Impact of Act 10 (Budget Repair Bill) and Act 32 (2011-13 Biennial Budget Bill) on UW System Employee Benefits

(revised 8/25/11)

UW System has received many questions about the impact of 2011 Wisconsin Act 10 (2009-11 Budget Repair Bill) and 2011 Wisconsin Act 32 (2011-13 Biennial Budget Bill) on employee benefits. This document will try to answer your questions. There is also a very high level summary document available at: www.wisconsin.edu/hr/benefits/budgetsummary.pdf.

Act 10 was signed by Governor Walker on March 11, 2011 and went into effect on June 29, 2011. The 2011-13 biennial budget bill (Wisconsin Act 32), signed by Governor Walker on June 26, 2011, amended some provisions in Act 10 and also changed eligibility and vesting requirements under the Wisconsin Retirement System. Act 32 went into effect on July 1, 2011.

On June 10, 2011, Cynthia Archer, Deputy Secretary of the Department of Administration, issued a memo indicating that there are currently no provisions in Wisconsin Acts 10 or 32 or the 2011-13 compensation plan that will be submitted to the legislature's Joint Committee on Employment Relations (JCOER) that eliminate the Supplemental Health Insurance Conversion Credit (SHICC) program. See questions 26-28 and the memos at the end of the FAQ for more information.

The following topics will be addressed in this document:

- Health Insurance
- Wisconsin Retirement System (WRS)
- Health Insurance Conversion Credits
- Limited Term Employees
- Other Benefit Plans
- Furlough
- Union Dues
- Collective Bargaining Agreement Questions
- Where to Find More Information

Please review ETF's Act 10 and Act 32 website for additional information about the Wisconsin Retirement System and State Group Health Insurance.

Please review the Office of State Employment Relations (OSER) Budget Repair Bill Q&A document for additional information on collective bargaining, compensation, benefits and leave (includes information on sabbatical).

Health Insurance

1. Will my monthly health insurance premium change?

Yes. Below are the new monthly health insurance premiums for employees[1] covered by the Wisconsin Retirement System:

New Monthly Health Insurance Premiums for WRS-Covered Employees		
	Single	**Family**
Tier 1 (all plans, except the Standard Plan)	$84	$208
Tier 2 (Standard Plan – required to work outside WI)	$122	$307
Tier 3 (Standard Plan – work in WI)	$226	$567

Under Act 10, employees covered by the Wisconsin Retirement System (WRS) who have an appointment percentage / FTE of 50% - 74.99% were to pay the same premium that they paid prior to the enactment of the legislation. This also applied to WRS-covered LTEs who have two or more concurrent LTE appointments and have a total appointment percentage (or work equivalent number of hours) of 50% - 74.99%. Corrective legislation was included in the 2011-13 biennial budget bill that removed this language from Act 10. ***Any employees in this category will be subject to the increased health insurance premiums.***

WRS-covered employees with an FTE of 50% or greater (including LTEs with two or more concurrent positions who work at least 50%) are eligible for the full employer contribution towards their health insurance premium and will be subject to the increased premiums listed above. Employees covered by the Trades contract and those who are subject to less than half-time rates (have an FTE of less than 50% or work in only one LTE position) will continue to pay the premiums that they paid prior to the enactment of the legislation.

Health insurance premiums for employees covered under the Graduate Assistant / Short-Term Academic health insurance are half the premiums that WRS-covered employees are required to pay. Below are the new monthly health insurance premiums for employees with Graduate Assistant / Short-Term Academic health insurance:

New Monthly Health Insurance Premiums for Graduate Assistant / Short-Term Academic Employees		
	Single	**Family**
Tier 1 (all plans, except the Standard Plan)	$42	$104
Tier 2 (Standard Plan – required to work outside WI)	$61	$153.50
Tier 3 (Standard Plan – work in WI)	$113	$283.50

The new health insurance premiums are set in Section 9115 of the Act 10 (non-statutory provisions). The premiums are also outlined in Section 9115 of the 2011-13 biennial budget bill. See Appendix A for a breakdown of the change to your current health insurance premium.

Use the UWSA estimator to determine the impact of the legislation on your monthly health insurance premium and WRS contributions. The estimator is available at:

[1] Employees covered by the Trades contract and employees who currently pay 50% of the total premium will continue to pay the premium that they were paying prior to the enactment of the legislation.

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http://www.uwsa.edu/hr/benefits/budgetBillEstimator/index.php. An online paycheck calculator is available at PaycheckCity.com to help you determine the impact of the new premium on your take home pay.

2. **When will we start paying the higher health insurance premium?**

Per Act 32, the secretary of the Department of Administration (DOA) determines when the higher health insurance premiums take effect.

Per DOA, **classified employees** (those paid bi-weekly) will first see the **increased health insurance premium on the check payable August 25, 2011.** This check is for the two-week pay period that begins on July 31, 2011. **Unclassified employees** (those paid monthly) will first see the **increased health insurance deduction on the check payable September 1, 2011** (August earnings).

The increased premiums will remain in effect for the remainder of the 2011 coverage year.

3. **How much will I have to pay towards my health insurance in 2012 and beyond? How will the premium be determined?**

The Director of OSER will establish the employee health insurance premium on an annual basis beginning for coverage effective in January 2012. The Act states that a state employer may not offer a health plan to its employees if the employer pays more than 88% of the average premium cost of the Tier 1 plans. This means that employees will be required to pay at least 12% of the average total premium cost of the Tier 1 plans.

It is our understanding that the average premium used to determine the annual employee health insurance premium will be based on the weighted average premium of the Tier 1 plans (all plans except the Standard Plan). Each year, the Department of Employee Trust Funds (ETF) releases data that shows the weighted average premium for all health plans (both including and excluding the Standard Plan). The weighted average is determined by the number of contracts (number of employees) enrolled in each plan. In other words, the plans with the greatest number of state members have the greatest impact in establishing the average cost.

4. **Did either Act make changes to the health insurance or benefit eligibility rules surrounding Graduate Assistant / Short-Term Academic employees?**

No. These employees are still required to work one-third of what is considered full-time for their appointment type with an appointment duration of at least one semester (nine month appointment) or six months (twelve month appointment) in order to be eligible for health insurance and other benefits.

5. **Are there going to be changes to health insurance in 2012 due to Act 10 or 32?**

Yes. In Section 9115 of Act 10, there is a non-statutory provision that states that the Group Insurance Board (GIB) shall design a health care plan for the 2012 calendar year that, after adjusting for inflation, reduces the average premium cost of Tier 1 plans by at least 5% from the cost of the plan during the 2011 calendar year. The GIB approved a variety of changes that will be effective January 1, 2012. These changes include co-insurance for non-preventative care, increased emergency room co-pay, and other

changes relative to the Standard Plan, COBRA, the end date of coverage at termination and adult child eligibility.

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For detailed information about changes to State Group Health Insurance for 2012, see the UWSA Summary of Changes document. Please also see the health insurance section of ETF's *Recent Changes to Your WRS/Group Health Insurance Benefits* document. ETF also has two videos explaining the changes to coverage that you can view.

6. **I'm a classified employee (paid bi-weekly). Can the monthly health insurance premium be split over multiple paychecks?**

Not at this time.

7. **I'm an academic year employee who had multiple health insurance deductions taken from my June 1st check. What if the premium increases during the summer months – am I still subject to the higher premiums. If so, when do I have to pay the difference?**

Yes. If you had three additional health insurance premiums taken from your June 1st paycheck, this accounted for the payroll months of June, July and August. The new health insurance premiums are effective for the payroll month of August, so you will be required to pay the higher premium that should have been deducted for the payroll month of August.

On your June 1st earnings statement, the total of your multiple benefit deductions appeared as a combined total under two categories: Before Tax Deductions and After Tax Deductions. The amounts listed were the sum of the three additional deductions per benefit plan. Whether or not the premium was deducted pre- or post- tax is dependent on the benefit plan. For example, if your monthly health insurance premium was $89.00 and your monthly Dental WI premium was $59.28, the total listed in the Before Tax Deductions category would be $444.84 ($89.00 + 59.28 = $148.28 x 3 = $444.84). Even though these deductions are taken in advance, they are credited to the appropriate benefit plan on a monthly basis (July 1, August 1 and September 1).

