

EMPLOYEE TRUST FUNDS

Wisconsin Retirement System--Elected Officials and Appointed State Executives

Motion:

Provide that beginning in calendar year 2016, the state and local elected officials and state executives employee category and the general employee category under the Wisconsin Retirement System (WRS) be combined for purposes of establishing annual employer and employee contribution rates to the WRS. Specify that state and local elected officials and state executive employees who initially assume office or begin employment after December 31, 2016, would have a normal retirement date of 65 years of age.

Require the Secretary of the Department of Administration to take actions during the 2015-17 fiscal biennium to ensure that from general purpose revenue appropriations to executive branch agencies an amount equal to \$208,100 is lapsed from sum certain appropriation accounts or is subtracted from the expenditure estimates for any sum sufficient appropriations, or both.

Require the Chief Justice of the Supreme Court to take actions during the 2015-17 fiscal biennium to ensure that from general purpose revenue appropriations to the Supreme Court, Court of Appeals, and Circuit Courts an amount equal to \$476,600 is lapsed from sum certain appropriation accounts or is subtracted from the expenditure estimates for any sum sufficient appropriations, or both.

Require the Co-Chairpersons of the Joint Committee on Legislative Organization to take actions during the 2015-17 fiscal biennium to ensure that from general purpose revenue appropriations to the Legislature an amount equal to \$188,300 is lapsed from sum certain appropriation accounts or is subtracted from the expenditure estimates for any sum sufficient appropriations, or both.

Note:

Section 13.50(6)(a) of the statutes provides that no bill or amendment modifying the WRS may be acted upon by the Legislature until it has been referred to the Joint Survey Committee on

Retirement Systems and the Committee has submitted a written report regarding the bill or amendment. This section further provides that, "Such report shall pertain to the probable costs involved, the effect on the actuarial soundness of the retirement system and the desirability of such proposal as a matter of public policy."

The elected officials and appointed state executives category under the WRS includes legislators, constitutional officers, judges and local elected officials or persons appointed to fill an elected position. The category also includes state executive salary group (ESG) appointees. Under current law, these WRS participants have a normal retirement date of 62 years of age. General employees have a normal retirement date of 65 years of age.

Under the motion, elected officials and state executives initially assuming office or beginning employment after December 31, 2016, would have a normal retirement age of 65 years of age, as with general employees under current law. [Normal retirement age refers to the age at which a participant may begin to receive an unrestricted regular retirement annuity under the WRS.] Delaying the effective date of this change until after December 31, 2016, would permit the Department of Employee Trust Funds to incorporate this law change as a part of its upgrade and implementation of a new benefits administration system.

Beginning in calendar year 2016, for purposes of establishing annual employer and employee contribution rates under the WRS, the motion would also combine the state and local elected officials and state executives employee category under the WRS with the general employee category. For calendar year 2015, WRS employers contribute 6.8% of a general employee's salary to the WRS, while for state and local elected officials and state executive employees WRS employers contribute 7.7% of the employee's salary to the WRS. It is estimated that this change could reduce state WRS employer contributions by \$873,000 GPR during 2015-17. The motion would direct the Secretary of the Department of Administration, the Courts, and the Legislature to lapse the amounts identified in the motion to the general fund associated with estimated reduced employer contributions.

[Change to Bill: \$873,000 GPR-Lapse]