



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-0757/3

RAC&CMH:cjs&nwn:ph

Thus, if possible

Stays RMR

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

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

NOT  
do NOT see

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.

In addition, 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.

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.

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:***

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 repealed and recreated to read:

9 40.05 (1) (a) (intro.) Beginning on the first day of the first month after the  
10 effective date of this paragraph .... [LRB inserts date]:

Insert  
Analysis  
A

Insert 2-10

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

2 40.05 (1) (a) 1. For each participating employee not otherwise specified, ~~5% of~~  
3 ~~each payment of earnings~~ an amount equal to the employer required contribution for  
4 that participating employee.

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

6 40.05 (1) (a) 2. For each participating employee whose formula rate is  
7 determined under s. 40.23 (2m) (e) 2., ~~5.5% of each payment of earnings~~ an amount  
8 equal to the employer required contribution for that participating employee.

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

10 40.05 (1) (a) 3. For each participating employee whose formula rate is  
11 determined under s. 40.23 (2m) (e) 3., ~~6% of each payment of earnings~~ the percentage  
12 of earnings paid by a participating employee under subd. 1.

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

14 40.05 (1) (a) 4. For each participating employee whose formula rate is  
15 determined under s. 40.23 (2m) (e) 4., ~~8% of each payment of earnings~~ the percentage  
16 of earnings paid by a participating employee under subd. 1.

17 SECTION 8. 40.05 (1) (b) of the statutes is repealed and recreated to read: X

18 40.05 (1) (b) ~~Beginning on the first day of the first month after the effective date~~ ✓  
19 ~~of this paragraph...~~ Beginning on the first day of the first month after the effective date  
of this paragraph... <sup>AN</sup> an employer may not pay, on behalf of a  
20 participating employee, any of the contributions required by par. (a).

21 SECTION 9. 40.05 (2m) of the statutes is repealed. X

22 SECTION 10. 40.05 (2n) of the statutes is repealed. X

23 SECTION 11. 40.23 (2m) (e) 2. of the statutes is amended to read:

24 40.23 (2m) (e) 2. For each participant for creditable service as an elected official  
25 or as an executive participating employee that is performed before January 1, 2000,

1 2.165%; for such creditable service that is performed on or after January 1, 2000, but  
 2 before the ~~first day of the first month after~~ effective date of this subdivision ....  
 3 [LRB inserts date], 2%; and for such creditable service that is performed on or after  
 4 ~~the first day of the first month after~~ the effective date of this subdivision ... [LRB  
 5 inserts date], 1.6%.

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

7 40.32 (1) The sum of all contributions allocated to a participant's account under  
 8 each defined contribution plan sponsored by the employer, including all employer  
 9 contributions and picked-up contributions credited with interest at the effective rate  
 10 under ss. 40.04 (4) (a) and (5) (b) and 40.05 (2) (g) and all employee contributions  
 11 made under ss. 40.02 (17) and 40.05 (1) and (2m), may not in any calendar year  
 12 exceed the maximum contribution limitation established under section 415 (c) of the  
 13 Internal Revenue Code.

14 SECTION 13. 59.875 of the statutes is created to read:

15 **59.875 Payment of contributions in an employee retirement system of**  
 16 **populous counties.** (1) In this section, "county" means any county having a  
 17 population of 500,000 or more.

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

22 SECTION 14. 62.623 of the statutes is created to read:

23 **62.623 Payment of contributions in an employee retirement system of**  
 24 **a 1st class city.** Beginning on the ~~first day of the first month after the~~ effective date  
 25 of this section ... [LRB inserts date], in any employee retirement system of a 1st class

Insert 4-19

Insert 5-1

- 1
- 2
- 3

city, ~~the employer may not pay on behalf of an employee any employee share of~~  
~~required contributions.~~

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

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

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Insert 5-3

**SECTION 16.** 111.91 (1) (cm) of the statutes is amended to read:

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.

**SECTION 17.** 111.91 (2) (fm) of the statutes is created to read:

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

**SECTION 18.** 111.998 (1) (d) of the statutes is amended to read:

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

2011-2012 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0757/3ins  
RAC&CMH:cjs&nwn:ph

**insert Analysis A:**

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 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. The bill further provides that if any local governmental unit establishes a defined benefit pension plan for its employees, the plan must require employees to pay half of all actuarially required contributions for funding benefits under the plan and prohibits the local governmental unit from paying on behalf of an employee any of the employee's share of the actuarially required contributions.