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Screenshots of how these deductions will appear on your earnings statement can be found at the end of this document.

Nine-month employees with August earnings payable September 1st:

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The additional amount owed for health insurance will be deducted on your September 1st paycheck. Due to the way that premiums are credited on a monthly basis, you may see deductions for other benefit plans on your September 1st earnings statement but overall, you will only pay the difference between the old and new health insurance premium.

Nine-month employees with no August earnings (first check of academic year payable September 30th):

You will first see the new health insurance deduction on your September 30th paycheck. On September 1st, the new health insurance premium will be taken from any remaining balance you have from the multiple deductions that were taken from your June 1st check. If your remaining balance is not sufficient to cover the entire cost of the new health insurance premium, the remainder of the premium will be

taken from your September 30th check. If there is not enough remaining balance to cover your other benefit deductions (life insurance, dental, vision….), additional deductions for these plans will be taken on your September 30th check as well.

Partial benefit deductions can only be taken for health insurance so if you have a remaining balance that does not cover the complete cost of a different benefit deduction, you will receive a small "refund" check on September 1st that accounts for any remaining balance. For example, if you have $250 remaining from your June 1st multiple deductions and your health insurance premium is $208, you have a remaining balance of $42. If your only other benefit deduction is a $59.28 dental deduction, your remaining balance is not enough to cover the dental deduction so you will receive a refund of $42. You will then have two dental deductions on your September 30th check.

IMPORTANT: There will be no lapse in coverage under any benefit plan if you have a partial health insurance deduction and/or if you have multiple premium deductions on your September 30th check.

8. I do not know if I can afford health insurance anymore. Can I cancel my coverage or change from family to single coverage if my premium increases?

Yes. If your premium is taken pre-tax, treasury regulations that govern IRS Section 125 restrict mid-year changes to your coverage, but if there is a significant increase in cost, you are allowed to make changes to coverage. The premium increase required by 2011 Wisconsin Act 10 is significant and allows you to change or cancel your coverage.

You may submit an application to cancel or change from family to single coverage at any time after the effective date of the Act 10 (June 29, 2011) and up to 30 days after the date of the first paycheck from which the increased premium is to be deducted. See **Question 12** for additional information about application deadlines. The change will be effective **the later of** the first of the month on or following receipt of the application or the first of the month after the date of the premium increase.

Example: If an application to cancel or change coverage is submitted at any time between June 29th and September 1st, the cancellation or change will be effective September 1st. **September 1st is the earliest possible effective date for a coverage change or cancellation.** If the application is received after September 1st but within 30 days of the first check that includes the increased health insurance deduction, the cancellation or coverage change will be effective October 1st.

Note: If your premium is taken on a post-tax basis, you may cancel or change from family to single coverage at any time. LTEs are not eligible to have their health insurance premium taken on a pre-tax basis so they may cancel coverage at any time.

You may also change to single coverage at the following times:

- During the annual *It's Your Choice* period in October (coverage effective January 1 of the following calendar year)
- At the end of the month your final dependent loses eligibility
- If your family coverage consists of you and only one non-tax dependent (such as a non-tax dependent domestic partner or adult child), you may change to single coverage at any time.

If an employee changes from family to single coverage, all dependents that lose coverage will be eligible to continue coverage through COBRA provisions.

Important Considerations if You Cancel Your Health Insurance

- For coverage effective in 2011, you may only re-enroll without any restrictions within 30 days of losing eligibility or employer contribution for other group health insurance coverage.
- The annual health insurance *It's Your Choice* period, beginning with the October 2011 period, will be a true open enrollment period. If you are otherwise in an appointment eligible for health insurance coverage, you will be able to enroll in coverage without restriction during the October period for coverage effective January 1st of the following year. You will also be able to enroll in the Standard Plan immediately prior to retirement for the purpose of preserving sick leave credits.
- For coverage effective in 2011, you may enroll at any time under the Standard Plan but you and any insured family members over age 19 will be subject to a 180-day waiting period for pre-existing conditions. **This provision will no longer be available for coverage effective in 2012.**
- If you plan to become covered under your spouse's or partner's health insurance plan, confirm with the plan that you can enroll if you cancel your health insurance coverage. The plan may not allow you an enrollment opportunity due to a voluntary cancellation of coverage, but may allow your spouse or partner and dependents to enroll without restriction.
- You must have State Group Health Insurance in force at the time of retirement, layoff or death to use sick leave credits to pay for health insurance.

9. My spouse/partner works for a non-state or non-UW employer and I am eligible for coverage under his/her health plan. Can I cancel my health insurance and go under my spouse's/partner's coverage?

It depends. The increased premium will give you an opportunity to cancel your coverage. You may submit an application to cancel coverage at any time after the effective date of Act 10 (June 29, 2011) and up to 30 days after the date of the first paycheck from which the increased premium is to be deducted. See **Question 12** for additional information about application deadlines. The change will be effective **the later of** the first of the month on or following receipt of the application or the first of the month after the date of the premium increase. September 1, 2011, is the earliest possible effective date for a coverage change or cancellation.

If you plan to become covered under your spouse's or partner's health insurance plan, confirm with the plan that you can enroll if you cancel your health insurance coverage. The plan may not allow you an enrollment opportunity due to a voluntary cancellation of coverage or they may allow your spouse or partner and dependents to enroll without restriction. Most plans will only allow an enrollment if there is a loss of eligibility for coverage – this is not a loss of eligibility – this is an increase to the premium.

See Question 8 for additional information.

10. My spouse/partner also works for the UW/State of Wisconsin employer and we carry family coverage that just covers the two of us (no children). Can we switch from one family to two single policies if my premium share increases?

Yes. You both must submit applications (the person who carries family coverage must change to single coverage and the person who was not the subscriber must submit an application to enroll in single coverage).

You may submit the applications at any time after the effective date of Act 10 (June 29, 2011) and up to 30 days after the date of the first paycheck from which the increased premium is to be deducted. See **Question 12** for additional information about application deadlines. The change will be effective **the later of** the first of the month on or following receipt of the application or the first of the month after the date of the premium increase. September 1, 2011, is the earliest possible effective date for a coverage change.

Please note that if you carry two single policies, you do not have access to each other's sick leave credits in retirement or at death.

11. My spouse/partner also works for the UW/State of Wisconsin employer and one of us is covered by the lower cost Graduate Assistant/Short-Term Academic health insurance program. What changes can we make when the premium increases?

If you each carry a single policy, you may merge them into a family contract and the person who pays the lower premium can become the subscriber of the coverage.

If you currently carry a family policy, you can transfer the policy to the person who will pay the lower premium. You can also elect to split your family policy into two single policies (provided there are no children who need coverage).

Each family should look at their own situation to determine the best financial option. You may submit the applications at any time after the effective date of Act 10 (June 29, 2011) and up to 30 days after the date of the first paycheck from which the increased premium is to be deducted. See **Question 12** for additional information about application deadlines. The change will be effective **the later of** the first of the month on or following receipt of the application or the first of the month after the date of the premium increase. September 1, 2011, is the earliest possible effective date for a coverage change.

12. I plan to change or cancel my health insurance coverage. Is there a specific date by which I have to submit my health insurance application to my payroll and benefits office to ensure that I don't have the higher health insurance premium deducted from my paycheck? What is the last possible date that I can submit an application to change or cancel my coverage?

Health insurance premiums are deducted one month in advance of coverage. If you change or cancel your coverage in order to avoid the higher premium, you will need to submit your application to your payroll and benefits office at least a few days prior to the calculation of your paycheck that includes the higher premium. ***If you are classified, you should submit your application no later than August 15th and if you are unclassified, you should submit your application no later than August 22nd.*** If your application is received after this date, you may have the higher premium deduction on your paycheck and it will have to be refunded to you on a subsequent paycheck.

All applications to change or cancel coverage due to the premium increase must be received no later than 30 days after the first paycheck that includes the higher health insurance premiums. See the chart below to determine that last day in which you can submit an application to change or cancel coverage due to the premium increase.

