

**Barman, Mike**

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**From:** Hanaman, Cathlene  
**Sent:** Monday, February 14, 2011 9:59 AM  
**To:** Barman, Mike  
**Subject:** LFB Summary of employee compensation changes.docx  
**Attachments:** LFB Summary of employee compensation changes.docx

If this is not included in the -1383 drafting file, can you add it?



LFB Summary of  
employee compen.

## **Employee Compensation Changes and Alternative Approach to Collective Bargaining**

### WRS and retirement contributions

- 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
  - Modify formula benefit to be identical to General Occupation and Teachers (effective at the beginning of new term of office)
- Require Protectives to pay contribution equal to General Occupation employee share (except for occupations that can collectively bargain over WRS contributions)
- Prohibit WRS employers from paying employee share equivalent to that paid for General Occupation and Teachers (except for occupations that can collectively bargain over WRS contributions)
- 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 state employees, any retroactive employee payments necessary to WRS to reflect the effective date of the bill should be completed by the end of FY11
- Effective the pay period beginning after March 13, 2011

### Study of WRS and Health Insurance Plan Design Options

#### 1. WRS

- Employee Trust Funds, in consultation with the OSER Director, to study other retirement options and report by June 30, 2012 on the following:
  - Provisions to permit employees to opt out of employee contribution to WRS and limit pension benefit to money purchase calculation
  - Reviews of alternate vesting options
  - Reviews of alternative defined contribution plans
  - Treatment of Sick Leave Conversion credits
- OSER Director will work with Secretary of ETF to prepare plan design changes and release report to Governor.
- Any studies would be funded by a GPR Sum Sufficient appropriation in ETF to pay for actuarial studies

#### 2. Health

- CY13 plan implementation:
  - ETF, in consultation with the OSER Director to study and report options to Governor by June 30, 2012 on:
    - Health care purchasing pool
    - Participation in the Health Insurance Exchange
    - Health Savings Accounts or other low cost plans
- GPR Sum sufficient appropriation in ETF (same appropriation as above)

#### Health Insurance Contributions

- State Employer prohibited from paying for active state employees more than 88 percent of the average premium of Tier 1 plans (except troopers/inspectors who can collectively bargain over contributions and GA/TA who pay half of the state employee contribution)
  - For CY11, Employee Contributions for Tier 1 plans should be increased to \$84 month for single and \$208 month for family for state employees.
  - Tier 2 & 3 plans increase to \$122 single/\$307 family (Tier 2), \$226 single/\$567 family (Tier 3) per month
  - Graduate Assistant and Teaching Assistants pay half of above contributions
- Local employers participating in the Public Employers Group Health insurance prohibited from paying more than 88 percent of the lowest cost plan (except under police/fire contracts who can collectively bargain)
  - Effective January 1, 2012
- For state employers, effective the pay period after March 13, 2011 in which health insurance payments are made
  - Retroactive payments to reflect effective date must be collected by the end of FY11
- State employees formerly represented would not have to reimburse the employer for health insurance arrears dating from CY08-CY11.
  
- CY12 plan design changes
  - ETF, in consultation with the OSER Director to prepare plan design changes (uniform benefits) to revise Uniform Benefits Plan for state and local plans to reduce CY12 total premium increases by 5 percent
    - This will impact all retirees as well as active employees
    - Specific plan design changes will be determined by ETF and OSER Director with general guidance to achieve 5% savings and to include co-pays.
  - Temporarily suspend requirement that no material changes to plan designs may be made.
  - Implement Health risk assessments for state employees

#### Group Insurance Board

- a. Maintain current structure, except require Attorney General Designee to be an attorney

#### Insurance Related Stat Language (originally requested by ETF)

- Permit Group Insurance Board to encourage participation in wellness or disease management programs
- Permit Group Insurance Board to engage in other consulting services contracts
- Permit an audit of dependent eligibility for health insurance
- Effective upon passage of the bill

#### Other Employee Issues

- Career Executive Reassignment changes
- No health insurance or WRS benefits for LTEs
- Ability to discharge an employee who has 3 unexcused absences or any work action or stoppage during a declared emergency period.

### Collective Bargaining Changes

- Local Police, Local Fire and State Troopers and State Inspectors - no changes to current law, including ability to bargain on health insurance and pension.
  - Carve out a new bargaining unit from WLEA for the State Troopers and Inspectors
- Remaining State and Local represented employees may only bargain on base wages.
  - Base wages would be defined as base hourly rate and would not include overtime or supplemental compensation or pay schedule and semi-automatic pay progressions, all of which would instead be management rights.
  - No arbitration at the local level
  - All other topics are prohibited subjects of bargaining
- The total lift in wages is capped at total base wages for the entire group of represented employees multiplied by CPI. The CPI is based on the Department of Revenue's CPI using CPI-U used for expenditure restraints.
- Each municipality would calculate its own lift using CPI.
- Non-represented employees are covered under a state or local compensation plan and are not subject to the wage plus CPI ceiling.
- If state or municipality wants to exceed CPI increase, they must have an approved referendum.
  - Referendum would occur in April for schools and state for contracts beginning the following July 1 and November for other political subdivisions for contracts beginning January 1. Multi-year referendums would not be allowed.
- Going forward, contracts are limited to one year. No extension of existing contract can be negotiated when the contract expires. If no contract is in place, employee wages are frozen
- Require an annual secret ballot vote by unions to retain certification to collectively bargain with state or local governments (administered by WERC). Only unions that receive at least 51% of votes from represented employees may retain certification. Annual vote must occur by May 1 for local governments and December 1 for schools and state contracts (prior to the calculation of total lift so that employer knows with whom they are bargaining).
- If a unit is decertified, some or all of the former unit may not vote to organize for one year (and seek unit clarification)
- If a union is decertified, contract is terminated and those employees become non-represented.
- Require state unions and all political subdivisions with expired contracts to conduct a certification vote this spring (2011) following termination of their contract extensions. Going forward, existing unions will vote on certification in May (for local governments) and December (for state and schools) prior to beginning of a new contract period.
- Prohibit any state or local employer union dues collection, except police, fire and troopers/inspectors.
- Allow any state or local employee, except police, fire and state troopers/inspectors, to opt-out of paying union dues, but still remain represented.
- Eliminate UWHC Board and transfer staff to UWHC Authority.

- Current terms of settled contracts will continue but the Authority will be responsible for honoring them.
- Eliminate collective bargaining for UW Hospital and Clinics Authority, UW Faculty/Academic Staff, Quality Home Care Commission and family child care providers, but not local cultural arts center, which will be treated the same as local governments.
- Direct DOA to evaluate staffing needs at WERC due to union votes and increased grievances and submit a proposal to JCF under s.13.10.
- OSER to take a replacement comp plan to JCOER on the effective date of the bill that will use existing personnel transaction and wage language, excluding any provisions related to WRS or health insurance, in the expired agreements until passage of a modified, comprehensive Classification and Compensation Plan
- Prohibit political subdivisions from creating local ordinance to permit additional collective bargaining.
- Local Government/School Employees previously covered by a collective bargaining agreement will use existing language in their expired agreements until political subdivision prepares an employee compensation plan. New compensation plans should be prepared no later than six months after the passage of the bill.
- For employees covered under an active agreement, the political subdivision shall prepare an employee compensation plan no later than six months following the expiration of the contract.
- Effective March 13, 2011