In addition, 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.

**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~~ Subject to par. (b) and sub. (2n):

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 4-19:**

no ff employees shall pay half of all actuarially required contributions for funding benefits under the retirement system. The employer may not pay on behalf of an employee any of the employee's share of the actuarially required contributions.

**Insert 5-1:**

no ff employees shall pay half of all actuarially required contributions for funding benefits under the retirement system. The employer may not pay on behalf of an employee any of the employee's share of the actuarially required contributions.

**Insert 5-3:**

LPS: leave this word as typed

x

^

**SECTION 2.** 66.0518 of the statutes is created to read:

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

**Insert 6-13:**

no ft

^ and the employer required contributions under section 40.05 (2) of the statutes shall be adjusted to reflect the increases in employee required contributions for the remainder of 2011

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

3 SECTION 19. 111.998 (2) (fm) of the statutes is created to read:

4 111.998 (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 9115. Nonstatutory provisions; Employee Trust Funds.

8 (1) EMPLOYER AND EMPLOYEE REQUIRED CONTRIBUTIONS FOR 2011. Notwithstanding  
9 the employer and employee required contributions rates established for 2011 under  
10 section 40.05 (1) and (2), 2009 stats., beginning on the first day of the ~~first month~~ <sup>first</sup> <sup>pay period</sup>

11 after the effective date of this subsection, the employee required contributions under  
12 section 40.05 (1) (a) of the statutes, as affected by this act, shall be <sup>first</sup> <sup>pay period</sup> in effect for the ~~first month~~ <sup>first</sup> <sup>pay period</sup>

13 remainder of 2011. In addition, beginning on the first day of the ~~first month~~ <sup>first</sup> <sup>pay period</sup> after the  
14 effective date of this subsection, for the purpose of calculating employee required  
15 contributions, the benefit adjustment contribution established under section 40.05  
16 (2m), 2009 stats., shall be treated as an employer required contribution for the  
17 remainder of 2011.

18 SECTION 9355. Initial applicability; Other.

19 (1) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS. ↗

20 <sup>2009</sup> For municipal employees who are covered by a collective bargaining  
21 agreement under subchapter IV of chapter 111 of the statutes that has not expired  
22 before the effective date of this paragraph, the treatment of sections 40.02 (27), 40.05  
23 (1) (a) (intro.), 1., 2., 3., and 4. and (b), (2m), and (2n), 40.32 (1), 59.875, 62.623, and  
24 111.70 (4) (mc) 5. of the statutes and SECTION 9115 (1) of this act first apply on the

Insert 6-13

66.05185



1 day on which the agreement expires or is extended, modified, or renewed, whichever  
2 occurs first.

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

10 (2) CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.


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

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

21 (END)

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

LRB-0757/3dn  
RAC&CMH:cjs&nwn:ph




*late*

Caitlin Frederick-Morgan:

This draft assumes that SELRA and the UW collective bargaining law are repealed.

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: [rick.champagne@legis.wisconsin.gov](mailto:rick.champagne@legis.wisconsin.gov)



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

LRB-0757/3dn  
RAC:cjs:rs

January 20, 2011

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Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: [rick.champagne@legis.wisconsin.gov](mailto:rick.champagne@legis.wisconsin.gov)



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-0757/2 ✓ 4

RAC&CMH:cjs&nwn:rs

stays RMR

Today

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

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

↓ 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 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 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. The bill further provides that if any local governmental unit establishes a defined benefit pension plan for its

employees, the plan must require employees to pay half of all actuarially required contributions for funding benefits under the plan and prohibits the local governmental unit from paying on behalf of an employee any of the employee's share of the actuarially required contributions.

In addition, 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.

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.

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:*

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:

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

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

3           40.05 (1) (a) 1. For each participating employee not otherwise specified, ~~5% of~~  
4 ~~each payment of earnings~~ an amount equal to the employer required contribution for  
5 that participating employee.

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

7           40.05 (1) (a) 2. For each participating employee whose formula rate is  
8 determined under s. 40.23 (2m) (e) 2., ~~5.5% of each payment of earnings~~ an amount  
9 equal to the employer required contribution for that participating employee.