	Date of 1st paycheck with higher premium	**Last day to submit your application to change/cancel due to premium increase***
Classified Employees	8-25-11	9-23-11
Unclassified 12-Month Employees	9-1-11	9-30-11
Unclassified 9-month Employees *(who have summer earnings payable September 1st)*	9-1-11	9-30-11
Unclassified 9-month Employees *(who do NOT have summer earnings payable September 1st)*	9-30-11	10-28-11

**The last day of the 30-day window in all situations falls on a weekend. Per guidance from ETF, the application must be submitted by the end of the last business day on or before the end of the 30-day window. The 30-day window only applies to employees whose premium is taken on a pre-tax basis. See Question 8 for additional information.*

13. I cover a non-tax dependent(s) on my health insurance and pay imputed taxes. Can I remove my non-tax dependent (domestic partner, adult child…) from my coverage so I no longer have to pay imputed taxes? Will the amount I have to pay for imputed taxes decrease when the premium increases?

If your family coverage consists of you and only one non-tax dependent (such as a non-tax dependent domestic partner or adult child), you may change to single coverage at any time.

If you need to keep family coverage in place but want to drop your non-tax dependents, you may remove your non-tax dependent(s) at the following times:

- Within 30 days of your dependent enrolling in other health insurance coverage
- When your dependent loses eligibility (example – turns 27)
- During the annual *It's Your Choice* period (coverage will end the following January 1st)

The imputed taxes you pay are based on the fair market value of the health insurance coverage attributed to your non-tax dependent(s). The fair market value of coverage is the same regardless of the premium paid by the employee so it will stay the same when the premium increases.

14. Can I change health plans if there is a significant premium increase (either from the Standard Plan to an HMO or to a different HMO)?

Per ETF, you may not change to a lower cost HMO if there is a premium increase mid-year. A premium increase does not create an opportunity for you to switch health plans mid-year.

15. Will my contribution to the WRS change? How will these contributions be credited to my WRS account?

Yes. All state and UW employees covered by the WRS will be required to contribute more towards the WRS. The vast majority of UW System employees currently pay 0.2% of earnings to the WRS. The WRS contribution rate will increase to 5.8% of earnings for most employees. Under Act 10, employees are required to pay half the total WRS contribution rate. In 2011, the total WRS contribution rate for most employees is 11.6% of earnings so employees will pay 5.8% of earnings.

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Use the UWSA Budget Repair Bill Estimator to determine the impact of the budget repair bill on your WRS contributions and monthly health insurance premium. The estimator is available at: http://www.uwsa.edu/hr/benefits/budgetBillEstimator/index.php. An online paycheck calculator is available at PaycheckCity.com to help you determine the impact of the new WRS contribution on your take home pay.

Per ETF's *Recent Changes to Your WRS/Group Health Insurance Benefits* document:

> *…the entire 5.8% will be employee required contributions. This means that the entire 5.8% will be credited to the employee's account. For most public employees, this will have the effect of increasing the amount payable as a separation benefit, the amount used to calculate "money purchase" retirement benefits and the death benefits payable when a public employee dies before taking a retirement benefit...*

16. When will we start paying higher WRS contributions?

Classified employees (those paid bi-weekly) will first see the increased WRS contribution on the check payable August 25, 2011. This check is for the two-week pay period that begins on July 31, 2011. Unclassified employees (those paid monthly) will first see the increased WRS contribution on the check payable September 1, 2011 (August earnings).

17. My WRS contribution is based on my WRS-covered earnings. What are my WRS-covered earnings? How is this affected by the furlough?

Your earnings covered by the WRS are defined in Wis. Stat. § 40.02(22)(a). In general, your WRS-covered earnings include your total salary or wages (including overload payments, overtime, summer session salary…), as well as any pay allowances that are received in lieu of money. Your WRS-covered earnings are calculated prior to any deductions taken for taxes, insurance premiums, retirement contributions or any other salary deductions.

Sample calculation:

Hourly Rate: $20.00/hour x **80 hours worked in pay period** = $1600 (WRS-covered earnings)

Proposed WRS Contribution: .058 x $1600 = $92.80 contribution for the pay period

18. Are WRS employee contributions considered "pre-tax" or "post-tax" contributions?

Language was included in Act 32 providing that employee-required contributions to the WRS must be taken on a pre-tax basis. This means that your WRS contributions will reduce your taxable income for state and federal tax purposes. The WRS contributions do not reduce your federal employment (FICA) taxes – this includes Social Security and Medicare taxes. Per ETF, the effective date of the pre-tax mandate is July 1, 2011, so it will be effective the first pay period that begins on or after July 1, 2011.

19. Can I opt out of the WRS?

No. Per state statute, once you become eligible for coverage under the WRS, coverage is mandatory.

Per ETF's *Recent Changes to Your WRS/Group Health Insurance Benefits* document:

> *No, current law prohibits participating employees from opting out of the WRS. Allowing WRS members to opt out of the WRS may ultimately have a detrimental impact on the sustainability of the WRS and would very likely increase contribution rates for employees and employers remaining in the WRS. Belonging to the WRS involves pooling risk and benefit by funding the system through employer and employee contributions. If public employees were not obligated to participate, adverse selection may result in lower system revenue while liabilities increase. This may result in underfunding the WRS. In addition, allowing individual members to opt out of the WRS may violate provisions of the Internal Revenue Code governing defined benefit pension plans referred to as "rescission" (or, the breaking of a contract between two parties). This could result in disqualification of the WRS as a tax-qualified pension plan.*

20. Is the eligibility for coverage under the WRS changing?

Yes. Any employee hired by the UW on or after July 1, 2011, who has never worked for a WRS-covered employer, will need to work the following number of hours per year in order to be eligible for the WRS:

- Classified employees: 1,200 hours per year (58% FTE/appointment %)
- Unclassified 12 month employees: 880 hours per year (42% FTE/appointment %)
- Unclassified 9 month employees: 880 hours per year (56% FTE/appointment %)

For additional details about the provision, including information about the eligibility requirement for employees who previously worked for a WRS-covered employer, review the information below from ETF's Act 10 and Act 32 Employer FAQ:

> *Act 32 changes the eligibility requirements for employees initially working for a WRS employer on or after July 1, 2011. The provision would not apply to a person employed by a WRS employer prior to that date, in which case the old statutory WRS eligibility criteria would apply. In order to qualify for participation in the WRS, new employees (first hired by a WRS employer on or after July 1, 2011) must meet **BOTH** of the following criteria:*
>
> ***A. Employee is expected to work at least two-thirds of full time per year, defined as:***
>
> - ***1200** hours for non-teachers and non-school district educational support personnel, or;*
> - ***880** hours for teachers and school district (not including technical college and other educational institutions) educational support personnel.*

AND

B. Employee is expected to be employed for at least one year (365 consecutive days, 366 in leap year) from employee's date of hire.

NOTE: Employees hired to work nine or ten months per year, (e.g. teacher contracts), but expected to return year after year are considered to have met the one-year requirement.

The changes outlined in Act 32 do not modify the eligibility criteria for any employee initially employed by a WRS participating employer prior to July 1, 2011, to include both WRS eligible and non-WRS eligible employees. The eligibility criteria regarding expected hours for these employees remains at least one-third of full time per year (600 and 440 hours). For example:

- *A non-WRS eligible employee, hired prior to July 1, 2011, terminates. If rehired by the same or different WRS employer, the employee must be evaluated under the old eligibility requirements prior to July 1, 2011.*

Note: *The language in Act 32 hinges on whether an employee previously worked for a WRS employer and does not hinge on whether the employee was previously in a WRS eligible position. Therefore, there may be cases where employees do not have prior service with the WRS, yet the employee worked for a WRS employer.* [This includes anyone who worked in a non-WRS covered appointment such as an LTE, graduate assistant, student assistant, short-term academic, employee-in-training, student hourly… prior to July 1, 2011.] *As a result, WRS employers will not be able to look up the employee's prior WRS service in ETF IT systems, such as the ONE system. It will be up to the employer and employee to determine whether a newly hired employee previously worked for a WRS employer.*

- *A WRS eligible employee, hired prior to July 1, 2011, terminates and remains terminated for 12 or more consecutive months. If the employee returns to the same or different WRS agency after the 12 months have elapsed, he or she must be evaluated under the old eligibility requirements prior to July 1, 2011. If the employee returns to the same agency within twelve months of termination, he or she is automatically re-enrolled in the WRS.*

- *A WRS eligible employee, hired prior to July 1, 2011, terminates and receives a separation benefit and adheres to the criteria of a good faith termination. If the employee returns to the same or different WRS agency after receiving a WRS separation benefit, he or she must be evaluated under the old eligibility requirements prior to July 1, 2011.*

Current employees covered by the WRS will remain covered under the WRS even if their appointment percentage is less than 2/3 of full-time.

