

## 2011 DRAFTING REQUEST

### Bill

Received: 12/20/2010

Received By: **rchampag**

Wanted: **Soon**

Companion to LRB:

For: **Administration-Budget**

By/Representing: **Frederick**

May Contact:

Drafter: **rchampag**

Subject: **Employ Pub - retirement**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

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### Pre Topic:

DOA:.....Frederick, BAB0013 -

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### Topic:

Calculation of Employee Required Contributions under WRS

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### Instructions:

See attached.

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### Drafting History:

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/8	rchampag 02/04/2011	csicilia 02/04/2011	rschluet 02/04/2011	_____	sbasford 02/04/2011		S&L Retire
/9	rchampag 02/06/2011	csicilia 02/07/2011	jfrantze 02/07/2011	_____	lparisi 02/07/2011		S&L Retire
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*Handwritten signatures and initials:*  
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The initials 'JDC' are written in the 'Proofed' column for row /3.

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

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*15 kf*  
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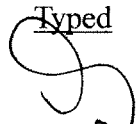
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Per Caitlin Friedrich

12/15/06

- have <sup>general</sup> employees pay  $\frac{1}{2}$  of all retirement contributions
- have elected (executive pay  $\frac{1}{2}$
- have both set of preetes pay the same percentage as general employees.

## Champagne, Rick

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**From:** Hanaman, Cathlene  
**Sent:** Wednesday, December 15, 2010 10:52 AM  
**To:** Champagne, Rick  
**Subject:** FW: Statutory Language Drafting Request - Budget Adjustment Bill

---

**From:** DOADLBASADMININTERNETSHAREPOINT@WI.GOV  
[mailto:DOADLBASADMININTERNETSHAREPOINT@WI.GOV]  
**Sent:** Wednesday, December 15, 2010 10:51 AM  
**To:** Hanaman, Cathlene  
**Cc:** Shayna.Hetzel@wisconsin.gov; Thornton, Scott - DOA  
**Subject:** Statutory Language Drafting Request - Budget Adjustment Bill

Topic: Retirement Contribution Levels for State and Local Employees

Tracking Code: BAB0013

SBO Team: ?????

SBO Analyst: Frederick, Caitlin - DOA  
Phone: (608) 266-8777  
E-mail: Caitlin.Frederick@Wisconsin.gov

Agency Acronym: ETF

Agency Number: 515

Priority: High

Intent:

- Require general occupation employees [under current s. 40.05(1)(a)1.] to pay one half of the annual required total employee and employer percentage of earnings [currently as determined under 40.05(2)(am)]
- Require elected employees [currently under 40.23 (2m)(e)2] to pay one half as above [benefit and formula remains the same]
- Require protectives under 40.23(2m)(e)3&4 to pay the employee contribution level determined for general occupation employees [with the employer share being the balance of the required contribution under (am) for their occupational group; benefit and formula remains the same]

Attachments: False

12/15/2010



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-0638/2  
RAC&CMH:cjs:ph

LRB-07571

DOA:.....Frederick, BB0132 - Payment of Employee Contributions under  
Public Employee Retirement Systems

RAC  
&  
CMH

**FOR 2011-13 BUDGET - NOT READY FOR INTRODUCTION**

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DOA Budget

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x-ref ✓

1 AN ACT <sup>don't gen</sup> ...; relating to: the budget. ✓

**Analysis by the Legislative Reference Bureau  
RETIREMENT AND GROUP INSURANCE**

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). Current law requires the employer to pay all of the employer required contributions, but permits the employer, on behalf of its employees, to pay all or part of the employee required contributions. This bill provides that, beginning on the first day of the first month after the bill's effective date, an employer may not pay, on behalf of its employees, any of the employee required contributions under the WRS.

The bill also provides that an employer may not pay, on behalf of its employees, any employee share of required contributions under an employee retirement system of a 1st class city or a county having a population of 500,000 or more. This provision would therefore cover the City of Milwaukee Employees' Retirement System and the Milwaukee County Employee's Retirement System.

The bill further requires elected officials and executive participating employees in the WRS to pay the additional benefit adjustment contribution, which is currently only paid by or for general employees and protective occupation participant employees who are covered by social security.

