



QUESTIONS & ANSWERS REGARDING
2011 WISCONSIN ACT 10 (Budget Repair Bill) &
2011 WISCONSIN ACT 32 (Biennial Budget Bill)

The information included in this document applies to all state employees,
both classified and unclassified, including faculty and academic staff.

This document will be updated periodically as additional information becomes available.

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A. GENERAL / COLLECTIVE BARGAINING

A.1. What are the effective dates of the Budget Bills?

Act 10 was effective June 29, 2011 and Act 32 was effective July 1, 2011. Deductions for increased health insurance premiums and Wisconsin Retirement System (WRS) contributions will first be reflected on employees' paychecks dated August 25, 2011 for biweekly payrolls or September 1, 2011 for monthly payrolls.

A.2. Which state employees are exempt from the changes to the collective bargaining law?

The only represented classifications in state civil service that are exempt from the changes to the collective bargaining law are State Patrol Troopers and State Patrol Inspectors.

A.3. What happens to the former collective bargaining agreements once the Acts are effective?

With the exception of dues deductions and other deductions for union sponsored organizations or plans, employee health insurance premium deductions, and employee WRS contributions, all other provisions of the master Agreements, as well as provisions of local agreements, and other memoranda of understanding and negotiating notes, will continue to be honored until a new Compensation Plan is approved by the Joint Committee on Employment Relations (JCOER). Thereafter, all provisions for represented employees, other than base pay rates which continue to be negotiable, will be governed by the Compensation Plan covering represented employees, applicable statutes or administrative code, or agency policies.



A. GENERAL/COLLECTIVE BARGAINING (cont'd)

A.4. By what date must unions recertify?

For state collective bargaining agreements that have expired, the union certification vote must occur three months after the effective date of Act 32. This means that recertification elections, if requested, would take place in October. Also, the Wisconsin Employment Relations Commission (WERC) must assess and collect a certification fee for each election that is conducted.

A.5. Will represented employees have civil service rights?

Yes, there are certain rights all public employees have because they are covered by civil service rules. Many of the rights outlined in the former collective bargaining agreements also exist under the civil service system:

- Right to a harassment/discrimination free workplace
- Right to due process (prior to being disciplined)
- Grievance/appeal rights
- Ability to compete for positions (transfer, demote, promote)
- Protection from discrimination in the hiring process because of political or religious opinions or affiliations or because of age, sex, disability, race, color, sexual orientation, national origin or ancestry
- After passing a probationary period, attainment of a permanent status similar to tenure
- Protection during times of workforce reductions by a clear set of seniority based rules and procedures for both layoff and recall.

A.6. Will represented employees have a grievance procedure?

Until the new Compensation Plan becomes effective, represented employees will continue to utilize the grievance procedure provided in their respective collective bargaining agreement. Once the new Compensation Plan is effective, all employees will utilize the grievance procedure outlined in Chapter 430 of the Wisconsin Human Resources Handbook, currently titled "Grievance Procedures for Nonrepresented Classified Employees." This Chapter is currently under revision and the updated version, covering all classified employees, will be available prior to the effective date of the new Compensation Plan.

A.7. I currently pay union dues. Will I be required to continue to pay union dues under a Fair Share or Maintenance of Membership Agreement?

No, Act 10 allows employees to opt out of paying dues yet still remain a covered employee in their respective bargaining unit. The Act also prohibits the collection of union dues through payroll deduction. Instead, employees may continue to pay dues but will need to follow the payment process established by their respective union.

A.8. When will dues deductions cease being taken from employee paychecks?

Deductions for dues, as well as the purposes listed below, will cease with the pay period ending July 16, 2011 (check dated July 28, 2011) for biweekly payrolls, and July 31, 2011 (check dated August 1, 2011) for monthly payrolls.

- Deductions for COPE, PAC, PEOPLE or other union sponsored organizations; and
- Deductions for union sponsored insurance plans.



A. GENERAL/COLLECTIVE BARGAINING (cont'd)

A.9. What do I do if I want to remain a dues paying union member?

Contact your union for information regarding payment of dues.