Please note that the change to WRS eligibility will also affect eligibility for most benefit plans. Except for unclassified employees eligible for the Graduate Assistant/Short-Term Academic benefits package, employees must be eligible for the WRS in order to be eligible for State Group Health Insurance. Eligibility for State Group Life Insurance and Income Continuation Insurance is also dependent on WRS eligibility. Eligibility for the optional benefit plans (VSP Vision, Benefits+, Dental Wisconsin, Anthem DentalBlue, AD&D, Individual and Family Life, UW Employees Inc Life) is dependent on eligibility for State Group Health Insurance.

21. Are there now vesting requirements under the WRS?

Yes, per ETF's Act 10 and Act 32 Employer FAQ:

Act 32 contains a new WRS vesting provision. The new vesting provision applies to an employee who initially begins working for a WRS employer on or after July 1, 2011. The provision would not apply to a person with WRS service prior to the effective date.

The vesting provision provides that WRS members are not eligible for a WRS retirement annuity or lump sum retirement benefit until they have 5 years of creditable service. If an employee were to leave a WRS-covered position prior to fulfilling the 5-year vesting requirement, that employee would remain eligible to take a separation benefit. The separation benefit would include the employee contributions (and investment returns) only. The employer contributions and years of creditable service would be forfeited and their WRS account closed.

If an employee were to work in a WRS-covered position for less than 5 years, leave that position, and subsequently return to a WRS-covered position without having taken a separation benefit, that employee's WRS employee and employer contributions would be unaffected by the termination (meaning their account would remain whole). That employee would also receive creditable service toward the 5-year vesting requirement for years worked in the previous WRS-covered position.

ETF will determine who is and isn't vested based on what employers report to ETF.

22. Will the retirement formula used to calculate my retirement benefits change?

The only change applies to employees covered by the Elected/Executive WRS category. This category generally includes members of the legislature, unclassified executives (UW System president and vice presidents, chancellors…) and other elected officials. This group currently has a formula factor of 2%. Under Act 10, the factor will be reduced to 1.6%, consistent with general category employees. The new formula factor for UW employees in this category will apply to service earned after June 29, 2011.

Almost all UW System employees are covered by either the General or Teacher WRS category.

23. I plan to take a partially paid faculty sabbatical. Will my WRS contributions be based on the partial salary I receive during my sabbatical or will they be based on my full salary?

Under the sabbatical leave program a faculty member may either 1) take a sabbatical leave for one semester of the academic year and receive from the institution financial support at any level up to a maximum of his/her full compensation for that period or 2) take a sabbatical leave for an academic year and receive from the institution financial support at any level up to sixty-five percent of his/her full compensation for that period, in accordance with institutional policies.

Under the sabbatical program statutes, the UW System reports earnings, creditable service, and contributions to the Wisconsin Retirement System at the full-time rate, based on the rate of pay in effect immediately prior to the beginning of the sabbatical. If the faculty member chooses the second option and is on leave for the entire academic year but receives 65% of his or her salary, the University will still report full earnings and creditable service for WRS purposes. For the remainder of 2011, this means that the

faculty member will pay the 5.8% employee share of the full WRS earnings credited, although he or she will receive only 65% of salary. **Note:** WRS contribution rates are set on an annual basis so the 5.8% contribution rate is only in effect until the end of 2011.

Example

Employee's full salary	$72,000 per year	$8,000 per month over 9 months
Sabbatical salary (65%)	$46,800 per year	$5,200 per month over 9 months

University reports WRS earnings of $72,000 per year or $8,000 per month;
Employee's monthly WRS contributions = 5.8% of $8,000 = $464 per month (taken pre-tax)

24. I'm thinking about retiring. How do I order a retirement application?

You must request a retirement application directly from ETF by calling 1-877-533-5020 or by faxing a request to 608-267-4549. Please review ETF's document *Retiring on Short Notice* for important information about how to retire within a short timeframe. You should also review ETF's brochure *How to Retire* for important information. See ETF's Wait Times page for information about how long it may take to receive a retirement estimate.

25. What if I don't receive my retirement application from ETF before my retirement date?

You can submit your application to ETF up to 90 days after your official retirement date and your annuity will still be effective the day after your official employment termination date. This will delay your first payment but when you receive your first check, it will include any retroactive payments. If necessary, you may submit the *Retirement Annuity Option Change Application (ET-4319)* to ETF if you have not received your official application. You can select your retirement annuity option and name your joint survivor on this form. You should only exercise this option if you have not received your official retirement application from ETF.

26. Can I be rehired by the UW or another state agency after I begin receiving my retirement annuity? How soon can I return to work?

In order to return to work and continue to receive your retirement annuity, you must satisfy two conditions - you must have a valid "good-faith" termination and you must satisfy a required break in service.

You may return to employment on the latest of the following dates:

- The day after the annuity effective date.
- The 31st day after termination of participating employment.
- The 31st day after ETF receives the benefit application.

Please see the ETF brochure *Information for Retirees* and the UWSA website *What is a Valid Termination* for additional information about valid terminations and returning to work.

27. How does 2011 Wisconsin Act 10 or Act 32 impact the Accumulated Sick Leave Conversion Credit (ASLCC) program?

There is no language in Act 10 or Act 32 to change the ASLCC program.

The ASLCC program is provided for in §40.05(4)(b) & (bc) Wis. Stats. This program allows employees to convert sick leave to pay for health insurance at retirement, as well as in other situations such is at death, layoff or termination with 20 years of service. Under this program, accumulated sick leave is multiplied by the employee's highest basic pay rate and converted to credits to pay for health insurance in retirement (or in the other instances listed above).

28. How does 2011 Wisconsin Act 10 or Act 32 impact the Supplemental Health Insurance Conversion Credit (SHICC) program? Will I lose the supplemental credits that I have? Will I continue to accrue supplemental credits going forward?

In June 2011, both UW System and DOA issued memos that there are no provisions in Wisconsin Act 10 or Act 32, or the 2011-13 compensation plan that DOA will submit to JCOER that eliminate the SHICC program. See the end of this document for the full text of these memos, as well as memos from February and March that address this topic.

In the text of the original bill that later became Act 10, there was one reference to the SHICC program in Section 9115. The bill directed ETF, OSER and DOA to study the possibility of modifying the current program and submit the results of the study by June 30, 2012. This language was removed from the final bill.

The SHICC program is not authorized by state statute. The Department of Employee Trust Funds (ETF) is authorized in §40.95 Wis. Stats. to administer the program but the program is provided for in the compensation plan and collective bargaining agreements. The program allows employees who have at least 15 years of continuous state service to earn sick leave credits in addition to those provided by the ASLCC program. Additional credits are based on your highest basic pay, accumulated sick leave and years of continuous state service.

Per ETF's *Recent Changes to Your WRS/Group Health Insurance Benefits* document:

> *Although ETF administers the ASLCC and SHICC programs, ETF does not play a role in determining the amount of sick leave that employees receive, or whether and how much of it may be accrued. Those matters are defined in state law, the compensation plan for non-represented state employees and the labor agreements for represented state employees.*
>
> *Section 9143 of the budget repair bill states that "upon termination of any collective bargaining agreement between the state and a labor organization representing employees in a collective bargaining unit under section 111.825 (1) or (2) of the statutes, as affected by this act, the director of the office of state employment relations (OSER) may continue to administer those provisions of the collective bargaining agreements that the director determines necessary for the orderly administration of the state civil services system until the compensation plan under section 230.12 of the statutes is established for the 2011-13 fiscal biennium."*

29. In order to be eligible for the Supplemental Health Insurance Conversion Credit (SHICC) program, I need to have at least 15 years of continuous state service? What does that mean?