Finally, the bill makes the prohibition against the employer paying, on behalf of any employee, any employee required contributions or employee share under these

retirement systems a prohibited subject of collective bargaining under the Municipal Employment Relations Act, the State Employment Labor Relations Act, and the UW System Faculty and Academic Staff Labor Relations Act

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

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

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

SECTION 1. 13.111 (2) of the statutes is amended to read:

13.111 (2) DUTIES. The joint committee on employment relations shall perform the functions assigned to it under subchs. V and VI of ch. 111, subch. II of ch. 230 and ss. 16.53 (1) (d) 1., 20.916, 20.917, and 20.923 and 40.05 (1) (b).

SECTION 2. 40.02 (27) of the statutes is amended to read:

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

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

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

SECTION 4. 40.05 (1) (b) of the statutes is repealed and recreated to read:

40.05 (1) (b) Beginning on the first day of the first month after the effective date of this paragraph.... [LRB inserts date], an employer may not pay, on behalf of a participating employee, any of the contributions required by par. (a).

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

40.05 (2m) BENEFIT ADJUSTMENT CONTRIBUTION. Except as provided in sub. (2n), in addition to the amounts under subs. (1) and (2), a benefit adjustment contribution equal to 1% of earnings shall be paid by or for participating employees whose formula rate is determined under s. 40.23 (2m) (e) 1. and 3. and, beginning on the first day

Insert Analysis

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~~of the first month after the effective date of this subsection .... [LRB inserts date], shall be paid by or for participating employees whose formula rate is determined under s. 40.23 (2m) (e) 2. This contribution shall be deducted from each payment of earnings to participating employees unless the employer provides through its compensation provisions or agreements that all or part of the contribution will be paid by the employer. For benefit purposes, this contribution shall be treated as if it were an employer required contribution regardless of whether the employer or the employee pays the contribution and, for a participating employee who first becomes a participating employee on or after January 1, 1996, shall be subject to the annual compensation limits under 26 USC 401 (a) (17).~~

SECTION 6. 59.875 of the statutes is created to read:

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

(2) Beginning on the first day of the first month after the effective date of this subsection .... [LRB inserts date], in any employee retirement system of a county, the employer may not pay on behalf of an employee any employee share of required contributions.

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

**62.623 Payment of contributions in an employee retirement system of a 1st class city.** Beginning on the first day of the first month after the effective date of this section .... [LRB inserts date], in any employee retirement system of a 1st class city, the employer may not pay on behalf of an employee any employee share of required contributions.

SECTION 8. 111.70 (4) (mc) 5. of the statutes is created to read:

1           111.70 (4) (mc) 5. The requirement under ss. 40.05 (1) (b),<sup>✓</sup> 59.875,<sup>✓</sup> and 62.623<sup>✓</sup>  
2           that the municipal employer may not pay, on behalf of the municipal employee, any  
3           employee required contributions or the employee share of required contributions,<sup>✓</sup>  
4           and the impact of this requirement on the wages, hours, and conditions of  
5           employment of the municipal employees.<sup>✓</sup>

6           **SECTION 9.** <sup>✓</sup>111.91 (1) (cm) of the statutes is amended to read:

7           111.91 (1) (cm) Except as provided in sub. (2) (~~g~~) and (~~h~~) and ss. 40.02 (22) (e)  
8           and 40.23 (1) (f) 4., all laws governing the Wisconsin retirement system under ch. 40  
9           and all actions of the employer that are authorized under any such law which apply  
10          to nonrepresented individuals employed by the state shall apply to similarly situated  
11          employees, unless otherwise specifically provided in a collective bargaining  
12          agreement that applies to those employees.<sup>✓</sup>

13          **SECTION 10.** <sup>✓</sup>111.91 (2) (fm) of the statutes is created to read:

14          111.91 (2) (fm) The requirement under s. 40.05 (1) (b)<sup>✓</sup> that the employer may  
15          not pay, on behalf of the employee, any employee required contributions under s.  
16          40.05 (1) (a).<sup>✓</sup>

17          **SECTION 11.** <sup>✓</sup>111.998 (1) (d) of the statutes is amended to read:

18          111.998 (1) (d) Except as provided in sub. (2) (~~d~~) and (~~e~~) and ss. 40.02 (22) (e)  
19          and 40.23 (1) (f) 4., all laws governing the Wisconsin Retirement System under ch.  
20          40 and all actions of the board that are authorized under any such law which apply  
21          to nonrepresented individuals employed by the state shall apply to similarly situated  
22          employees, unless otherwise specifically provided in a collective bargaining  
23          agreement that applies to those employees.