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

11          40.05 (1) (a) 3. For each participating employee whose formula rate is  
12 determined under s. 40.23 (2m) (e) 3., ~~6% of each payment of earnings~~ the percentage  
13 of earnings paid by a participating employee under subd. 1.

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

15          40.05 (1) (a) 4. For each participating employee whose formula rate is  
16 determined under s. 40.23 (2m) (e) 4., ~~8% of each payment of earnings~~ the percentage  
17 of earnings paid by a participating employee under subd. 1.

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

19          40.05 (1) (b) An employer may not pay, on behalf of a participating employee,  
20 any of the contributions required by par. (a).

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

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

23          **SECTION 11.** 40.23 (2m) (e) 2. of the statutes is amended to read:

24          40.23 (2m) (e) 2. For each participant for creditable service as an elected official  
25 or as an executive participating employee that is performed before January 1, 2000,

1 2.165%; for such creditable service that is performed on or after January 1, 2000, but  
2 before the effective date of this subdivision .... [LRB inserts date], 2%; and for such  
3 creditable service that is performed on or after the effective date of this subdivision  
4 .... [LRB inserts date], 1.6%.

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

6 40.32 (1) The sum of all contributions allocated to a participant's account under  
7 each defined contribution plan sponsored by the employer, including all employer  
8 contributions and picked-up contributions credited with interest at the effective rate  
9 under ss. 40.04 (4) (a) and (5) (b) and 40.05 (2) (g) and all employee contributions  
10 made under ss. 40.02 (17) and 40.05 (1) ~~and (2m)~~, may not in any calendar year  
11 exceed the maximum contribution limitation established under section 415 (c) of the  
12 Internal Revenue Code.

13 **SECTION 13.** 59.875 of the statutes is created to read:

14 **59.875 Payment of contributions in an employee retirement system of**  
15 **populous counties.** (1) In this section, "county" means any county having a  
16 population of 500,000 or more.

17 (2) Beginning on the effective date of this subsection .... [LRB inserts date], in  
18 any employee retirement system of a county, employees shall pay half of all  
19 actuarially required contributions for funding benefits under the retirement system.  
20 The employer may not pay on behalf of an employee any of the employee's share of  
21 the actuarially required contributions.

22 **SECTION 14.** 62.623 of the statutes is created to read:

23 **62.623 Payment of contributions in an employee retirement system of**  
24 **a 1st class city.** Beginning on the effective date of this section .... [LRB inserts date],  
25 in any employee retirement system of a 1st class city, employees shall pay half of all

1 actuarially required contributions for funding benefits under the retirement system.  
2 The employer may not pay on behalf of an employee any of the employee's share of  
3 the actuarially required contributions.

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

5 **66.0518 Defined benefit pension plans.** A local governmental unit, as  
6 defined in s. 66.0131 (1) (a), may not establish a defined benefit pension plan for its  
7 employees unless the plan requires the employees to pay half of all actuarially  
8 required contributions for funding benefits under the plan and prohibits the local  
9 governmental unit from paying on behalf of an employee any of the employee's share  
10 of the actuarially required contributions.

11 **SECTION 16.** 111.70 (4) (mc) 5. of the statutes is created to read:

12 111.70 (4) (mc) 5. The requirement under ss. 40.05 (1) (b), 59.875, 62.623, and  
13 66.0518 that the municipal employer may not pay, on behalf of the municipal  
14 employee, any employee required contributions or the employee share of actuarially  
15 required contributions, and the impact of this requirement on the wages, hours, and  
16 conditions of employment of the municipal employees.

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

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



**SECTION 9115**

1 first pay period after the effective date of this subsection, for the purpose of  
2 calculating employee required contributions, the benefit adjustment contribution  
3 established under section 40.05 (2m), 2009 stats., shall be treated as an employer  
4 required contribution for the remainder of 2011.

5 **SECTION <sup>9315</sup> 9315. Initial applicability; ~~Other~~ Employee Trust Funds**

6 (1) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS. ~~For employees~~

7 ~~who are covered by a collective bargaining agreement under subchapter II of chapter~~  
8 ~~of the statutes that has not expired before the effective date of this paragraph.~~

9 ~~The~~ <sup>13.111(2)</sup> treatment of sections 40.02 (27), 40.05 (1) (a) (intro.), 1., 2., 3., and 4. and (b), (2m),  
10 and (2n), 40.32 (1), 59.875, 62.623, 66.0518, and 111.70 (4) (mc) 5. of the statutes and

11 SECTION 9115 (1) of this act first <sup>apply</sup> ~~apply~~ on the day on which the agreement expires or  
12 is extended, modified, or renewed, whichever occurs first.

