Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2369/1	Introduction Number SB-0170

Description
rehired annuitants in the Wisconsin Retirement System

Fiscal Effect

State:

☐ No State Fiscal Effect
☐ Indeterminate
- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☒ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☒ No
- ☐ Decrease Costs

Local:

☐ No Local Government Costs
☒ Indeterminate
1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected
☐ Towns ☐ Village ☐ Cities ☐ Counties ☐ Others ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☐ GPR ☐ FED ☐ PRO ☐ PRS ☒ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

ETF 4/9/2025

LRB Number **25-2369/1**	Introduction Number **SB-0170**	Estimate Type **Original**
Description rehired annuitants in the Wisconsin Retirement System		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes the following changes to Wisconsin Retirement System (WRS) return-to-work laws:
• Allows an annuitant who returns to work for a WRS employer to not suspend their annuity for up to 60 months.
• Requires WRS employers that hire these annuitants to make payments to ETF equal to what they would have paid as required contributions for an active employee. These payments are deposited in the employer reserve account. No employee contribution is required.
• Repeals two obsolete provisions related to WRS return-to-work laws created during the public health emergency declared on March 12, 2020, by executive order 72, which ended on May 11, 2020.

Administrative costs for the Department of Employee Trust Funds (ETF) will be incurred related to information technology (IT) system changes, business process and procedure modifications, staff training, employer training, transaction processing and the revision of multiple publications.

ETF anticipates there will be one-time administrative costs of $311,025 related to modifications to IT systems as described below.

This bill requires multiple changes to ETF's IT systems. ETF's IT systems serve over 1,600 employers and 690,000 current and former state and local government employees and contain members' confidential information. The technical knowledge and support infrastructure needed to manage legacy systems has become increasingly complex and difficult to obtain.

To implement this legislation, ETF will need to modify the Wisconsin Employee Benefit System (WEBS), which was initially installed in 1985. WEBS was programmed in COBOL, a programming language first widely used in the 1960's. COBOL, while still used in older computer programs, today is rarely used for new programs and is no longer taught at most universities, including Madison College or the UW, thus making legislative changes difficult. What appears to be a simple change to WEBS can take a striking number of hours of work to develop, test, and implement. Changes can be cost prohibitive or technologically impossible.

The changes required by this bill are possible but will require modifications to 41 existing COBOL programs and requires the creation of two new COBOL programs and reports. Additionally, the implementation will require modification of seven Java applications. The estimated time to complete this work is 3,393 working hours.

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

ETF is in the midst of a multi-year effort to modernize its business processes and replace its antiquated information technology systems. ETF is currently implementing an insurance administration system and is in the process of selecting a vendor to implement a new pension administration system. Implementation of these types of changes in the new system will be far more efficient and cost effective than the current dated system.

Finally, the bill requires WRS employers that hire these annuitants to make payments to ETF equal to what they would have paid as required contributions for an active employee. The Department is not able to determine the fiscal impact of the bill on local governments.

The estimate does not include WRS program related costs. The Joint Survey Committee on Retirement Systems provides the estimate of WRS program related costs.

Long-Range Fiscal Implications