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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Insurance and Housing...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

February 29, 2012

EXECUTIVE SESSION HELD

Present: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter and C. Larson.
Absent: (1) Senator S. Coggs.
Excused: (0) None.

Tony Urso
Committee Clerk

239

Vote Record Committee on Insurance and Housing

Date: 2/29

Moved by: _____ Seconded by: _____

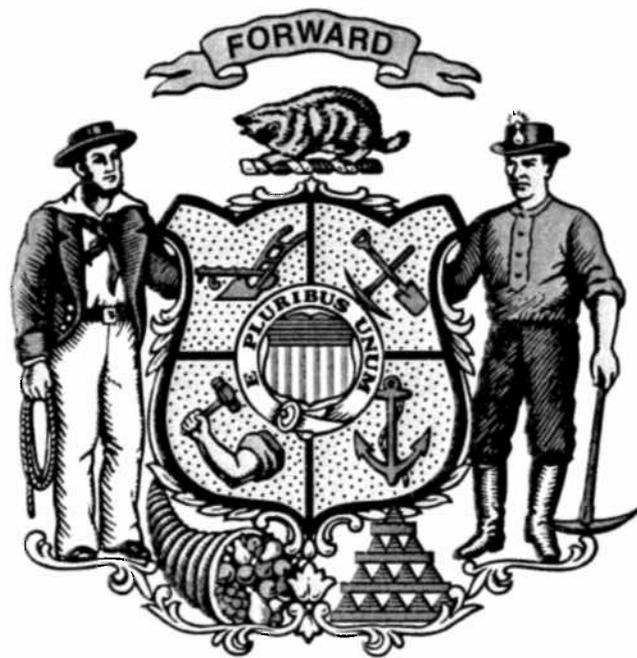
AB _____ SB _____ Clearinghouse Rule _____
AJR _____ SJR _____ Appointment _____
AR _____ SR _____ Other _____

A/S Amdt _____
A/S Amdt _____ to A/S Amdt _____
A/S Sub Amdt _____
A/S Amdt _____ to A/S Sub Amdt _____
A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

| <u>Committee Member</u> | <u>Aye</u> | <u>No</u> | <u>Absent</u> | <u>Not Voting</u> |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Senator Frank Lasee, Chair | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Dale Schultz | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Luther Olsen | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Van Wanggaard | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Tim Carpenter | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Spencer Coggs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Chris Larson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Totals: | _____ | _____ | _____ | _____ |

Motion Carried Motion Failed





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To: Senate Committee on Insurance and Housing
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: February 29, 2012
Re: **SB 239, prohibiting retired public employees from being rehired as full-time municipal employees while they are collecting WRS**

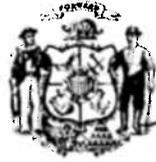
The League of Wisconsin Municipalities opposes SB 239, prohibiting state and local retired employees from being rehired as full-time municipal employees while they are collecting WRS.

Municipalities benefit greatly from current law by being able to hire knowledgeable, experienced retired public employees for less than it would cost to employ a younger, less practiced and less informed individual. For example, the City of Prescott employs a retired deputy sheriff as its current police chief. The city pays the chief no benefits. The annual savings to the city is \$25,000. In addition to the cost savings, the city benefits by having a seasoned law enforcement executive efficiently managing its police department. Moreover, the Prescott police chief, like other retired public employees rehired by the community, is better able to train and mentor new employees.

SB 239 would make it difficult if not impossible for communities to find retired public employees willing to put their knowledge and experience to good use working for their city or village. Municipalities will be forced to pay more compensation for less proficient employees. That doesn't make sense.

We urge you to vote against recommending passage of SB 239 or exempt municipalities from its coverage. Thanks for considering our comments.





DUEY STROEBEL

STATE REPRESENTATIVE • 60TH DISTRICT

The intent of this bill is to impact the most egregious offenders of this practice. This bill will not impact those who have already retired prior to the date the bill would become law.

The bill also will not impact those rehired annuitants that come back to work half-time or less of what is consider full-time employment by ETF. Also, this bill will not impact interim employees who expect to work less than six months in a calendar year. Therefore, with these exemptions, many retired annuitants will not have their pensions abated during subsequent employment by a WRS employer.

Please be aware that there are no restrictions on employers or employees when a decision is being made to rehire a retired annuitant—none. The retired annuitant will simply be required to abate his or her pension during the term of the second career. In fact, this is by no means “out of the box” thinking. It is not uncommon for private employee unions to do exactly as the bill does: abate annuity payments for rehired annuitants.

Those who are rehired will again participate in the WRS, enjoy the benefits of pre-tax deductions, and receive the expertise of ETF managing their funds. Upon their second retirement, they will receive a lump sum payment of all their contributions plus earnings.

I have alluded to the fairness issue of rehiring retired annuitants. ETF has also voiced concerns over the public perception of this practice. It is simply bad public policy to let this practice continue. When you walk down the street and ask someone their opinion on double dipping, it will in all likelihood be negative—unless that person is a double dipper.

Some people will still say, “But it saves money.” That statement is false. Yes, under certain circumstances the WRS employer, i.e., municipality, school district, etc. may save money hiring retired annuitants because they no longer pay into the WRS and no longer pay for health insurance (the rehired annuitant already has health insurance). But every one of these governmental entities is funded by the Wisconsin taxpayers, and these taxpayers are the source of huge annual cash infusions to maintain 100 percent solvency of our trust fund. We are proud of the solvency of our trust fund, but it comes at a huge cost to the Wisconsin taxpayer, as well as participating WRS employees.