13 (2) CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

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

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

24 (END)

*applies to employees who are covered by a collective bargaining agreement that contains provisions in consistent with this act*

11/29/2011

Per CASHIN:

Restate the employee  
required contribution language

to be  $\frac{1}{2}$  of all

actuarially required

contributions



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-0757/5

RAC&CMH:cjs&nwn:md

Stays

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

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

one-half of all actuarially

Don't Gen

is determined by the Employee Board Funds Board Trust

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 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 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. The bill further provides that if any local governmental unit establishes a defined benefit pension plan for its

employees, the plan must require employees to pay half of all actuarially required contributions for funding benefits under the plan and prohibits the local governmental unit from paying on behalf of an employee any of the employee's share of the actuarially required contributions.

In addition, 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.

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.

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:***

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:

as approved by the board under s. 40.03(1)(e)

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

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

3 40.05 (1) (a) 1. For each participating employee not otherwise specified, 5% of  
4 each payment of earnings ~~an amount equal to the employer required contribution for~~

5 ~~that participating employee~~ one-half of all actuarially

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

7 40.05 (1) (a) 2. For each participating employee whose formula rate is  
8 determined under s. 40.23 (2m) (e) 2., ~~5.5% of each payment of earnings an amount~~

9 equal to ~~the employer required contribution for that participating employee~~

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

11 40.05 (1) (a) 3. For each participating employee whose formula rate is  
12 determined under s. 40.23 (2m) (e) 3., ~~6% of each payment of earnings the percentage~~  
13 of earnings paid by a participating employee under subd. 1.

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

15 40.05 (1) (a) 4. For each participating employee whose formula rate is  
16 determined under s. 40.23 (2m) (e) 4., ~~8% of each payment of earnings the percentage~~  
17 of earnings paid by a participating employee under subd. 1.

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

19 40.05 (1) (b) An employer may not pay, on behalf of a participating employee,  
20 any of the contributions required by par. (a).

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

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

23 SECTION 11. 40.23 (2m) (e) 2. of the statutes is amended to read:

24 40.23 (2m) (e) 2. For each participant for creditable service as an elected official  
25 or as an executive participating employee that is performed before January 1, 2000,

1 2.165%; for such creditable service that is performed on or after January 1, 2000, but  
2 before the effective date of this subdivision .... [LRB inserts date], 2%; and for such  
3 creditable service that is performed on or after the effective date of this subdivision  
4 .... [LRB inserts date], 1.6%.

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

6 40.32 (1) The sum of all contributions allocated to a participant's account under  
7 each defined contribution plan sponsored by the employer, including all employer  
8 contributions and picked-up contributions credited with interest at the effective rate  
9 under ss. 40.04 (4) (a) and (5) (b) and 40.05 (2) (g) and all employee contributions  
10 made under ss. 40.02 (17) and 40.05 (1) ~~and (2m)~~, may not in any calendar year  
11 exceed the maximum contribution limitation established under section 415 (c) of the  
12 Internal Revenue Code.

13 **SECTION 13.** 59.875 of the statutes is created to read:

14 **59.875 Payment of contributions in an employee retirement system of**  
15 **populous counties.** (1) In this section, "county" means any county having a  
16 population of 500,000 or more.

17 (2) Beginning on the effective date of this subsection .... [LRB inserts date], in  
18 any employee retirement system of a county, employees shall pay half of all  
19 actuarially required contributions for funding benefits under the retirement system.  
20 The employer may not pay on behalf of an employee any of the employee's share of  
21 the actuarially required contributions.

22 **SECTION 14.** 62.623 of the statutes is created to read:

23 **62.623 Payment of contributions in an employee retirement system of**  
24 **a 1st class city.** Beginning on the effective date of this section .... [LRB inserts date],  
25 in any employee retirement system of a 1st class city, employees shall pay half of all

1 actuarially required contributions for funding benefits under the retirement system.  
2 The employer may not pay on behalf of an employee any of the employee's share of  
3 the actuarially required contributions.