24          **SECTION 12.** <sup>✓</sup><sup>^</sup>111.998 (2) (fm) of the statutes is created to read:



Insert 5-4.

1 111.998 (2) (fm) The requirement under s. 40.05 (1) (b) that the employer may  
2 not pay, on behalf of the employee, any employee required contributions under s.  
3 40.05 (1) (a).

USE AR. → section 9115 (1) of this act

4 **SECTION 9355. Initial applicability; Other.**

5 (1) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS.

6 (a) For municipal employees who are covered by a collective bargaining  
7 agreement under subchapter IV of chapter 111 of the statutes that has not expired  
8 before the effective date of this paragraph, the treatment of sections 40.02 (27), 40.05  
9 (1) (a) (intro.) and (b) 59.875, 62.623, and 111.70(4) (mc) 5. of the statutes first  
10 applies on the day on which the agreement expires or is extended, modified, or  
11 renewed, whichever occurs first.

apply

12 (b) For state employees who are covered by a collective bargaining agreement  
13 under subchapter V or VI of chapter 111 of the statutes that expires on June 30, 2011,  
14 the treatment of sections 13.111 (2), 40.02 (27), 40.05 (1) (a) (intro.) and (b) 111.91  
15 (1) (cm) and (2) (fm), and 111.998 (1) (d) and (2) (fm) of the statutes first applies on  
16 July 1, 2011.

17 For state employees who are covered by a collective bargaining agreement  
18 under subchapter V or VI of chapter 111 of the statutes that expired on June 30, 2009,  
19 and who have not entered into a new collective bargaining agreement for the period  
20 after June 30, 2009, the treatment of sections 13.111 (2), 40.02 (27), 40.05 (1) (a)  
21 (intro.) and (b), 111.91 (1) (cm) and (2) (fm), and 111.998 (1) (d) and (2) (fm) of the  
22 statutes first applies on the effective date of this paragraph.

(CS)

and section 9115 (1) of this act

↑  
USE AR. 1

**2011-2012 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0757/linsRC  
RAC:.....

**Insert Analysis:**

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).<sup>✓</sup> Employer required and employee required contribution rates are set on an annual basis.<sup>✓</sup> This bill provides that, beginning on the first day of the first month after the bill's effective date,<sup>✓</sup> the employee required contribution rate for general participating employees<sup>✓</sup> and for elected and executive participating employees<sup>✓</sup> must equal the employer required contribution rate for those employees.<sup>✓</sup> For protective occupation employees, the bill provides that employee required contribution rate must equal the percentage of earnings paid by general participating employees.<sup>✓</sup>

Current law also requires the employer to pay all of the employer required contributions,<sup>✓</sup> but permits the employer, on behalf of its employees, to pay all or part of the employee required contributions.<sup>✓</sup> This bill provides that, beginning on the first day of the first month after the bill's effective date,<sup>✓</sup> an employer may not pay, on behalf of its employees,<sup>✓</sup> any of the employee required contributions under the WRS<sup>✓</sup> or under an employee retirement system of a 1st class city or a county having a population of 500,000 or more.<sup>✓</sup> This provision would therefore cover not only the WRS, but also the City of Milwaukee Employees' Retirement System and the Milwaukee County Employees' Retirement System.<sup>✓</sup>

Finally, the bill makes the prohibition against the employer paying, on behalf of any employee, any employee required contributions or employee share under these retirement systems a prohibited subject of collective bargaining under the Municipal Employment Relations Act, the State Employment Labor Relations Act, and the UW System Faculty and Academic Staff Labor Relations Act.<sup>✓</sup>

**Insert 2-10:**

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

40.05 (1) (a) (intro.) ~~Except as provided in par. (b) and sub. (2n)~~ Beginning on the first day of the first month after the effective date of this paragraph.... [LRB inserts date]:<sup>✓</sup>

**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; 2003 a. 33 ss. 1004 to 1015, 9160; 2003 a. 69, 117; 2005 a. 22, 153; 2007 a. 20, 131, 200, 226; 2009 a. 15, 28.