A net savings in the form of reduced cash infusions to the trust is a common sense conclusion to this change. Many expect the savings to be highly significant; however, only the annual actuarial analysis of the trust fund will begin to show over time the impact these changes will have on the system.



DUEY STROEBEL

STATE REPRESENTATIVE • 60TH DISTRICT

February 29, 2012

Thank you Mr. Chairman and committee members for scheduling this hearing on Senate Bill 239. SB 239 is specifically targeted legislation to curtail the practice of rehiring retired annuitants. People who double dip compromise the integrity of the entire system and antagonize Wisconsin taxpayers. The practice circumvents the intent of the system. It is our job as elected representatives of the people to close the loophole and reduce the abuses to the system.

Currently, a Wisconsin Retirement System (WRS) participant can reenter service within 30 days of retirement, some to the very same position they just retired from, while still collecting a retirement pension. This bill states that if a participant in WRS, who is receiving an annuity reenters a job on a half-time or more basis that participates in WRS, the participant's annuity must be abated and no annuity payment is payable until after the participant again terminates employment. This bill enhances the solvency of the WRS while allowing other residents a better chance to begin a new career in Wisconsin public service.

Ironically, abating ones annuity is currently an option for rehired annuitants. The fact of the matter is according to recent Department of Employee Trust Funds (ETF) statistics, only two percent of rehired annuitants choose to abate. According to ETF, this small percentage usually elects this option for health insurance needs. Generally, the other 98 percent already have substantial post-retirement healthcare benefits available from their former public employer.

Double dipping is by no means a blip on the radar at ETF. According to ETF figures, the total number of known rehired annuitants from January 2005 to October 2011 is 7,856. This figure represents over five percent of all annuitants currently in the WRS.

With over 62 percent of these double dippers collecting a minimum of \$25,000 per year in annuity payments, and with many more collecting significantly higher figures, some in excess of \$75,000 per year, this issue involves huge sums of money—millions upon millions of dollars. These figures do not take into account retired annuitants that are hired as contract workers by WRS employers, nor does ETF require reporting of annuitants that work less than one-third time. Because ETF does not currently track these people, it is impossible to determine the number or additional impact on the system by these individuals. With these included, some say rehired annuitants may represent 10% of all annuitants.



DUEY STROEBEL

STATE REPRESENTATIVE • 60TH DISTRICT

We value our public employees, and the WRS is a great system that provides substantial retirement benefits to retired annuitants. In many cases, all funds supporting a retired annuitant's pension were paid 100 percent by Wisconsin taxpayers. Both the employee and the Wisconsin taxpayer should be proud of the benefits paid by the Trust. Enjoy your retirement, but remember, it is funded by the Wisconsin Retirement System, and I stress the word retirement. The Wisconsin public employee will be making a covenant, a reasonable covenant, with the Wisconsin taxpayer. The covenant is that the pension will be paid during retirement only, and unless it is under the exemptions as previously outlined, that pension will not be paid during a second career involving compensation provided by Wisconsin taxpayers.

SB 239 causes public employees to think carefully about the decision to retire. If they choose to un-retire for a half-time or more position, they must understand that they can't collect both a salary and a pension from the state of Wisconsin and its taxpayers.

I urge your support for SB 239, and I will be happy to answer any questions you may have. Thank you.

Duey Stroebel





LEAH VUKMIR

STATE SENATOR

Senate Bill 239
Senate Committee on Insurance & Housing
February 29, 2012

Thank you, Chairman Lasee and committee members for holding a hearing on Senate Bill 239, a common sense bill aimed at ending the unfair practice of "double dipping" by state employees. This is an issue that has received increased media scrutiny due to a couple of cases at UW Green Bay.

Many proponents of this legislation will argue that we do not need to change the system due to an isolated incident. This practice is unfortunately not an isolated incident. According to the Department of Employee Trust Funds, there are currently over 6,800 retired employees that have been rehired by the state and are receiving state pensions. And the problem is only getting worse. In the first seven months of 2011, at least 1,100 state employees have taken advantage of this program. Most of these individuals have taken this route in order to lock in their current benefits.

Earlier this session, the legislature passed Wisconsin Act 10, which required state and local government employees to pay half of their pensions and 20% of their health care costs. While other provisions of that law received strong opposition, there was support for these new contributions on both sides of the aisle and even within union leadership. It is important to note that state employees that are rehired after retiring do not have to make these contributions that are required by law. Senate Bill 239 will close this loophole.

The Substitute Amendment would simply state that a state or local government employee that is rehired after retiring would have to wait 75 days before returning to state or local employment. The bill would allow for the employee to be hired at less than 50% of a full time employee. This would allow administrators flexibility to fill these positions and create a common-sense balance between the needs of the taxpayers and the needs of the state to have experienced individuals filling these positions until a replacement can be hired.

The state should not encourage individuals to collect both a state paycheck and a state pension at the same time. It is not fair to the taxpayers, prospective employees that would fill these positions, or other state employees that have to make pension contributions. It is time for us to act to stop the practice of "double dipping" in this state.