

History of Threats to WRS

*What I've said is I'm not proposing any changes at this time... That doesn't mean I won't be open to them",
Gov. Walker, June 25, 2012.*

The Wisconsin Retirement System (WRS) is under assault by Governor Walker and the Republican majority in the Wisconsin legislature. Retirement security including Social Security and Medicare are under attack nationally by Republican reactionaries. **This fact sheet lists the history of Republican attacks and misguided "reforms" on WRS since 2010.**

Why do Republicans want to harm your retirement? The WRS is under assault for three main reasons:

- .1 **Ideology.** Conservative reactionaries oppose social programs that benefit ordinary working people. An example is Rep. Paul Ryan attempts to cut Social Security and privatize Medicare.
- .2 They want to **"privatize" public pension programs by changing them to 401-k style programs** thereby sending millions in extra fees to Wall Street and investment companies from individual annuitants.
- .3 **Divide and Conquer.** They want to undermine public employment and public employee unions because public employees are the last major opposition to the right-wing agenda for Wisconsin. Public employees have family supporting wages and benefits. By pitting public employee benefits vs. private employee benefits they attempt to "divide and conquer."

Under the guise of "reform," the legislature has continued "tinkering" with WRS. These misguided efforts were not based recognized problems with WRS. Usually NO studies of the need or actuarial impact of the proposed changes were done.

"Tinkering" with WRS

2011:

Walker proposed **changing WRS to a 401(k) program with an "opt-out" feature.** He initiated a study to justify this action. The study recommended not changing WRS (July 2012), "The solid foundation upon which the WRS has been built means it is well-positioned to fulfill its intended purposes long into the future."

Act 32 (2011-2013 budget) changed WRS eligibility to 1,200 hours/year and **increased vesting to 5 years.**

Act 113 reduced public employer costs (that is their contributions) for group health insurance by \$28 million further shifting the burden to employees.

2012:

AB 539 to allow new UW System employees to "opt out" of WRS. NOT passed.

2013:

Act 20 made **changes to re-retirement calculation “multiplier”** that reduced benefits for many public servants. It also changed the rules for re-hiring state annuitants to allegedly solved phony issue about “double dipping” by retirees.

2015:

Budget Modifications #999. The Fourth of July weekend attempt to sneak into the budget a change to the legislative oversight committee for WRS. It sought to **change the membership of the Joint Survey Committee On Retirement Systems** to eliminate subject matter experts (the head of ETF and the Insurance Commissioner) and replace with 100% political appointees. **This was a blatant move to politicize the oversight of WRS.** Defeated by wide public outcry over this and other provisions of the budget resolution. POWRS opposed the changes.

Act 55 (2015-17 budget) **Created a \$2,000 incentive for employee opt-out of group health insurance.** Opt-out provisions weaken insurance and retirement programs by reducing younger participants. Insurance works by pooling risk over large, multi-age groups.

AB 397 and AB 398 affected current employees by **adding 2 years to minimum retirement age eligibility and changing benefits calculation to average pay from the last 5 years (instead of current 3 years).** POWRS opposed and it was not passed.

Act 119, **allowed the Joint Finance Committee to intervene in group health plan contracts.** POWRS opposed because this unnecessarily politicizes group health decisions.

Population Shift Impacts on WRS

Continuing budget cuts to public programs and staff are causing **public employees to retire in greater numbers or leaving sooner than desired.** This impacts WRS by having more retirees than anticipated by actuarial planning. State and local employees are NOT being replaced and more of part time and project employees are being used. Fewer participants especially YOUNGER people, weakens programs bases on broad sharing of risk. Less investment money being contributed can impact the performance and stability of the system for future retirees. WRS is strong, fully funded and well managed so it handled these issues. But unintended consequences, especially during market drops like 2008, can happen when political decisions drive changes to retirement and insurance programs.

2017 and beyond

The Walker administration is attempting to “self-insure” public employee health care. This is a risky venture that may not produce the hoped for savings. Again and injury to one (current employees) can be an injury to all by undermining the current successful program.

The legislature will probably be back trying to pass WRS rule changes related to vesting period and formula benefit. Current public employees and teachers should remain vigilant to politically motivated threats your retirement security. **We all must be ready to ACT in protecting WRS, Social Security, Medicare and group health insurance.**

Written by Protect Our Retirement Security (POWRS) which is a statewide working group of volunteer citizens concerned with retirement issues. POWERS advocates for the protection of the existing public retirement programs and enhancing retirement security for all Americans, including stronger and better retirement options for private sector employees and businesses. This is NOT COPYRIGHTED material and may be used freely to educate and promote action on this issue.

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