Your continuous service date (also known as your seniority date) is the date that you began state/UWS employment, adjusted for any breaks in service.

Classified employees may only include time worked in WRS-covered positions that are eligible to earn sick leave (time worked in an LTE position does not count towards the continuous service date). Classified employees may count time worked in a project position only if the employee had "permanent status" while working in a project position.

Unclassified employees may only include time worked in positions that are covered by the WRS. Time worked in graduate assistant, student assistant, employee-in-training and short-term academic staff positions not covered by the WRS do not count towards the continuous service date.

If you do not know your seniority/continuous service, contact your Staff Benefits Office for assistance.

Limited Term Employees (LTE)

30. I am currently an LTE covered by the Wisconsin Retirement System. How am I affected by Act 10?

The original bill prohibited LTEs from participating in the WRS and receiving health insurance coverage under the State Group Health Insurance plan. This provision was removed from the bill via an amendment on February 16, 2011. Per the final version of Act 10, **LTEs will maintain their eligibility for the WRS and all other benefits plans**.

Furloughs

31. Am I still required to use all of my furlough days before the end of the fiscal year?

Yes. Furloughs implemented as part of the 2009-11 budget continued through June 2011.

32. Will I be required to take additional furlough days next fiscal year?

No.

Other Benefit Plans

33. Will there be any increases to the monthly costs of benefits plans other than health insurance and WRS?

No. The premiums you are paying for all other benefit plans will stay the same for the remainder of 2011 except that there was a slight decrease in State Group Life Insurance premiums in April.

34. Since my take home pay will be decreasing due to increased health and WRS contributions, can I cancel or change my other benefits (dental, vision, ERA, TSA, Deferred Comp, life insurance…) to help offset the cost?

There are benefit plans that can be adjusted during the year. There are others, such as dental, vision and EPIC that cannot be changed during the contract year. You can access your earnings statement online at my.wisconsin.edu (my.wisc.edu for UW-Madison employees) to view your benefit premiums/deductions and you may look at all premium levels online at: http://uwservice.wisc.edu/premiums/.

Below is a list of benefits that can be changed at any time:

- You may stop or change contributions to the Tax-Sheltered Annuity or Deferred Compensation Plans at any time.
  - Submit a Salary Reduction Agreement to your payroll office to stop/change your TSA deduction.
  - Contact WI Deferred Compensation at 1-877-457-9327 or go online at http://www.wdc457.org to stop/change your Deferred Compensation deduction.

- Reduce or cancel coverage under any of the following life insurance plans by submitting an application to your benefits office:
  - State Group Life Insurance (SGL)
  - Individual and Family Group Life Insurance (I&F)
  - UW Employees Inc Life Insurance (UWE)
  - Accidental Death and Dismemberment Insurance (AD&D)

  Important Information about Reducing/Canceling Life Insurance

  If you cancel coverage under SGL, I&F or UWE life insurance, you can only enroll again through Medical Evidence of Insurability and acceptance is not guaranteed. If you reduce your coverage level under I&F life, you can only increase coverage again through the annual increase option period or through Medical Evidence of Insurability. You may cancel, change or enroll in AD&D coverage any time without restriction.

- Income Continuation Insurance
  - All employees may cancel part or all of coverage at any time by submitting an application to their benefits office. If you cancel coverage, you will only be able to re-enroll through Medical Evidence of Insurability (acceptance is not guaranteed) or through a deferred enrollment opportunity.
  - Unclassified employees may change their elimination period to reduce the monthly premium.

Below is list of benefits that cannot be changed during the calendar year unless there is some type of qualifying event such as a loss of eligibility:

- Anthem DentalBlue (see below for additional information)
- Dental Wisconsin

- VSP Vision Insurance
- EPIC Benefits+

Anthem DentalBlue: You are required to have preventive and diagnostic dental coverage through a health insurance plan if you are enrolled in the Anthem DentalBlue Supplemental plan. You will lose eligibility for the Supplemental Plan if you cancel your health insurance (*unless* you continue to have preventive and diagnostic dental benefits provided through another health insurance plan, such as through your spouse/domestic partner). In this situation, you may:

- Cancel the Anthem DentalBlue Supplemental plan
- Change to the DentaCare HMO or the Preferred PPO

You may elect to change/cancel coverage under any of the above plans for 2012 by submitting an application to your benefits office on or before December 1, 2011. If you choose to cancel one or more of the above plans, please note that you may not re-enroll until an enrollment opportunity is offered. Not all plans offer annual enrollment opportunities. New waiting periods may also apply if you re-enroll during a future enrollment opportunity.

Changes to Your Employee Reimbursement Account (ERA) Elections

Contributions to your ERA Medical or Dependent Care account (ERA) can only be changed mid-year if there is a Change in Status event. If you experience a qualifying change in status, you must submit a Change in Status Form directly to Fringe Benefits Management Company (FBMC) within 30 days of the change. An increase to your health insurance premium is NOT a qualifying change in status event.

35. I currently carry union-sponsored dental insurance. Will this coverage continue?

Your union will determine whether or not they will continue to offer these plans. Once your employer is no longer allowed to deduct union dues from your paycheck, the premium for union dental coverage will stop as well. As of the bi-weekly check payable July 28, 2011 and the monthly check payable August 1, 2011, premiums for union-sponsored dental insurance will no longer be deducted from your paycheck. If you want to maintain your coverage, you will need to continue paying union dues and contact your union regarding the premium payment.

This change to premium collection is not an opportunity to enroll in one of the other dental plans available to UW employees (Dental Wisconsin, Anthem DentalBlue, Benefits+). The next opportunity to enroll in these plans will be during the fall 2011 open enrollment period for coverage effective January 1, 2012 (provided an open enrollment is offered – open enrollment information will be available in September). If there is an open enrollment and you have maintained your union dental insurance through the end of the 2011, you will not be subject to applicable waiting periods under Dental Wisconsin or Anthem DentalBlue. If you let your union dental coverage lapse, you will be subject to any applicable waiting periods.

Union Dues

36. I currently pay union dues through payroll deduction. Will union dues continue to be deducted from my pay?

No. The bill prohibits the payment of union dues through payroll deduction and allows employees to

refrain from paying dues or fees to a union. As of the bi-weekly check payable July 28, 2011 and the monthly check payable August 1, 2011, union dues will no longer be deducted from your paycheck.

37. What do I do if I want to remain a dues paying union member?

Your union will determine that.

Collective Bargaining Agreement Questions

38. What happens after March 13th when the collective bargaining agreement extension expires?

The Director of OSER, Gregory Gracz, clarified his position on March 4, 2011:

I want to clarify that pursuant to my authority under s. 9143 of the Bill, with the exception of dues deductions, employee health insurance premium deductions, and employee contributions to the Wisconsin Retirement System (WRS), all other provisions of the master Agreements, as well as provisions of local agreements, and other memoranda of understanding and negotiating notes, will continue at least through June 30, 2011. I want to emphasize that current provisions related to items such as annual leave, sabbatical, supplemental health insurance conversion credits (SHICC), and overtime will also continue. Contract provisions that continue will remain in place until a new Compensation Plan covering represented employees is approved by the Joint Committee on Employment Relations. Wis. Stats. s. 230.12(3).

39. What happens after June 30, 2011?

We will continue to abide by the "status quo" period we are currently operating within as it relates to the provisions of the collective bargaining agreements until a new compensation plan covering represented employees is developed and approved by the Joint Committee on Employment Relations (JCOER). It is unknown at this time when this will occur. This question will be updated as information becomes available.