A.10. What state classifications are included in the new “public safety” bargaining unit?

State Patrol Troopers and State Patrol Inspectors.

B. COMPENSATION

B.1. When will the 2011-2013 Compensation Plan covering represented employees be available?

It is anticipated that the 2011-2013 Compensation Plan will be submitted to the Joint Committee on Employment Relations (JCOER) for review in October 2011. The Plan becomes a public document once it is submitted to JCOER and will be posted on OSER’s website at that time.

B.2. How will wages be determined and negotiated using the Consumer Price Index (CPI) as a ceiling? Does that mean just pay increases or are other items included such as vacation and sick leave?

The Wisconsin Department of Revenue will determine the average annual CPI which will be used as the cap for collective bargaining purposes. If there is no change or a decrease in the CPI, employees’ base pay rates will be frozen. This applies *only* to base pay rates. The timeframe for CPI calculation for the first set of state union negotiations was established as 180 days prior to July 1, 2011.

Other benefits, such as vacation and sick leave, will be governed by the Compensation Plan covering represented employees, applicable statutes, or administrative code.

B.3. What is the process for Compensation Plan development?

**Updated
8-12-11**

The Compensation Plan is developed by the Office of State Employment Relations pursuant to s. 230.12, Wis. Stats. Once developed, the Plan is submitted to the Joint Committee on Employment Relations (JCOER) for action. At the time the Plan is submitted to JCOER, it also becomes available to the public. The JCOER schedules a public hearing on the Plan and then votes to either approve, **modify**, or deny the Plan. If approved, the Plan becomes effective the first pay period closest to July 1, unless JCOER approves it after that date, and then it becomes effective the first pay period following approval. Individual provisions may have specified alternate effective dates, and travel-related provisions are effective the first day of the month following approval, unless otherwise specified. **If JCOER modifies the Plan, the Governor may, within 10 calendar days, disapprove JCOER’s changes, and that disapproval can be set aside by a vote of six members of JCOER.** If JCOER denies the Plan, it goes back to OSER for modifications.



C. RETIREMENT

C.1. **Will my contribution to the Wisconsin Retirement System (WRS) change?**

Yes, under the Budget Repair Bill, all state employees covered by the WRS, with the exception of current employees holding a position in one of the public safety classifications listed in C.3., below, will be required to pay more. Currently *executive* status employees pay nothing, *general* status employees pay 0.2% of earnings, and *protective* status employees pay 0.8% of earnings. Under the Act, *executive* status employees and *general* status employees will pay one-half of the WRS contribution rate for their status type, while *protective* status employees will pay the same percentage as general employees. For 2011, this means *executive* status employees will pay 6.65% of earnings, and *general* status employees and *protective* status employees will pay 5.8% of earnings. These percentages may change each year based on WRS contribution rates calculated for *executive* and *general* status.

C.2. **When will the new retirement contribution amounts be taken from paychecks?**

Except for public safety employees as defined under C.3., below, increased Wisconsin Retirement System (WRS) contributions will first be reflected on employees' paychecks dated August 25, 2011 for biweekly payrolls, or September 1, 2011, for monthly payrolls.

C.3. **Who is exempt from paying the increased WRS contributions?**

Employees holding a position in one of the following public safety classifications prior to July 1, 2011, will continue to pay WRS contributions at 0.8% of earnings. New employees hired July 1, 2011 or later into a position in one of the following public safety classifications will pay WRS contributions as noted in C.1., above. See definition of "new" employee in C.4., below.

State Patrol Trooper	State Patrol Captain
State Patrol Trooper – Confidential	State Patrol Major
State Patrol Sergeant	State Patrol Inspector
State Patrol Lieutenant	State Patrol Colonel

C.4. **What is the definition of a "new" public safety employee for purposes of the WRS?**

Updated
8-12-11

"New" public safety employees include:

- Individuals new to state government;
- Individuals who leave state service and later reinstate;
- Individuals who were non-public safety employees and become public safety employees.

