of providing retirement annuities to all public employees who are covered under the Wisconsin Retirement System (WRS). Employer required and employee required contribution rates are set on an annual basis. This bill provides that the employee required contribution rate for general participating employees and for elected and executive participating employees must equal one-half of all actuarially required contributions, as determined by the Employee Trust Funds Board. For protective occupation employees, the bill provides that the employee required contribution rate must equal the percentage of earnings paid by general participating employees.

Current law also requires the employer to pay all of the employer required contributions, but permits the employer to also pay all or part of the employee required contributions. This bill provides that an employer may not pay any of the employee required contributions under the WRS or under an employee retirement system of a first class city or a county having a population of 500,000 or more.

A



Currently, when a WRS participant terminates employment and becomes eligible for a retirement annuity, assuming the participant does not receive a money purchase annuity, the amount of the annuity is determined by multiplying the participant's final average earnings by the participant's years of creditable service and by a percentage multiplier. For a protective occupation participant, the multiplier is either 2 percent or 2.5 percent, depending on whether the person is covered by social security. For elected officials and executive participating employees, the multiplier is 2 percent. For all other participants in the WRS, the multiplier is 1.6 percent. This bill decreases the multiplier for elected officials and executive participating employees from 2 percent to 1.6 percent for creditable service that is performed on or after the bill's effective date.

Under current law, state employees become participating employees in the WRS if they are expected to work at least one-third of what is considered full-time employment by the Department of Employee Trust Funds (DETF) and have an expected duration of employment of one year or more. If a state employee becomes a WRS participating employee, the employee is also entitled to receive health insurance under the Group Insurance Board (GIB) program. A current group of state employees are appointed to state positions as limited term appointments in the state civil service, which are provisional appointments or appointments for less than 1,044 hours per year. This bill prohibits limited term appointments from participating in the WRS, as well as prohibits these employees from receiving health insurance under the GIB program.

This bill also requires the secretary of administration, the director of the Office of State Employee Relations (OSER), and the secretary of employee trust funds to study the WRS. The study must specifically address establishing a defined contribution plan as an option for WRS participating employees; establishing different vesting periods for employer contributions and eligibility for WRS retirement benefits; modifying the supplemental health insurance premium credit program for state employees; and permitting participating employees to not make employee required contributions under the WRS and limiting retirement benefits for these employees to a money purchase annuity. Under the bill, no later than June 30, 2012, the secretary of administration, the director of OSER, and the secretary of employee trust funds must report their findings and recommendations to the governor.

### **PUBLIC SECTOR GROUP INSURANCE**

Currently, state employees, as well as employees of public authorities created by the state, receive health care coverage under plans offered by GIB, which plans are assigned to one of three tiers depending on the employee's premium costs. The employer share of premium costs for employees who work more than 1,565 hours a year is an amount not less than 80 percent of the average premium costs under the various health care coverage plans. The amount for represented employees is subject to collective bargaining and the amount for nonrepresented employees is established in various compensation plans.

This bill provides that the employer may not pay more than 88 percent of the average premium cost of plans offered in the tier with the lowest employee premium

(B)



the Group Insurance Board

*The Office of State  
Employee Relations*

cost. For employees who work less than 1,566 hours a year, with exceptions, the employer must pay an amount determined by the director of OSER. Under the bill, the actual employer and employee share of premium costs is established on an annual basis by the director of OSER.

For the remainder of 2011, however, beginning in April 2011, the bill provides that state employees, as well as employees of public authorities created by the state, who work more than 1,565 hours a year shall pay \$84 a month for individual coverage and \$208 a month for family coverage for health care coverage under any plan offered in the tier with the lowest employee premium cost; \$122 a month for individual coverage and \$307 a month for family coverage for health care coverage under any plan offered in the tier with the next lowest employee premium cost; and \$226 a month for individual coverage and \$567 a month for family coverage for health care coverage under any plan offered in the tier with the highest employee premium cost. (UW) System graduate assistants and teaching assistants must pay half of these amounts. Employees who work less than 1,566 hours a year are required to pay the same amount for health care coverage during 2011 that they were required to pay before the bill's effective date.

*University of  
Wisconsin*

The bill further provides that a local government employer who participates in the local government health insurance plan offered by GIB may not participate in the plan if it intends to pay more than 88 percent of the average premium cost of plans offered in any tier with the lowest employee premium cost.

*end of  
(B)*

~~This bill requires the director of OSER and the secretary of employee trust funds to study the feasibility of offering to employees eligible to receive health care coverage under the GIB plans, beginning on January 1, 2013, the option of receiving health care coverage through either a low-cost health care coverage plan or through a high-deductible health plan and the establishment of a health savings account, as described under federal law. The study must also examine the feasibility of requiring state employees to receive health care coverage through a health benefits exchange established pursuant to the federal law and creating a health care insurance purchasing pool for all public employees and individuals receiving health care coverage under the Medical Assistance program. No later than June 30, 2012, the director and secretary shall report their findings and recommendations to the governor.~~

~~Current law also provides that GIB may not enter into agreements to modify or expand group insurance coverage in a manner that conflicts with applicable statutes, or DETF rules, or that materially affects the level of premiums required to be paid by the state or its employees or the level of benefits provided under any group insurance coverage. This bill provides that this restriction does not prevent GIB from encouraging participation in wellness or disease management programs under any of its group insurance coverage plans. In addition, the bill provides that this prohibition does not apply to GIB agreements relating to group insurance coverage for the 2012 and 2013 calendar years.~~

~~This bill requires GIB to design health care coverage plans for the 2012 calendar year that, after adjusting for any inflationary increase in health benefit costs, reduces the average premium cost of plans offered in the tier with the lowest~~

**Parisi, Lori**

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**From:** McGinnis, Cindy

**Sent:** Tuesday, March 08, 2011 4:11 PM

**To:** LRB.Legal

**Subject:** Draft Review: LRB 11-1618/1 Topic: Fiscal items Bill with WRS and Health Insurance

Please Jacket LRB 11-1618/1 for the ASSEMBLY.

3/8/2011