40. Will I have any rights after the expiration date?

Yes there are certain rights all public employees have because they are covered by civil service rules. Many of the rights outlined in the collective bargaining agreements also exist for non-represented staff such as:

- Right to a harassment/discrimination free workplace
- Right to due process (ie prior to being disciplined)
- Some grievance/appeal rights
- Ability to compete for positions (transfer, demote, promote)
- Certain layoff protections

More Information

41. Where can I find additional information about Act 10 and Act 32?

- Text of 2011 WI Act 32: http://legis.wisconsin.gov/2011/data/acts/11Act32.pdf
- Text of 2011 WI Act 10: http://legis.wisconsin.gov/11Act010.pdf
- The Wheeler Report has the most up-to-date information on the status of the Act: http://thewheelerreport.com/.
- UWSA's Government Relations Legislative Update Page: http://legislativeupdate.uwsa.edu/
- ETF's *What's New?* section of their website: http://www.etf.wi.gov/
- ETF's Act 10 and Act 32 website: http://www.etf.wi.gov/news/act_10_menu.htm
- Office of State Employment Relations (OSER) Budget Repair Bill Q&A: http://oser.state.wi.us/docview.asp?docid=7246.
- UWSA Estimator to Determine Impact of Bill on Health Insurance Premium & WRS Contributions: http://www.uwsa.edu/hr/benefits/budgetBillEstimator/index.php.

Appendix A – Impact of 2011 Wisconsin Act 10 on Monthly Health Insurance Premiums

(see page 17 for premium information if you currently pay half or total premium)

Tier 1 Health Insurance Premiums (all HMOs in State Group Health Insurance Plan)

	Current Monthly Premium	Amount of Premium Increase	Proposed 2011 Monthly Premium
Non-Represented Classified and Unclassified (FA, AS, LI) Employees	$36.00	$48.00	$84.00
Non-Represented Classified and Unclassified (FA, AS, LI) Employees	$89.00	$119.00	$208.00
Represented Classified Employees - Single Coverage	$31.00	$53.00	$84.00
Represented Classified Employees - Family Coverage	$78.00	$130.00	$208.00
Non-Represented Graduate Assistant Health Insurance - Single Coverage	$18.00	$24.00	$42.00
Non-Represented Graduate Assistant Health Insurance - Family Coverage	$44.50	$59.50	$104.00
Represented Graduate Assistant Health Insurance (MGAA and TAA) - Single Coverage	$15.50	$26.50	$42.00
Represented Graduate Assistant Health Insurance (MGAA and TAA) - Family Coverage	$39.00	$65.00	$104.00

Tier 2 Health Insurance Premiums (applies to employees in the Standard Plan required to work out of state)

	Current Monthly Premium	Amount of Premium Increase	Proposed 2011 Monthly Premium
Non-Represented Classified and Unclassified (FA, AS, LI) Employees	$79.00	$43.00	$122.00
Non-Represented Classified and Unclassified (FA, AS, LI) Employees	$198.00	$109.00	$307.00
Represented Classified Employees - Single Coverage	$69.00	$53.00	$122.00
Represented Classified Employees - Family Coverage	$173.00	$134.00	$307.00
Non-Represented Graduate Assistant Health Insurance - Single Coverage	$39.50	$21.50	$61.00
Non-Represented Graduate Assistant Health Insurance - Family Coverage	$99.00	$54.50	$153.50
Represented Graduate Assistant Health Insurance (MGAA and TAA) - Single Coverage	$34.50	$26.50	$61.00
Represented Graduate Assistant Health Insurance (MGAA and TAA) - Family Coverage	$86.50	$67.00	$153.50

Tier 3 Health Insurance Premiums (applies to employees in Standard Plan not required to work out of state)

	Current Monthly Premium	Amount of Premium Increase	Proposed 2011 Monthly Premium
Non-Represented Classified and Unclassified (FA, AS, LI) Employees	$188.00	$38.00	$226.00
Non-Represented Classified and Unclassified (FA, AS, LI) Employees	$471.00	$96.00	$567.00
Represented Classified Employees - Single Coverage	$164.00	$62.00	$226.00
Represented Classified Employees - Family Coverage	$412.00	$155.00	$567.00
Non-Represented Graduate Assistant Health Insurance - Single Coverage	$94.00	$19.00	$113.00
Non-Represented Graduate Assistant Health Insurance - Family Coverage	$235.50	$48.00	$283.50
Represented Graduate Assistant Health Insurance (MGAA and TAA) - Single Coverage	$82.00	$31.00	$113.00
Represented Graduate Assistant Health Insurance (MGAA and TAA) - Family Coverage	$206.00	$77.50	$283.50

Health Insurance Premium Information for Employees Who Who Currently Pay Half or the Total Premium

Employees Who Currently Pay Half the Total Health Insurance Premium

Health insurance premiums for employees who currently pay half the total premium (those with an appointment percentage of less than 50% or LTEs who have only ***one*** LTE appointment) will remain the same for the rest for the 2011 coverage year.

Employees Who Currently Pay the Total Health Insurance Premium

Health insurance premiums for employees who currently pay the total premium (typically those covered by the Trades bargaining unit) will remain the same for the rest for the 2011 coverage year.

WRS-Covered Employees with an Appointment Percentage / FTE of 50% - 74.99%

Under Act 10, employees covered by the Wisconsin Retirement System (WRS) who have an appointment percentage / FTE of 50% - 74.99% were to pay the same premium that they paid prior to the enactment of the legislation. This also applies to WRS-covered LTEs who have two or more concurrent LTE appointments and have a total appointment percentage (or work equivalent number of hours) of 50% - 74.99%. Corrective legislation was included in the 2011-13 biennial budget bill that removed this language from Act 10. ***Any employees in this category will be subject to the increased health insurance premiums.***

Example 1: C Basis Employee has health insurance with Summer Session/Summer Service jobs

August Earnings Statement

HOURS AND EARNINGS

Description	EmplID	EmplRec	Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Furlough Percent Reduction	[redacted]	0					- 1,430.30
Uncl Reg - No IC/IC 18	[redacted]	0					46,666.68
Uncl Reg - No IC/IC 18	[redacted]	1			7,777.78		23,333.34
Furlough Percent Reduction	[redacted]	1					- 238.39
Total:					7,777.78		68,331.33

TAXES

Description	Current Tax Wges	YTD Tax Wges	Deductions Current	Deductions YTD
Fed OASDI/EE	7,278.67	67,492.66	305.70	2,834.69
Fed OASDI/ER*	7,278.67	67,492.66	451.27	4,184.54
Fed MED/EE	7,278.67	67,492.66	105.54	978.64
Fed Withholdng	7,278.67	64,092.66	1,375.92	11,954.79
Fed Med/ER*	7,278.67	67,492.66	105.54	978.64
WI Withholdng	7,278.67	64,092.66	452.61	3,959.59
Total:			2,239.77	19,727.71

* Employer amount (not included in totals)

BEFORE-TAX DEDUCTIONS

Description	Current	YTD
Unity UW Health	84.00	372.00
Wisconsin Retirement System	451.11	466.67
Prepaid Before-Tax	36.00-	0.00
Fidelity	0.00	3,400.00
Total:	499.11	4,238.67

AFTER-TAX DEDUCTIONS

Description	Current	YTD
WRS Bn Adjustment Contribution	0.00	108.92
Income Continuation	0.00	115.68
TSA Fee	0.00	15.00
Total:	0.00	239.60

EMPLOYER PAID BENEFITS

Description	Current	YTD
Unity UW Health	508.90	2,736.50
Income Continuation	15.19	136.71
Wisconsin Retirement System	544.44	8,687.79
WRS Bn Adjustment Contribution	0.00	707.77
Total:	1,068.53	12,268.77

Details on how the Prepaid balance is calculated

Description of payments	Month	Health Insurance Paid (Unity UW Health)	Prepay Balance (PREBTX)	Earnings
Starting Prepay Deduction Balance - *3 months's premiums in advance*	May		$ 108.00	
Unity UW Health insurance premium - June	June	$ 36.00		
Amount deducted from prepaid balance	June		$ (36.00)	
Prepaid deduction balance - June	June		$ 72.00	
Unity UW Health insurance premium	July	$ 36.00		
Amount deducted from prepaid balance	July		$ (36.00)	
Prepaid deduction balance - July	July		$ 36.00	
Unity UW Health insurance premium - August	August	$ 84.00		
Amount deducted from prepaid balance	August		$ (36.00)	
Prepaid deduction balance - August	August		$ -	
Balance of the health insurance premium taken from	August			$ (48.00)

Example 2: C Basis Employee with various insurances and no Summer Session/Summer Service jobs.
August Earnings Statement