The following individuals would *not* be considered "new":

- Individuals who move within the public safety classifications (listed in C.3., above) from represented to nonrepresented or the reverse;
- Individuals who are restored to state service or return from a leave of absence, *only* if *both* the position last held *and* the position restored to are in one of the public safety classifications.



C. RETIREMENT (cont'd)

C.5. Will the new retirement contribution amounts be taken from paychecks pre-tax or post-tax?
Updated 8-12-11 Retirement contribution amounts will be taken pre-tax but are subject to Social Security and Medicare withholdings.

C.6. My WRS contribution is based on my WRS-covered earnings. What are my WRS-covered earnings?
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, 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.

C.7. Will the additional health insurance premium and pension contribution amounts affect the three highest earnings years for retirement purposes (i.e., will CY 2011 earnings be less than CY 2010 earnings)?
No, earnings years are based on gross earnings.

C.8. May employees opt out of contributing to the WRS?
No, current law prohibits participating employees from opting out of the WRS.

C.9. Is it true that the retirement formula for some categories changed under Act 10?
The only category of employees that changed under Act 10 is the “executive” category. This category generally includes the Governor, members of the legislature and unclassified executives. 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. There are currently no known or planned changes to the formula factor for protective or general category employees.

C.10. Is the eligibility for coverage under the Wisconsin Retirement System (WRS) changing?
Yes. New hires who were not previously employed by a WRS participating employer will now be required to work at least 1,200 hours per year (increased from the current 600 hours per year) in order to be eligible for coverage under the WRS. Current employees will remain covered under WRS even if they work less than 1,200 hours per year.

The change to WRS eligibility will also affect eligibility for most benefit plans. Eligibility for State Group Health Insurance, State Group Life Insurance and Income Continuation Insurance are all depending on WRS eligibility. Eligibility for optional benefit plans (VSP Vision, Benefits+, Dental Wisconsin, Anthem DentalBlue, AD&D, Individual and Family Life) is dependent on eligibility for State Group Health Insurance.



C. RETIREMENT (cont'd)

C.11. Are there now vesting requirements under the Wisconsin Retirement System (WRS)?

Yes. Individuals who initially become WRS participants on or after July 1, 2011, will be subject to a five-year vesting requirement. A WRS participant will be required to have at least five years of creditable service under the WRS before the employee is eligible for a retirement benefit based on the full value of the employee's WRS account. Employees currently covered by the WRS are not subject to this provision.

C.12. How are LTEs who are currently covered by the Wisconsin Retirement System (WRS) affected by Act 10?

LTEs shall continue to be treated the same as previously for health insurance and WRS purposes, except that they will be subject to the same premium and contribution changes that apply to permanent employees (see question C.8.).

D. HEALTH INSURANCE

D.1. Will my monthly health insurance premium contribution rates change?

Yes. Except for State Patrol Troopers and State Patrol Inspectors, and related classifications (see list of excluded classifications below), the employee-paid monthly health insurance premiums for full-time employees covered by the Wisconsin Retirement System (WRS) are shown below. Rates for Teaching Assistants will continue at 50% of the applicable rates, below; and Trades will continue to pay 100% of the total premium. Eligible part-time employees in less than 50% FTE positions will pay 50% of the *total* premium.

	<u>Monthly Premiums</u>	
	<u>Single</u>	<u>Family</u>
<i>Tier 1</i>	\$ 84	\$208
<i>Tier 2</i>	\$122	\$307
<i>Tier 3</i>	\$226	\$567

Classifications excluded from payment of the increased health insurance premiums listed above include:

- | | |
|-------------------------------------|------------------------|
| State Patrol Trooper | State Patrol Captain |
| State Patrol Trooper – Confidential | State Patrol Major |
| State Patrol Sergeant | State Patrol Inspector |
| State Patrol Lieutenant | State Patrol Colonel |



D. HEALTH INSURANCE (cont'd)

D.2. When will the increased health insurance premiums be taken from paychecks?

Deductions for increased health insurance premiums will first be reflected on employees' paychecks dated August 25, 2011 for biweekly payrolls, or September 1, 2011 for monthly payrolls.