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

5 **66.0518 Defined benefit pension plans.** A local governmental unit, as  
6 defined in s. 66.0131 (1) (a), may not establish a defined benefit pension plan for its  
7 employees unless the plan requires the employees to pay half of all actuarially  
8 required contributions for funding benefits under the plan and prohibits the local  
9 governmental unit from paying on behalf of an employee any of the employee's share  
10 of the actuarially required contributions.

11 **SECTION 16.** 111.70 (4) (mc) 5. of the statutes is created to read:

12 111.70 (4) (mc) 5. The requirement under ss. 40.05 (1) (b), 59.875, 62.623, and  
13 66.0518 that the municipal employer may not pay, on behalf of the municipal  
14 employee, any employee required contributions or the employee share of actuarially  
15 required contributions, and the impact of this requirement on the wages, hours, and  
16 conditions of employment of the municipal employees.

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

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

1 first pay period after the effective date of this subsection, for the purpose of  
2 calculating employee required contributions, the benefit adjustment contribution  
3 established under section 40.05 (2m), 2009 stats., shall be treated as an employer  
4 required contribution for the remainder of 2011.

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

6 (1) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS. The treatment of sections  
7 13.111 (2), 40.02 (27), 40.05 (1) (a) (intro.), 1., 2., 3., and 4. and (b), (2m), and (2n),  
8 40.32 (1), 59.875, 62.623, 66.0518, and 111.70 (4) (mc) 5. of the statutes and SECTION  
9 9115 (1) of this act first apply to employees who are covered by a collective bargaining  
10 agreement that contains provisions inconsistent with this act on the day on which  
11 the agreement expires or is extended, modified, or renewed, whichever occurs first.

12 (2) CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

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

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

23 (END)





Stamps RMR

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

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

SKV

do NOT go

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 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 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 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. The bill further provides that

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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.

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

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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:

*Except as otherwise provided in a collective bargaining agreement entered into under subch. IV or V of ch. 111, an*

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

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4 ~~each payment of earnings~~ an amount equal to one-half of all actuarially required  
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 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 12.** 40.32 (1) of the statutes is amended to read:

8           40.32 (1) The sum of all contributions allocated to a participant's account under  
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 10 contributions and picked-up contributions credited with interest at the effective rate  
 11 under ss. 40.04 (4) (a) and (5) (b) and 40.05 (2) (g) and all employee contributions  
 12 made under ss. 40.02 (17) and 40.05 (1) ~~and (2m)~~, may not in any calendar year  
 13 exceed the maximum contribution limitation established under section 415 (c) of the  
 14 Internal Revenue Code.

15           **SECTION 13.** 59.875 of the statutes is created to read:

16           **59.875 Payment of contributions in an employee retirement system of**  
 17 **populous counties.** (1) In this section, "county" means any county having a  
 18 population of 500,000 or more.

19           (2) Beginning on the effective date of this subsection .... [LRB inserts date], in  
 20 any employee retirement system of a county, employees shall pay half of all  
 21 actuarially required contributions for funding benefits under the retirement system.  
 22 The employer may not pay on behalf of an employee any of the employee's share of  
 23 the actuarially required contributions.

24           **SECTION 14.** 62.623 of the statutes is created to read:

*Except as otherwise provided in a collective bargaining agreement  
 entered into under subch. IV of ch. 111*

1           **62.623 Payment of contributions in an employee retirement system of**  
 2           **a 1st class city.** Beginning on the effective date of this section .... [LRB inserts date],  
 3           in any employee retirement system of a 1st class city, employees shall pay half of all  
 4           actuarially required contributions for funding benefits under the retirement system.  
 5           The employer may not pay on behalf of an employee any of the employee's share of  
 6           the actuarially required contributions.

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 13          of the actuarially required contributions.

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 16          66.0518 that the municipal employer may not pay, on behalf of the municipal  
 17          employee, any employee required contributions or the employee share of actuarially  
 18          required contributions, and the impact of this requirement on the wages, hours, and  
 19          conditions of employment of the municipal employees.

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

21          (1) 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 the effective date of this subsection, the employee required contributions under  
 25          section 40.05 (1) (a) of the statutes, as affected by this act, shall be in effect for the

*except as otherwise provided in a collective bargaining agreement entered into under subch. IV of ch. 119*

1 remainder of 2011, and the employer required contributions under section 40.05 (2)  
2 of the statutes shall be adjusted to reflect the increases in employee required  
3 contributions for the remainder of 2011. In addition, beginning on the first day of the  
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6 established under section 40.05 (2m), 2009 stats., shall be treated as an employer  
7 required contribution for the remainder of 2011.