HOURS AND EARNINGS

Description	EmplID	EmplRec	Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Furlough Percent Reduction	[redacted]	0					- 5,016.44
Uncl Lump - No IC/IC 18	[redacted]	0					4,000.00
Uncl Reg - No IC/IC 18	[redacted]	0					159,669.36
Furlough Percent Reduction	[redacted]	2					- 737.49
Uncl Reg - No IC/IC 18	[redacted]	2					48,123.12
Total:							206,038.55

TAXES

Description	Current Tax Wges	YTD Tax Wges	Deductions Current	Deductions YTD
Fed OASDI/EE		106,800.00		4,485.60
Fed OASDI/ER*		106,800.00		6,621.60
Fed MED/EE		200,104.22		2,901.51
Fed Withholdng		170,773.58		33,154.07
Fed Med/ER*		200,104.22		2,901.51
WI Withholdng		170,773.58		11,230.95
Total:				53,772.13

* Employer amount (not included in totals)

BEFORE-TAX DEDUCTIONS

Description	Current	YTD
Dean Health Plan	208.00	920.00
SGL Basic	43.20	241.14
SGL Supplemental	43.20	241.14
Prepaid Before-Tax (1)	208.00-	32.60-
Wisconsin Retirement System	0.00	48.12
Wis Deferred Compensation	0.00	14,664.00
TIAA-CREF SRA	0.00	14,666.64
ERA Medical Monthly	0.00	4,098.90
Park UW Madison-Pre-Tax	0.00	723.33
Total:	86.40	35,570.67

AFTER-TAX DEDUCTIONS

Description	Current	YTD
SGL Additional	0.00	1,611.09
Income Continuation	16.10	144.90
Prepaid After-Tax (2)	177.90-	32.60
WRS Bn Adjustment Contribution	0.00	375.44
Foundation UW Madison	0.00	863.31
SECC Dane County	0.00	1,477.77
SGL Basic	0.00	160.08
SGL Supplemental	0.00	160.08
TSA Fee	0.00	15.00
Total:	161.80-	4,840.27

EMPLOYER PAID BENEFITS

Description	Current	YTD
Dean Health Plan	1,282.40	6,888.00
SGL Basic	28.19	257.64
SGL Basic*	30.60	262.10
SGL Supplemental	16.09	145.28
SGL Supplemental*	62.10	319.60
SGL Additional*	8.10-	48.60-
Income Continuation	15.19	136.71
Prepaid Taxable*	54.00-	263.20-
Wisconsin Retirement System	0.00	27,704.88
WRS Bn Adjustment Contribution	0.00	2,440.50
Total:	1,392.47	37,842.91

* Taxable

Prepaid After-Tax Amounts:		May Balances	June Balances	July Balances	August Balance
SGL Additional	194.40				
Income Continuation	16.10				
Total After-Tax	210.50	631.50	421.00	210.50	75.40 *(Refunded to EE)*
Prepaid Before-Tax Amounts:					*=210.50 - 32.6 - 43.20 - 43.20 - 16.10*
SGL Basic	43.20				
SGL Supplemental	43.20				
Dean Health Plan	89.00				
Total Before-Tax	175.40	526.20	350.80	175.40	0.00

BEFORE TAX DEDUCTIONS

Employee pays increased health insurance premium in August = $208 --> (Old rate ($89) + New Rate ($119).
Total amount remaining in before tax prepaid balance in August (after June & July payments) = $ 175.4
Before tax payments to be taken from the remaining prepay balance of $175.4 include:
(1) Health @ $ 208 (New Rate)
(2) SGL Basic @ $43.2
(3) SGL Supplemental@ $43.2

AFTER TAX DEDUCTIONS

Amount remaining in after tax prepaid balance in August (after June and July payments) = $ 210.5
After tax payments to be taken from the remaining prepay balace of $210.5 include:
(4) Income Continuation @ $16.1
(5) SGL Additional @ $194.4

CALCULATION OF INCREASED HEALTH INSURANCE PREMIUM

Amount remaining in before tax prepay balance ($175.4) is not sufficient to take the new rate of $208 for health
The amount is short by $32.6.
This additional amount of $32.6 is taken from the After Tax prepaid balance of ($210.5)

Therefore Prepaid before tax is now = $175.4 + 32.6 = $208 (Sufficient to cover Health Insurance) **<-- 1**
The After tax prepaid balance will be depleted to $210.5 - 32.6 = $177.9 **<-- 2**

This after tax balance of $177.9 is then used again to cover remaining premiums in sequential order as shown above:
i.e. **(2)** SGL Basic ($43.2) + **(3)** SGL Supplemental ($43.2)
Therefore After Tax balance is now: $177.9 - ($43.2 + $43.2) = $91.5

The next deduction to be taken is **(4)** Income Continuation @ $16.1
Therefore After Tax balance is now: $91.5 - $ 16.1 = $75.4

The next deduction to be taken is **(5)** SGL Additional @ $194.4
The After tax balance of $75.4 is **NOT SUFFICIENT** to take the last dedution. Therefore the deduction amount of $75.4 will be refunded to the employee

Example 3: C Basis Employee with various insurances and Summer Session/Summer Service jobs
August Earnings Statement

HOURS AND EARNINGS

Description	EmplID	EmplRec	Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Furlough Percent Reduction	[redacted]	0					-2,111.23
Uncl Reg - No IC/IC 18		0					68,883.36
Uncl Reg - No IC/IC 18		2			11,480.56		17,220.84
Uncl Lump - No IC/IC 18		2					5,000.00
Total:					11,480.56		88,992.97

TAXES

Description	Current Tax Wges	YTD Tax Wges	Deductions Current	Deductions YTD
Fed OASDI/EE	10,711.79	86,604.46	449.90	3,637.39
Fed OASDI/ER*	10,711.79	86,604.46	664.13	5,369.48
Fed MED/EE	10,711.79	86,604.46	155.32	1,255.76
Fed Withholdng	10,711.79	81,069.46	1,867.53	13,784.33
Fed Med/ER*	10,711.79	86,604.46	155.32	1,255.76
WI Withholdng	10,711.79	81,069.46	673.93	5,090.71
Total:			3,146.68	23,768.19

* Employer amount (not included in totals)

BEFORE-TAX DEDUCTIONS

Description	Current	YTD
Unity UW Health	208.00	920.00
EPIC	33.40	300.60
Wisconsin Retirement System	665.87	687.35
Prepaid Before-Tax (1)	138.50-	16.10
Ameriprise/RiverSource	0.00	5,535.00
Park UW Madison-Pre-Tax	0.00	496.66
Total:	768.77	7,923.51

AFTER-TAX DEDUCTIONS

Description	Current	YTD
Income Continuation	16.10	144.90
Prepaid After-Tax (2)	0.00	16.10
WRS Bn Adjustment Contribution	0.00	137.76
TSA Fee	0.00	15.00
Total:	16.10	313.76

EMPLOYER PAID BENEFITS

Description	Current	YTD
Unity UW Health	1,270.40	6,828.00
Income Continuation	15.19	136.71
Wisconsin Retirement System	803.64	11,433.20
WRS Bn Adjustment Contribution	0.00	895.50
Total:	2,089.23	19,293.41

	TOTAL GROSS	TOTAL EMPLOYEE TAXES	TOTAL DEDUCTIONS	NET PAY
Current:	11,480.56	3,146.68	784.87	7,549.01
YTD:	88,992.97	23,768.19	8,237.27	56,987.51

MESSAGE:

NET PAY DISTRIBUTION

Checking	US BANK NA	7,549.01
Total:		7,549.01

Prepaid After-Tax Amounts:		May Balances	June Balances	July Balances	August Balance
Income Continuation	16.10				
Total After-Tax	16.10	48.30	32.20	16.10	0.00
Prepaid Before-Tax Amounts:					
Unity UW Health	89.00				
EPIC	33.40				
Total Before-Tax	122.40	367.20	244.80	122.40	0.00

-- > ($122.4 + 16.10 = 138.5)

$16.10 taken from After Tax balance to increase prepaid before tax balance to compensate for increased health insurance premium

