

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>21-6122/1</b>	<b>Introduction Number</b> <b>SB-1036</b>	
<b>Description</b> classifying county jailers as protective occupation participants under the Wisconsin Retirement System and the treatment of county jailers under the Municipal Employment Relations Act		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.515(1)(w)		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
ETF/ Tarna Hunter (608) 267-0908	Pam Henning (608) 267-2929	3/16/2022

## Fiscal Estimate Narratives

ETF 3/16/2022

LRB Number	21-6122/1	Introduction Number	SB-1036	Estimate Type	Original
<b>Description</b> classifying county jailers as protective occupation participants under the Wisconsin Retirement System and the treatment of county jailers under the Municipal Employment Relations Act					

### Assumptions Used in Arriving at Fiscal Estimate

This bill makes a number of changes to the county jailer classification under the Wisconsin Retirement System, including:

- Allows counties to classify county jailers as protective occupation participants under the Wisconsin Retirement System without a requirement that their principal duties involve active law enforcement, as currently defined in state law.
- Provides that county jailers who are employed by a county that did not classify county jailers as protective occupation participants on July 1, 2020 and become protective occupation participants under this bill, are required to pay all employer costs resulting from their classification as a protective occupation participant, including the cost of the duty disability program.
- Provides that county jailers who were classified as protective occupation participants before the bill's effective date and county jailers hired on or after the bill's effective date in counties that classified county jailers as protective occupation participants on July 1, 2020 are not required to pay the additional employer costs.
- Permits a county jailer to elect (irrevocable) at the time of hire not to become a protective occupation participant.

ETF anticipates that there will be one-time administrative costs associated with this bill. The bill requires that ETF account for both employee and employer WRS and duty disability contributions in a different way, including different tax treatment.

ETF systems will need to be modified to include multiple new fields to reflect this legislation. Additionally, proper retirement and disability processes need to be developed and applied to ensure accurate employee data. It is estimated that staff training, publication and forms revisions, compliance, financial reporting and other administrative functions will cost approximately \$61,200. The information technology systems changes are estimated to cost \$690,100.

ETF should be able to absorb the on-going administrative costs if funding is provided for the aforementioned one-time IT system and administrative costs.

The costs to local governments are indeterminate. Counties will need to keep track of which employees opt-out and other record keeping tasks to ensure accurate employee data and reporting.

Under the proposed legislation, the estimated costs associated with WRS protective category employment are shifted from the employers to employees who choose to be classified as a protective occupation participant under this bill. There are two main costs associated with the protective occupation category: WRS contribution rates and duty disability rates. Under current law, the protective occupation participant pays the same contribution rate as general participants unless the employer agrees to pick it up under a collective bargaining agreement and the employer pays the rest of the contribution rate. For 2022, the employer will pay 12% of payroll and the employee will pay 6.5% (assuming there is no collective bargaining agreement in place) for employees who are classified by the employer as Protective Occupation Employees with Social Security.

The bill would essentially require county jailers who are employed by a county that did not classify county jailers as protective occupation participants on July 1, 2020 and become protective occupation participants under this bill to pay the employer share, as well as the duty disability rates, which is currently entirely an employer cost. If this bill were in effect for 2022, on average, county jailers who do not opt out of the protective class under the bill would need to pay 12.47% (12% of salary for the WRS contribution and a 0.47% of salary for duty disability coverage) of their salary instead of the WRS employee rate of 6.5%. Under the bill, new hires

would have WRS contributions taken out on a pre-tax basis by their employer and current employees would have WRS contributions taken out on a post-tax basis for IRC compliance.

Furthermore, WRS and duty disability rates vary each year based on investment performance and demographic changes. In addition, the duty disability rates are affected by claim experience – the employees who opt to remain in the protective occupation classification would be subject to the volatility in both the WRS and duty disability rate. 2022 duty disability rates range from 0.04% of payroll to 1.12% of payroll based on claims experience.

This fiscal estimate only addresses ETF's administrative costs associated with this bill. An estimate of the financial effect on the WRS Public Employee Trust Fund and its benefits such as the Duty Disability Program needs to be provided by the Joint Survey Committee on Retirement Systems. An actuarial analysis is recommended.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> classifying county jailers as protective occupation participants under the Wisconsin Retirement System and the treatment of county jailers under the Municipal Employment Relations Act		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
245,800		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
ETF/ Tarna Hunter (608) 267-0908		3/16/2022
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