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

9 (1) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS. The treatment of sections  
10 13.111 (2), 40.02 (27), 40.05 (1) (a) (intro.), 1., 2., 3., and 4. and (b), (2m), and (2n),  
11 40.32 (1), 59.875, 62.623, <sup>and</sup> 66.0518, and 111.70 (4) (mc) 5. of the statutes and SECTION  
12 9115 (1) of this act first apply to employees who are covered by a collective bargaining  
13 agreement that contains provisions inconsistent with this act on the day on which  
14 the agreement expires or is extended, modified, or renewed, whichever occurs first.

15 (2) CALCULATION OF ANNUITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

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

21 (b) For supreme court justices, court of appeals judges, and circuit court judges,  
22 who are participating employees in the Wisconsin retirement system, the treatment  
23 of section 40.23 (2m) (e) 2. of the statutes first applies to creditable service that is

1 performed on the day on which the next supreme court justice, court of appeals judge,  
2 or circuit court judge assumes office after the effective date of this paragraph.

3 (END)

d - note

D-Note

This <sup>assumes</sup> draft assumes that Cathlene's <sup>draft</sup> ~~draft~~  
 MERA SEL RA is in  
 changing MERA and SEL RA is in the  
 budget adjustment bill.

RAC



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

LRB-0757/6dn  
RAC:cjs&nwn:ph

January 31, 2011

This draft assumes that Cathlene's draft changing MERA and SELRA is in the budget adjustment bill.

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: [rick.champagne@legis.wisconsin.gov](mailto:rick.champagne@legis.wisconsin.gov)

**Champagne, Rick**

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**From:** Kraus, Jennifer - DOA [jennifer.kraus@wisconsin.gov]**Sent:** Sunday, January 30, 2011 4:13 PM**To:** Champagne, Rick**Cc:** Hanaman, Cathlene; Frederick, Caitlin - DOA**Subject:** RE: State Employee BAB drafts

For state employees who are covered by a collective bargaining agreement under subchapter V of chapter 111 of the statutes that expired on June 30, 2009, but which has been extended, the treatment of sections ..... (list appropriate sections) first applies on the termination of the agreement or the effective date of the act, whichever occurs last.

Assuming this makes sense to you, pls use the above for all of the provisions related to state employees, except the 3-day discharge. For now, leave that one as it is under which it would take effect immediately. I need to double-check that we can do this even with contracts still in place but I think that is the intent.

I think we should stick with the initial app you suggested for municipals.

Thanks - Jenny

---

**From:** Champagne, Rick [mailto:Rick.Champagne@legis.wisconsin.gov]**Sent:** Tuesday, January 25, 2011 8:30 AM**To:** Kraus, Jennifer - DOA; Frederick, Caitlin - DOA**Cc:** Hanaman, Cathlene - LEGIS**Subject:** RE: State Employee BAB drafts

Upon further reflection, a variation for the local government employees covered by contracts:

(1) Except as provided in subsection (2), for municipal employees, as defined in section 111.70 (1) (i), 2009 stats., who are employed by a municipal employer, as defined in section 111.70 (1) (j), 2009 stats., and who are covered by a collective bargaining agreement that contains provisions inconsistent with this act, the treatment of sections .... (list affected sections) first applies on the day on which the agreement expires or is terminated, whichever occurs first.

(2) For municipal employees, as defined in section 111.70 (1) (i), as affected by this act, who are employed by a municipal employer, as defined in section 111.70 (1) (j), as affected by this act, and who are covered by a collective bargaining agreement that contains provisions inconsistent with this act, the treatment of sections .... (list affected sections) first applies on the day on which the agreement expires or is terminated, whichever occurs first.

---

**From:** Champagne, Rick**Sent:** Tuesday, January 25, 2011 8:18 AM**To:** Kraus, Jennifer - DOA; Frederick, Caitlin - DOA**Cc:** Hanaman, Cathlene**Subject:** RE: State Employee BAB drafts

No this would be for all three drafts -- discharge, health insurance premiums, and WRS contributions.