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

40.05 (1) (a) 1. For each participating employee not otherwise specified, ~~5%~~ of each payment of earnings an amount equal to the employer required contribution for that participating employee.✓

**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; 2003 a. 33 ss. 1004 to 1015, 9160; 2003 a. 69, 117; 2005 a. 22, 153; 2007 a. 20, 131, 200, 226; 2009 a. 15, 28.

**SECTION 3.** 40.05 (1) (a) 2. of the statutes is amended to read:

40.05 (1) (a) 2. For each participating employee whose formula rate is determined under s. 40.23 (2m) (e) 2., ~~5.5%~~ of each payment of earnings an amount equal to the employer required contribution for that participating employee.✓

**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; 2003 a. 33 ss. 1004 to 1015, 9160; 2003 a. 69, 117; 2005 a. 22, 153; 2007 a. 20, 131, 200, 226; 2009 a. 15, 28.

**SECTION 4.** 40.05 (1) (a) 3. of the statutes is amended to read:

40.05 (1) (a) 3. For each participating employee whose formula rate is determined under s. 40.23 (2m) (e) 3., ~~6%~~ of each payment of earnings the percentage of earnings paid by a participating employee under subd. 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, 13, 104; 2001 a. 16; 2003 a. 33 ss. 1004 to 1015, 9160; 2003 a. 69, 117; 2005 a. 22, 153; 2007 a. 20, 131, 200, 226; 2009 a. 15, 28.

**SECTION 5.** 40.05 (1) (a) 4. of the statutes is amended to read:

40.05 (1) (a) 4. For each participating employee whose formula rate is determined under s. 40.23 (2m) (e) 4., ~~8%~~ of each payment of earnings the percentage of earnings paid by a participating employee under subd. 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, 13, 104; 2001 a. 16; 2003 a. 33 ss. 1004 to 1015, 9160; 2003 a. 69, 117; 2005 a. 22, 153; 2007 a. 20, 131, 200, 226; 2009 a. 15, 28.

**Insert 3-11:**

~~X~~  
**SECTION 6.** 40.05 (2m) of the statutes is repealed.✓

~~X~~  
**SECTION 7.** 40.05 (2n) of the statutes is repealed.✓

✓  
**SECTION 8.** 40.32 (1) of the statutes is amended to read:

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

History: 1995 a. 302; 1997 a. 237.

**Insert 5-4:**

Create  
A.R. 1

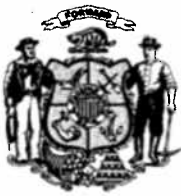
**SECTION 9115. Nonstatutory provisions; Employee Trust Funds.**

(1) EMPLOYER AND EMPLOYEE REQUIRED CONTRIBUTIONS FOR 2011. Notwithstanding the employer and employee required contributions rates established for 2011 under section 40.05 (1) and (2), 2009 Stats., beginning on the first day of the first month after the effective date of this subsection, plain the employee required contributions under section 40.05 (1) (a) of the statutes, as affected by this act, shall be in effect for the remainder of 2011. In addition, beginning on the first day of the first month after the effective date of this subsection, for the purpose of calculating employee required contributions, the benefit adjustment contribution established under section 40.05 (2m), 2009 Stats., shall be treated as an employer required contribution for the remainder of 2011. plain

Per Caitlin = eliminate

→ elected/see formula going forward.