D.3. Will the new health insurance premium deduction amounts be taken from paychecks pre-tax or post-tax?

Health insurance premium deductions are taken pre-tax automatically, unless you elect to have them deducted on a post-tax basis. Your health insurance premium will continue to be deducted on the same basis as it is now.

D.4. Will the increase in health insurance premiums be taken out equally in each check or once per month?

Health insurance premium deductions will continue to be taken from the "A" paycheck.

D.5. Does the Budget Repair Bill change the Supplemental Health Insurance Conversion Credit (SHICC) program in any way?

There are no provisions in either Act that affect benefits under the SHICC program.

D.6. My spouse/partner works for a non-state employer and I am eligible for coverage under his/her health plan. May I cancel my health insurance and go under my spouse's/partner's coverage?

Updated
8-12-11

Yes. If your health insurance premiums are taken on a pre-tax basis, federal tax regulations restrict mid-year changes to your coverage. However, a significant premium cost change *is* a circumstance that permits a mid-year coverage change. You must submit your cancellation notice within 30 days after the cost increase is effective.

Important Considerations if You Cancel Your Health Insurance:

- You may only re-enroll in the State of Wisconsin Group Health Insurance program without any restrictions within 30 days of losing eligibility or employer contribution for other group health insurance coverage.
- **For the remainder of 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 opportunity will not be available after December 31, 2011.**
- If you plan to become covered under your spouse's or partner's health insurance plan, confirm with the plan that you may 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 coverage in force through the State of Wisconsin Group Health Insurance program at the time of retirement, layoff, or death to be able to use sick leave credits to pay for health insurance.



D. HEALTH INSURANCE (cont'd)

D.7. Updated 8-12-11 I do not know if I can afford health insurance due to the increased contribution rates. May I cancel my coverage or change from family to single coverage?

Yes. If your health insurance premiums are taken on a pre-tax basis, federal tax regulations restrict mid-year changes to your coverage. However, a significant premium cost change *is* a circumstance that permits a mid-year coverage change. Your election to change from family to single coverage must be submitted within 30 days after the cost increase is effective.

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 (or cancels coverage), any dependents that lose coverage will *not* be eligible to continue coverage through COBRA provisions.

D.8. I have family coverage for my health insurance and cover a non-tax dependent (or multiple non-tax dependents). May I remove my non-tax dependent(s) from my coverage so I no longer have to pay imputed taxes?

If you will maintain family coverage because you have other eligible dependents, you may only drop your non-tax dependent(s) at the following times:

- Within 30 days of your dependent enrolling in other health insurance coverage.
- Your dependent loses eligibility; for example, turns 27 years old.
- During the annual *It's Your Choice* enrollment period and your dependent's coverage will terminate the following January 1.

If your non-tax dependent(s) is your only dependent covered under your family policy, you can switch to single coverage at any time because the value of the health insurance coverage attributable to the non-tax dependent(s) is taxed as imputed income and IRC Section 125 rules governing pre-tax elections do not apply. The single coverage will be effective on the first of the month on or following your Employer's receipt of your election to change to single coverage.



E. OTHER INSURANCES

E.1. **Since my take home pay will be decreasing due to increased health and WRS contributions, may I cancel or change my other benefits to offset the cost?**

Your ability to cancel other benefits mid-year depends on the contract provisions of the specific plan as outlined below, *and* on whether the premiums have been taken on a pre-tax basis. There is no employer contribution for these benefits; you pay the full premium. Therefore, these premiums are not affected by either Act.