BEFORE TAX DEDUCTIONS
Employee pays increased health insurance premium in August = $208 --> (Old rate ($89) + New Rate ($119).
Total amount remaining in before tax prepaid balance in August (after June & July payments) = $ 122.4
Before tax payments to be taken from the remaining prepay balance of $175.4 include:
(1) Health @ $ 208 (New Rate)
(2) EPIC @ $ 33.4

AFTER TAX DEDUCTIONS
Amount remaining in after tax prepaid balance in August (after June and July payments) = $ 16.10
After tax payments to be taken from the remaining prepay balace of $16.10 include:
(4) Income Continuation @ $16.1

CALCULATION OF INCREASED HEALTH INSURANCE PREMIUM
Amount remaining in before tax prepay balance ($122.4) is not sufficient to take the new rate of $208 for health
The amount is short by $ 85.6
It will now try to take the additional amount from the After Tax prepaid balance of ($16.10)
It can take only $16.10 and not the entire amount

Therefore Prepaid before tax is now = $122.4 + $ 16.10 = $138.5 (Insufficient to cover Health Insurance) **<-- 1**
The After tax prepaid balance will be depleted to $16.10 - $ 16.10 = $ 0 **<-- 2**

Deduction remaining to be taken:
(1) Health @ $69.5 ($208 - $138.5, paid by prepay before tax balance amount)
(2) EPIC @ $33.4
(3) ICI @ $16.10

Total amount to be deducted = $69.5 + $16.10 + $ 33.4 = $119

SCOTT WALKER
GOVERNOR

MIKE HUEBSCH
SECRETARY

Office of the Secretary
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Wednesday, June 15, 2011
DOA Media Line: 608-266-7362

Secretary Huebsch Statement on Implementation of 2011 Wisconsin Act 10

MADISON –Wisconsin Department of Administration Secretary Mike Huebsch today released the following statement regarding the implementation of the budget repair bill:

> "The Department is moving forward with plans to implement Act 10. In the coming days, I will be working with my staff to set a timeline and develop a plan for increasing state employee pension and health insurance premium contributions. Based on initial discussions, the soonest that the change could appear on state employee paychecks is late August.
>
> "With regard to local government employees, I will also be setting a timeline for pension contributions. However, the timing of changes to the health insurance premium contributions of local government employees will depend on when existing contracts expire and the status of any current contract negotiations.
>
> "We will not be applying the provisions of Act 10 retroactively."

-30-

WISCONSIN DEPARTMENT OF
ADMINISTRATION

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Date: June 10, 2011

To: State Agency Heads

From: Cynthia Archer
Deputy Secretary

Subject: Supplemental Health Insurance Conversion Credit Program

There seems to be renewed interest in the Supplemental Health Insurance Conversion Credit (SHICC) program based on conversations the Secretary and I had with UW officials late last week. I realize the anxiety surrounding this topic so let me reiterate the status of this program.

- There are no provisions in Act 10 that would impact SHICC benefits and at this point there are no provisions in the 2011-13 biennial budget currently before the Legislature that would impact SHICC benefits.

- Act 10 had included a study to evaluate a number of benefit issues, including, but not limited to, the SHICC the program. The study was to be conducted by OSER, ETF and DOA and was to have been due by June 30, 2012. This provision was removed from the bill prior to passage of Act 10.

- There are no plans by the Administration either in pending legislation or in development of the 2011-13 compensation plan that will be submitted to JCOER to eliminate the SHICC program.

I hope the above provides additional clarity.

cc: All DOA Employees

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1564 Van Hise Hall
1220 Linden Drive
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(VIA EMAIL ONLY) June 9, 2011
MEMORANDUM

TO: Chancellors
Provosts
Chief Business Officers
HR Directors/Academic Personnel Officers
AA/EEO Directors

FROM: Al Crist

RE: Update on Conversion of Sick Leave to Pay for Health Insurance after Retirement

I know there is great interest in the status of the two programs that allow employees to convert their accumulated sick leave to pay for health insurance after retirement -- Accumulated Sick Leave Conversion Credit (ASLCC) and Supplemental Health Insurance Conversion Credit (SHICC). I am writing to update you on the status of these programs given recent information I have received.

ASLCC allows retiring employees to convert all of their unused sick leave into a dollar amount to pay retiree health insurance premiums. Since this benefit is provided by statute, it would require legislative action to change it. There is no language in the biennial budget bill currently before the Legislature that would change ASLCC.

The SHICC program allows employees who have at least 15 years of continuous state service to earn sick leave credits in addition to those provided by the ASLCC program. Many employees have expressed concern about the future of this program and may be making important retirement decisions based on uncertainty about whether they might lose a very valuable benefit if they do not retire. Unlike ASLCC, SHICC is an administrative benefit rather than a statutory benefit. As such, it can be changed through a change to the state Compensation Plan. I expect that the Office of State Employment Relations (OSER) will be submitting the 2011-13 Compensation Plan to the Legislature's Joint Committee on Employment Relations (JCOER) in the near future but just when will depend on how quickly the budget is passed by the legislature.

Cynthia Archer, Deputy Secretary of the Department of Administration, has provided me assurance that **the administration does not intend to eliminate or modify SHICC at this time.** Changes to SHICC were not included in Act 10 (the budget repair bill) and are not included in the biennial budget bill currently before the legislature. Further, Deputy Secretary Archer advised me that the 2011-13 Compensation Plan to be submitted to JCOER will **not** include elimination of SHICC.

While there are no immediate plans to modify or eliminate the SHICC program, the governor's administration cannot speak for the members of JCOER.

I will keep you informed as I learn of additional information.

Thank you.

Cc: President's Cabinet

Deputy Secretary Cynthia Archer

WISCONSIN DEPARTMENT OF
ADMINISTRATION

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Date: February 23, 2011

To: Department of Administration Employees

From: Cynthia Archer, Deputy Secretary

Subject: Supplemental Health Insurance Conversion Credit Program (SHICC)

There continues to be rumor and speculation regarding the provisions in the budget repair bill related to the Supplemental Health Insurance Conversion Credit Program (SHICC). As I indicated when I met with many of you, there are NO provisions in the bill that impact benefits under this program. Your earnings under this program are NOT impacted by any provision in the bill.

There is one reference to the program in the bill under Section 9115. The program is referenced as part of a study to evaluate a number of issues, including this program, to be conducted by ETF, OSER and DOA. The study due date is June 30, 2012. This is a study and in no way impacts your benefits. In the event the study recommended any modifications to this program, there would be ample notice since the recommendations coming from the study would be public prior to any action.

I hope this clarifies and addresses your concerns.

STATE OF WISCONSIN
Office of State Employment Relations

Scott Walker, Governor

Gregory L. Gracz, Director

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TTY: Call Relay 711
http://oser.state.wi.us

March 4, 2011

Dear Secretary Huebsch:

The Office of State Employment Relations (OSER) has been receiving many questions regarding the status of collective bargaining provisions once the contract extensions are cancelled effective March 13, 2011. As provided in section 9143 of January 2011 Special Session Senate Bill 11, the Director of the Office of State Employment Relations is afforded the discretion to *"continue to administer those provisions of the collective bargaining agreements that the director determines necessary for the orderly administration of the state civil services system until the compensation plan under section 230.12 of the statutes is established for the 2011-13 fiscal biennium."* Section 230.12(3), Wis. Stats., directs the Director to prepare and submit the Compensation Plan to the Joint Committee on Employment Relations for its approval.

I want to clarify that pursuant to my authority under s. 9143 of the Bill, with the exception of dues deductions, employee health insurance premium deductions, and employee contributions to the Wisconsin Retirement System (WRS), all other provisions of the master Agreements, as well as provisions of local agreements, and other memoranda of understanding and negotiating notes, will continue at least through June 30, 2011. I want to emphasize that current provisions related to items such as annual leave, sabbatical, supplemental health insurance conversion credits (SHICC), and overtime will also continue. Contract provisions that continue will remain in place until a new Compensation Plan covering represented employees is approved by the Joint Committee on Employment Relations. Wis. Stat. s. 230.12(3)

If you have further questions, please feel free to contact me.

Sincerely,

Gregory L. Gracz
Director

cc: Cynthia Archer, DOA
Keith Gilkes, Governor's Office
Eric Schutt, Governor's Office