→ NAE first apply to electeds for new terms, but in the interim have stem pay  $\frac{1}{2}$  of required contribution



stays RMP

DOA:.....Frederick, BAB0013 - Calculation of Employee Required Contributions under WRS

**FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION**

do not gen

1 AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**RETIREMENT AND GROUP INSURANCE**

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, beginning on the first day of the first month after the bill's effective date, the employee required contribution rate for general participating employees and for elected and executive participating employees must equal the employer required contribution rate for those employees. For protective occupation employees, the bill provides that 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, on behalf of its employees, to pay all or part of the employee required contributions. This bill provides that, beginning on the first day of the first month after the bill's effective date, an employer may not pay, on behalf of its employees, any of the employee required contributions under the WRS or under an employee retirement system of a 1st class city or a county having a population of 500,000 or more. This provision would therefore cover not only the WRS, but also the City of Milwaukee Employees' Retirement System and the Milwaukee County Employees' Retirement System.

Insert Analysis

*In addition,*

**Finally,** the bill makes the prohibition against the employer paying, on behalf of any employee, any employee required contributions or employee share under these retirement systems a prohibited subject of collective bargaining under the Municipal Employment Relations Act, the State Employment Labor Relations Act, and the UW System Faculty and Academic Staff Labor Relations Act.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

For further information see the *state and local* 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:***

1           **SECTION 1.** 13.111 (2) of the statutes is amended to read:

2           13.111 (2) DUTIES. The joint committee on employment relations shall perform  
3 the functions assigned to it under subchs. V and VI of ch. 111, subch. II of ch. 230 and  
4 ss. 16.53 (1) (d) 1., 20.916, 20.917, and 20.923 ~~and 40.05 (1) (b).~~

5           **SECTION 2.** 40.02 (27) of the statutes is amended to read:

6           40.02 (27) "Employee required contribution" means the contribution made by  
7 an employee under s. 40.05 (1) (a) 1. to 4. ~~or for an employee under s. 40.05 (1) (b).~~

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

9           40.05 (1) (a) (intro.) ~~Except as provided in par. (b) and sub. (2n)~~ Beginning on  
10 the first day of the first month after the effective date of this paragraph .... [LRB  
11 inserts date]:

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

13           40.05 (1) (a) 1. For each participating employee not otherwise specified, 5% of  
14 each payment of earnings an amount equal to the employer required contribution for  
15 that participating employee.

16           **SECTION 5.** 40.05 (1) (a) 2. of the statutes is amended to read:

1           40.05 (1) (a) 2. For each participating employee whose formula rate is  
2 determined under s. 40.23 (2m) (e) 2., ~~5.5% of each payment of earnings~~ an amount  
3 equal to the employer required contribution for that participating employee.

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

5           40.05 (1) (a) 3. For each participating employee whose formula rate is  
6 determined under s. 40.23 (2m) (e) 3., ~~6% of each payment of earnings~~ the percentage  
7 of earnings paid by a participating employee under subd. 1.

8           **SECTION 7.** 40.05 (1) (a) 4. of the statutes is amended to read:

9           40.05 (1) (a) 4. For each participating employee whose formula rate is  
10 determined under s. 40.23 (2m) (e) 4., ~~8% of each payment of earnings~~ the percentage  
11 of earnings paid by a participating employee under subd. 1.

12           **SECTION 8.** 40.05 (1) (b) of the statutes is repealed and recreated to read:

13           40.05 (1) (b) Beginning on the first day of the first month after the effective date  
14 of this paragraph .... [LRB inserts date], an employer may not pay, on behalf of a  
15 participating employee, any of the contributions required by par. (a).

16           **SECTION 9.** 40.05 (2m) of the statutes is repealed.

17           **SECTION 10.** 40.05 (2n) of the statutes is repealed.

18           **SECTION 11.** 40.32 (1) of the statutes is amended to read:

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

Insert 3-18



1           **SECTION 12.** 59.875 of the statutes is created to read:

2           **59.875 Payment of contributions in an employee retirement system of**  
3 **populous counties.** (1) In this section, "county" means any county having a  
4 population of 500,000 or more.

5           (2) Beginning on the first day of the first month after the effective date of this  
6 subsection .... [LRB inserts date], in any employee retirement system of a county, the  
7 employer may not pay on behalf of an employee any employee share of required  
8 contributions.

9           **SECTION 13.** 62.623 of the statutes is created to read:

10           **62.623 Payment of contributions in an employee retirement system of**  
11 **a 1st class city.** Beginning on the first day of the first month after the effective date  
12 of this section .... [LRB inserts date], in any employee retirement system of a 1st class  
13 city, the employer may not pay on behalf of an employee any employee share of  
14 required contributions.