2/1/2011

For locals, other than police or firefighters, which I believe retain collective bargaining rights under Cathlene's draft amending MERA, language would be the usual, with a twist:

For municipal employees, who are employed by a municipal employer, as defined in section 111.70 (1) (j), 2009 stats., , and who are covered by a collective bargaining agreement that contains provisions inconsistent with this act, the treatment of sections .... (list affected sections) first applies on the day on which the agreement expires or is terminated, whichever occurs first.

For municipal employees, who are employed by a municipal employer, as defined in section 111.70 (1) (j), as affected by this act, and who are covered by a collective bargaining agreement that contains provisions inconsistent with this act, the treatment of sections .... (list affected sections) first applies on the day on which the agreement expires or is terminated, whichever occurs first.

---

**From:** Kraus, Jennifer - DOA [mailto:jennifer.kraus@wisconsin.gov]  
**Sent:** Tuesday, January 25, 2011 8:07 AM  
**To:** Champagne, Rick; Frederick, Caitlin - DOA  
**Cc:** Hanaman, Cathlene  
**Subject:** RE: State Employee BAB drafts

are you thinking for the discharge draft? what would be the parallel language for the other drafts where the issue is non-state employees?

---

**From:** Champagne, Rick [mailto:Rick.Champagne@legis.wisconsin.gov]  
**Sent:** Tuesday, January 25, 2011 8:04 AM  
**To:** Kraus, Jennifer - DOA; Frederick, Caitlin - DOA  
**Cc:** Hanaman, Cathlene - LEGIS  
**Subject:** RE: State Employee BAB drafts

What about this for an Initial Applicability provision for state employees covered by extended contracts:

For state employees who are covered by a collective bargaining agreement under subchapter V of chapter 111 of the statutes that expired on June 30, 2009, but which has been extended to June 30, 2011, unless terminated earlier, the treatment of sections ..... (list appropriate sections) first applies on the expiration or termination of the agreement, whichever occurs first.

---

**From:** Kraus, Jennifer - DOA [mailto:jennifer.kraus@wisconsin.gov]  
**Sent:** Tuesday, January 25, 2011 7:54 AM  
**To:** Champagne, Rick; Frederick, Caitlin - DOA  
**Cc:** Hanaman, Cathlene  
**Subject:** RE: State Employee BAB drafts

I think the distinction on the first point is that the discharge draft only applies to state employees where all contracts are only extended whereas with the other two we need to put in some language about the existing contracts. I will discuss with DOA Legal and OSER today and see if there is some other wording that accomplishes that intent that doesn't raise their concerns.

On the second point, I discussed this a bit with Dave last night and we concluded that we should just transfer the existing employees of the Board to the Authority in order to minimize disruption. I have a 9:00 meeting this morning where I will confirm this direction and will let you know.

Thanks - Jenny

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**From:** Champagne, Rick [<mailto:Rick.Champagne@legis.wisconsin.gov>]  
**Sent:** Tuesday, January 25, 2011 7:28 AM  
**To:** Frederick, Caitlin - DOA; Kraus, Jennifer - DOA  
**Cc:** Hanaman, Cathlene - LEGIS  
**Subject:** State Employee BAB drafts

Good Morning Caitlin and Jenny:

I thought I would touch base on how you want to handle the initial applicability provisions of the various drafts. We seem to have different treatments in different drafts and I thought we might want to try to harmonize them now when we have a little time. I think we are agreed that the BAB will contain Cathlene's provisions repealing SELRA. Hence, the question becomes, what do we need in terms of preserving collective bargaining rights under any extended agreements covering state employees? LRB-1151/2 (the discharge draft) applies right way, regardless of extended collective bargaining agreements. LRB-639/7 (the health insurance draft) has a collective bargaining initial applicability provision, and LRB-0757/5 (the WRS contribution draft) also has a collective bargaining initial applicability section.

Should all of these drafts be the same? Or is there a distinction that you are making between the discharge draft and the other two?

Also, one other issue with respect to the University of Wisconsin Hospitals and Clinics Board draft, LRB-0732/1. We are simply eliminating the UWHCB without providing any mechanism for transferring employees to the Authority or requiring the Authority to offer them employment, etc. You should be aware that what will happen then is that these employees are subject to layoff. Their collective bargaining agreements contain a host of provisions regarding notice and rights affecting state employees subject to layoff. You may wish to have DOA attorneys and OSER folks look at the contracts to make sure that they are clear on what kinds of notice must be provided to employees. Everything might not be able to happen on the bill's effective date.

Rick