- State Group Life Insurance (SGL): If you cancel coverage under SGL, you can only enroll again through medical evidence of insurability, and acceptance is not guaranteed.
- Wisconsin Deferred Compensation (WDC) Plan: You may stop or change contributions to the WDC plan at any time. Contact WDC at 1-877-457-9327 or go online at <http://www.wdc457.org> to stop/change your WDC deduction.
- Epic Benefits+ (with or without the Vision extension) or Epic Dental Wisconsin: If you have had your premiums deducted on a pre-tax basis, you must continue the coverage for the entire year unless you experience a valid change in status event that allows you to change or cancel coverage. If your premiums have been paid on a post-tax basis, you can change plans or file a cancellation with your employer mid-year.
- Anthem Dental Blue: If you have had your premiums deducted on a pre-tax basis, you must continue the coverage for the entire year unless you experience a valid change in status event that allows you to change or cancel coverage. If your premiums have been paid on a post-tax basis, you can change plans or file a cancellation with your employer mid-year.
- VSP Vision: enrollees must remain in the plan for the full calendar year, under the terms of the contract. If you file a cancellation notice with your employer, cancellation would be effective January 1 of the following year unless you experience a valid change in status event that allows you to change or cancel coverage.
- Hartford (formerly CNA) Accidental Death and Dismemberment (AD&D): you can cancel coverage at any time by contacting your payroll office—premiums are always taken post-tax.

Note: If you choose to cancel an optional insurance plan, you may not re-enroll until an enrollment opportunity is offered by the Plan. Not all benefit plans offer enrollment opportunities annually. New waiting periods may apply.

In the case of a permanent lay-off: You may be eligible for COBRA continuation of VSP, Epic, and Anthem DentalBlue. However, Accidental Death and Dismemberment Insurance (AD&D) has no option for continuation once employment is terminated.

For information about valid change in status events, see pages 24-27 of the ERA benefits booklet at http://etf.wi.gov/publications/era_2011_booklet.pdf.



E. OTHER INSURANCES (cont'd)

E.2. May I make changes to my Employer Reimbursement Account (ERA) elections?

Contributions to your ERA Medical or Dependent Care accounts may only be changed mid-year if there is a change in status event (e.g., marriage, death of spouse, termination or commencement of employment, etc.). If you experience a change in status, you must submit a "Change in Status Form" directly to Fringe Benefits Management Company (FBMC) within 30 days of the change. Link to this form at: http://etf.wi.gov/publications/era_status_chg.pdf.

E.3. Will there be any increases to the monthly costs of benefit plans other than health insurance and WRS?

No. The premiums paid for all other benefit plans will stay the same for the remainder of CY 2011.

E.4. I currently carry union-sponsored dental insurance. Will this coverage continue?

Your union will determine whether or not they will continue to offer these dental plans. Effective with paychecks dated July 28, 2011 for biweekly payrolls, and paychecks dated August 1, 2011 for monthly payrolls, premiums for union-sponsored dental plans will no longer be deducted. If continued coverage is desired, the union must be contacted regarding payment of premiums.

To be clear, this change to the method of premium deduction is *not* an opportunity to enroll in one of the other dental plans available to employees (e.g., Anthem DentalBlue). 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 CY, you will not be subject to applicable waiting periods under certain plans. If you let your union dental coverage lapse, you *will* be subject to any applicable waiting periods.

F. LEAVE

F.1. Will my current sabbatical bank be eliminated or my ability to earn sabbatical leave in the future be affected?

All provisions for represented employees (except State Patrol Troopers and State Patrol Inspectors), other than base pay rates which continue to be negotiable, will be governed by the Compensation Plan, applicable statutes, or administrative code. Until a new Compensation Plan has been approved by the Joint Committee on Employment Relations (JCOER), sabbatical provisions included in collective bargaining agreements will continue.



G. ADDITIONAL INFORMATION

G.1. Where can I find additional information about Act 10 and Act 32?

**Updated
8-12-11**

- Text of Acts 10 and 32: <http://legis.wisconsin.gov/>
- ETF Budget Repair Bill Frequently Asked Questions:
http://etf.wi.gov/news/Budget_Repair_Bill_Whats_New.pdf
- ETF Information for Members About Recent WRS/Group Health Insurance Changes:
http://etf.wi.gov/news/Changes_to_your_WRS_Benefits.pdf
- ETF Video on Health Insurance Changes: http://etf.wi.gov/news/ht_20110808.htm

G.2. Where can I find additional information about the Wisconsin Civil Service?

The Office of State Employment Relations offers a reference center you can visit at:
<http://oser.state.wi.us/section.asp?linkid=29>