15           **SECTION 14.** 111.70 (4) (mc) 5. of the statutes is created to read:

16           111.70 (4) (mc) 5. The requirement under ss. 40.05 (1) (b), 59.875, and 62.623  
17 that the municipal employer may not pay, on behalf of the municipal employee, any  
18 employee required contributions or the employee share of required contributions,  
19 and the impact of this requirement on the wages, hours, and conditions of  
20 employment of the municipal employees.

21           **SECTION 15.** 111.91 (1) (cm) of the statutes is amended to read:

22           111.91 (1) (cm) Except as provided in sub. (2) (g) and (h) and ss. 40.02 (22) (e)  
23 and 40.23 (1) (f) 4., all laws governing the Wisconsin retirement system under ch. 40  
24 and all actions of the employer that are authorized under any such law which apply  
25 to nonrepresented individuals employed by the state shall apply to similarly situated

1 employees, unless otherwise specifically provided in a collective bargaining  
2 agreement that applies to those employees.

3 **SECTION 16.** 111.91 (2) (fm) of the statutes is created to read:

4 111.91 (2) (fm) The requirement under s. 40.05 (1) (b) that the employer may  
5 not pay, on behalf of the employee, any employee required contributions under s.  
6 40.05 (1) (a).

7 **SECTION 17.** 111.998 (1) (d) of the statutes is amended to read:

8 111.998 (1) (d) Except as provided in sub. (2) ~~(d) and (e)~~ and ss. 40.02 (22) (e)  
9 and 40.23 (1) (f) 4., all laws governing the Wisconsin Retirement System under ch.  
10 40 and all actions of the board that are authorized under any such law which apply  
11 to nonrepresented individuals employed by the state shall apply to similarly situated  
12 employees, unless otherwise specifically provided in a collective bargaining  
13 agreement that applies to those employees.

14 **SECTION 18.** 111.998 (2) (fm) of the statutes is created to read:

15 111.998 (2) (fm) The requirement under s. 40.05 (1) (b) that the employer may  
16 not pay, on behalf of the employee, any employee required contributions under s.  
17 40.05 (1) (a).

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

19 (1) EMPLOYER AND EMPLOYEE REQUIRED CONTRIBUTIONS FOR 2011. Notwithstanding  
20 the employer and employee required contributions rates established for 2011 under  
21 section 40.05 (1) and (2), 2009 stats., beginning on the first day of the first month  
22 after the effective date of this subsection, the employee required contributions under  
23 section 40.05 (1) (a) of the statutes, as affected by this act, shall be in effect for the  
24 remainder of 2011. In addition, beginning on the first day of the first month after the  
25 effective date of this subsection, for the purpose of calculating employee required

1 contributions, the benefit adjustment contribution established under section 40.05  
2 (2m), 2009 stats., shall be treated as an employer required contribution for the  
3 remainder of 2011.

4 **SECTION 9355. Initial applicability; Other.**

5 (1) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS.

6 (a) For municipal employees who are covered by a collective bargaining  
7 agreement under subchapter IV of chapter 111 of the statutes that has not expired  
8 before the effective date of this paragraph, the treatment of sections 40.02 (27), 40.05  
9 (1) (a) (intro.), 1., 2., 3., and 4. and (b), 40.05 (2m) and (2n), 40.32 (1), 59.875, 62.623,  
10 and 111.70 (4) (mc) 5. of the statutes and SECTION 9115 (1) of this act first apply on  
11 the day on which the agreement expires or is extended, modified, or renewed,  
12 whichever occurs first.

13 (b) For state employees who are covered by a collective bargaining agreement  
14 under subchapter V or VI of chapter 111 of the statutes that expired on June 30, 2009,  
15 and who have not entered into a new collective bargaining agreement for the period  
16 after June 30, 2009, the treatment of sections 13.111 (2), 40.02 (27), 40.05 (1) (a)  
17 (intro.), 1., 2., 3., and 4. and (b), 40.05 (2m) and (2n), 40.32 (1), 111.91 (1) (cm) and  
18 (2) (fm), and 111.998 (1) (d) and (2) (fm) of the statutes and SECTION 9115 (1) of this  
19 act first apply on the effective date of this paragraph.

