

UW SYSTEM ADVISORY COMMITTEE ON FRINGE BENEFITS MINUTES
November 11, 2011 Teleconference

Members Present: Fredric Kolb, Susan Fontana, Mary Kay Sankey, Tracy Hofer, Sharon Pink, Steve Guo, Sharon Klawitter

Members Absent: Diane Douglas, Ana Araujo

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

The meeting was called to order at 1:30 p.m.

- 1) Minutes of the October 14, 2011 meeting were approved with corrections to the attendees. The agenda and minutes have been posted to the uwsa.edu/hr/benefits/fbac webpage/fbac.htm webpage.
- 2) The purpose of the meeting was to update the Committee on the two legislative proposals to modify the rules for rehired annuitants. Sue led the discussion of the two proposals. Public hearings will be held on November 17. The UWSA will testify at the November 17th hearings but won't take a position on either bill. The testimony will emphasize the need for flexibility to fulfill obligations to students and the community. To summarize the major points of the proposed legislation:
 - a) Duey Stroebel (R- Assembly District 60) introduced AB 318 (corresponding Senate Bill 239). Under the proposed bill:
 - i) Rehired annuitants working 50% or more in a WRS-eligible position would have their annuities stopped. They cannot again become WRS participants but they would be eligible for group insurance benefits offered to other state employees who are participating in the WRS.
 - ii) The WRS eligibility requirements would remain 2/3 of what is considered full-time.
 - iii) Maintains the required 30-day break in service.
 - b) Bob Ziegelbauer (R – Assembly District 25) introduced AB 352. Under the proposed bill:
 - i) Has same requirement as the Stroebel bill that rehired annuitants working 50% or more in a WRS-eligible position would have their annuities stopped. They cannot again become WRS participants but they would be eligible for group insurance benefits
 - ii) The WRS eligibility requirements would be working one-half of full-time.
 - iii) Requires 180-day break in service.
- 3) The FBAC Committee's discussion included:
 - a) Clarification that the rehired annuitant legislation applies to all rehired annuitants, not just those returning to the same employer after retirement. This includes over 1500 public employers.
 - b) Ana commented that it's inequitable to treat WRS retirees differently than a retiree coming from the private sector or other state or federal government as tax dollars are not funding the annuities.
 - c) Sue noted that the Stroebel bill will be much more difficult to administer than the Ziegelbauer bill because grandfathering is based on any prior employment with a WRS employer, whether or not the employment qualified for the WRS. It can be difficult to obtain that information.

- d) The 180-day break required under the Ziegelbauer bill will be unworkable for school districts and teachers who rely on rehired annuitants for substitute teachers. A teacher who retired after the spring semester would be unable to work as a rehired annuitant in the fall. However, ETF has expressed that the current 30-day break, which is maintained under the Stroebel bill, is too short and has led to some abuse.
 - i) Campus calendars have a 90 – 92 day break between spring and fall semesters. Having a required 90-day break in service would be workable for the fall semester but would not work for teachers retiring after the fall semester to return as substitutes or teach a course in the following spring semester.
 - ii) The question of whether there should be different break in service rules for teachers was discussed and it was the consensus that there are valid reasons to have a shorter break in service required for teachers than for other rehired annuitants.
 - e) Current rehired annuitants **will not** be impacted by either bill, however, both bills state that if the individual works 50% or more, their WRS annuity will be stopped and under the Stroebel bill, they could not elect to go back under the WRS. To provide a sense of the impact in the future, in October 2011 the UWS had 809 rehired annuitants; 58% of which are at UW-Madison. Had these proposed bills been in effect, 43% would be over the 50% threshold and would lose their annuity. This will impact the System's academic mission as former employees will be less likely to take a position as a rehired annuitant if it is 50% of FTE or more.
 - f) Fred suggested that rehired annuitants be limited to one year of employment. That implies that there is a transition plan in place and recruitment is pending. Campuses were asked about their experiences using rehired annuitants to teach as they can each have their own policy:
 - i) UW-River Falls keeps rehired annuitants on staff for more than a year but suggested that rehired annuitants working less than 50% be exempt from the proposed rules.
 - ii) UW-Stevens Point and Uw-OshKosh both use retired public school teachers to teach lower level courses.
 - iii) UW-Eau Claire pays rehired annuitants about 60% of their pre-retirement salary for the same job. If the retiree is from the MN system, there is no such limitation if they are filling a nation-wide competitive appointment.
 - iv) UW-Whitewater requires that the rehired annuitant be a lecturer and the base salary is 80% of the pre-retirement wage.
- 4) The current Rehired Annuitant Rules are available on the UWSA website at <http://www.wisconsin.edu/hr/benefits/lifeevent/rehired.htm>

Meeting adjourned at 2:40 p.m.