

UW SYSTEM ADVISORY COMMITTEE ON FRINGE BENEFITS MINUTES
February 12, 2012 Teleconference

Members Present: Ana Araujo, Diane Douglas, Susan Fontana, Tracy Hofer, Sharon Klawitter, Fredric Kolb, Sharon Pink, Mary Kay Sankey

Members Absent: Steve Guo

Staff Present: Sue Chamberlain, Beth Ritchie, Rose Stephenson, Nicole Zimm,

The meeting was called to order at 1:05 p.m.

- 1) Minutes of the November 11 , 2011 meeting were approved with corrections to the attendees. The agenda and minutes have been posted to the <http://www.wisconsin.edu/hr/benefits/fbac.htm> webpage.
- 2) The first agenda item, Consumer Assessment of Health Care Providers & Systems (CAHPS) and Healthcare Effectiveness Data and Information Set (HEDIS) was deferred because the presenter from the Department of Employee Trust Funds was unable to attend due to an unexpected conflict.
- 3) Rose Stephenson provided updates and led the discussion on Assembly Bill 318, as amended, regarding proposed changes for rehired annuitants. *Please note that the Assembly subsequently failed to vote on this Bill and so it did not become law.*
 - a) Assembly Bill 318, as amended, regarding proposed changes for rehired annuitants. In November 2011 this committee discussed the original bill sponsored by Rep. Duey Stroebel and a similar bill, AB 352, sponsored by Rep. Ziegelbauer. It appears that Rep. Ziegelbauer has put his support behind AB 318 rather than advancing his own bill. AB 318, which has been dubbed the Double-Dipping bill, has since been amended in three main areas:
 - i) The WRS-eligibility requirement that was passed as part of the 2011 Act 32 has been revised. To be grandfathered and therefore qualify for WRS participation under the pre-July 2011 eligibility requirements, the employee must have prior WRS *participation* before July 1, 2011. The current law states that the employee simply had to work for a WRS-participating employer regardless of whether the employee was a WRS-participant. Staff noted that this change may ease the administrative burden on the employer to determine prior non-WRS service.
 - ii) The length of separation to be considered a good-faith termination would increase from 30 days to 75 days.
 - iii) The amended bill retains the provision that the annuity of a rehired annuitant working 50% FTE or more must be cancelled; however, the bill now allows the rehired annuitant to become a WRS participant again and therefore eligible to participate in the WRS insurance programs. The amended bill stipulates that WRS service is not credited to the rehired annuitant for the purpose of recalculating the annuity, and when the rehired annuitant terminates service he or she will receive a lump sum pay-out of the employee-paid WRS-contributions for that time period (the payments will be taxed as income at that point) and the employer-paid portion is forfeited. It is unclear whether

accumulated sick leave earned during the return to work will be added to the employee's sick leave bank when he or she again terminates.

Fred asked how the employer should determine the percentage of the appointment as this can vary by institution based on what it considers to be a full-time class load. Staff acknowledged that this has not been completely consistent between institutions because of the variations. Sharon asked how to handle changes in the expected duration and percentage of the appointment. Staff explained that once the expectations change, the employee's enrollment in WRS must be handled in a timely manner.

While the FBAC typically does not make recommendations to the UW System President, Sue commented that it may be worthwhile in this situation. Staff noted that some of the amendments may make AB 318 easier to administer than the original bill and may be a workable compromise. Considering some of the alternatives, the 75-day break in service is reasonable and should be acceptable for teachers and faculty.

The committee had a lively discussion and is keenly aware of the public perceptions surrounding the current 30-day break in service provision. While the committee is not suggesting that it supports AB 318, members did ask Sue Chamberlain to share a summary of their discussion with UWS President Kevin Reilly. Sue sent the following email message to President Reilly:

FBAC Summary of Rehired Annuitant Legislation Discussion

The committee reviewed AB 318 as amended, along with the Rehired Annuitant Scenarios prepared by staff. After considerable discussion the committee expressed the following conclusion.

The committee acknowledges the legislature's interest, in response to constituent concerns, in modifying the rehired annuitant provisions.

It was felt that the amended bill addresses a key administrative concern relating to grandfather provisions and provides those employees whose annuity is terminated the opportunity to participate in the WRS. The 75 day break in service is a workable compromise to the 180 day provision in bill AB 352.

- b) AB 539 (with multiple sponsors) proposed legislation that would allow (but not require) the UW System to create its own UW optional retirement plan. As with other times an optional plan has been proposed, the bill was supported by TIAA-CREF (registered as a lobbyist on the bill) rather than originating from a group of UW faculty or staff. As drafted, in order to participate in the optional retirement system, employees would need to fulfill the same eligibility requirements as they would in order to participate in the WRS. Employees could only participate in one system or the other and could not switch later on. Considerable information would need to be provided so new employees could make an informed decision in a short time frame.

Sue noted that administering an optional retirement plan would take considerable staff time, and workload and responsibilities would need to be considered. Sue reported that she had heard a comment that for younger employees who may change employers many times during their career, an alternate plan would be more amenable to changing jobs and rolling retirement funds into the new employer's

retirement program. When an optional plan was introduced several years ago, there was very little support for one. Now that there is a WRS vesting requirement, there may some support.

- 4) Susan Fontana and Fred Kolb both currently sit on the Benefits Working Group for the new University Personnel System (UPS) that was mandated under Act 32. Broad employee input is vital to the process.

Currently, classified staff is subject to OSER personnel rules. As of July 1, 2013 that will no longer be the case and they will fall under the UPS as will all unclassified employees. There are six work groups in total working to develop the new system. For more details on the other work groups, please visit <http://web.uwsa.edu/personnelsystems/>.

The Benefits work group (led by Jeanne Durr- HR Director UW Platteville)) has met twice as of the date of this teleconference and they are comparing benefits across all classifications with a goal to:

- (a) Simplify the benefits structure
- (b) Protect existing employee rights
- (c) Retain and recruit qualified and diverse faculty and staff

The work group asked HR Directors to lead efforts on a current status assessment of what benefits work well, which create problems and what benefits should be offered to be competitive with our peers. Issues that have generated significant interest include:

- (a) Tuition Reimbursement
- (b) Reporting of sick leave – varies between employee classifications. The work group is reviewing for equity, uniformity and simplification

The group is not looking at “core” benefits, i.e., those offered through the Department of Employee Trust Funds, as we do not have the authority to change those programs unilaterally.

It is expected that the new personnel system will have the greatest impact on classified employees.

- 5) Beth touched on the highlights of the State Group Health Open Enrollment results. Nicole gave a brief overview of the changes to the State Group Life Insurance program that will take effect on May 1, 2012.

Meeting adjourned at 2:20 p.m.