(END)

~~20~~ →  
Insert  
6-20 ✓

D-note

2011-2012 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0757/2ins  
RAC&CMH:cjs&nwn:rs

**Insert Analysis:**

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 first day of the first month after the bill's effective date.

**Insert 3-18:**

Δ...Δ [LRB inserts date]

**SECTION 1.** 40.23 (2m) (e) 2. of the statutes is amended to read:

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

History: 1981 c. 96, 386; 1983 a. 141, 267, 391; 1987 a. 309, 372; 1987 a. 403 s. 256; 1989 a. 13; 1989 a. 56 s. 259; 1991 a. 152; 1995 a. 225, 302, 414; 1997 a. 35, 69; 1999 a. 11; 2003 a. 33; 2005 a. 153, 154; 2007 a. 96; 2009 a. 28.

**Insert 6-20:**

~~2~~ <sup>#</sup> CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

use auto reb X from next page

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

LPS: replace hard number with autonumber

*create  
auto-reb  
X*

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

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0757/2dn  
RAC&CMH:cjs&nwn:rs

*— date —*

Caitlin Frederick:

✓

As we discussed, article IV, section 26 (2), of the Wisconsin constitution prohibits increases or decreases in compensation for public officers during their term in office. For that reason, I provided that the multiplier decrease under s. 40.23 (2m) (e) 2. first applies to creditable service that is performed on the first day of a term of office that begins after the bill's effective date. There is one exception to this rule, however. Under article IV, section 26 (2) (a), the compensation for a supreme court justice, a court of appeals judge, and a circuit court judge can be increased or decreased on the day on which any new justice or judge takes office. Hence, I provided a different initial applicability provision for justices and judges.

✓

Rick A. Champagne  
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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0757/2dn  
RAC:cjs&nwn:ph

January 3, 2011

Caitlin Frederick:

As we discussed, article IV, section 26 (2), of the Wisconsin constitution prohibits increases or decreases in compensation for public officers during their term in office. For that reason, I provided that the multiplier decrease under s. 40.23 (2m) (e) 2. first applies to creditable service that is performed on the first day of a term of office that begins after the bill's effective date. There is one exception to this rule, however. Under article IV, section 26 (2) (a), the compensation for a supreme court justice, a court of appeals judge, and a circuit court judge can be increased or decreased on the day on which any new justice or judge takes office. Hence, I provided a different initial applicability provision for justices and judges.

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- Upon reduction, transfer to DOA as an attached board with administrative support from DOAS
- Upon reduction, transfer the hearing of civil service appeals to the Division of Hearings and Appeals.

(- NW) HAA

WRS and retirement contributions  
BAB0013

- General Occupation, Teachers
  - Pay half of actuarially-required contribution
- Executive
  - Modify formula benefit to be identical to that of General Occupation and pay half of actuarially-required contribution
- Require Elected Officials to pay contribution equal to General Occupation employee share
  - Upon new term of office, modify formula benefit to be identical to General Occupation and Teachers
- Require Protectives to pay contribution equal to General Occupation employee share
- Prohibit employers from paying employee share equivalent to that paid for General Occupation and Teachers
- Require employee share to be adjusted each calendar year to reflect half of actuarially required total contribution (protectives and electeds continue to pay general occupation share)
- Employees in City of Milwaukee and County of Milwaukee retirement systems to pay half of actuarially required contribution
- For municipalities, other than City and County of Milwaukee, that offer pension plan outside of WRS - prohibit employer from paying employee share and authorize employer to require an employee share if they have not already done so.
- Effective the beginning of the first pay period following passage of the bill
- Any retroactive employee payments necessary to WRS to reflect the effective date of the bill should be completed by the end of FY11
  - [payroll will not be able to institute the changes immediately]

Same as protectives

Def benefit plan

Study of WRS and Health Insurance Plan Design Options

BB0161 (should be Budget Adjustment Bill)

1. WRS
  - Employee Trust Funds to study other retirement options and report by June 30, 2012 on the following: