

Republicans yank budget proposal to change state retirement system oversight panel

5 HOURS AGO • BY [JUDY NEWMAN](#) | [WISCONSIN STATE JOURNAL](#)



Swift and strong outcry from current and retired public employees prompted majority Republicans in the Legislature on Tuesday to eliminate a state budget provision that would have changed the makeup of a committee overseeing the Wisconsin Retirement System.

Under the proposal, added to a catch-all state budget amendment adopted by the Legislature's budget committee last week, the Joint Survey Committee on Retirement Systems would be made up solely of elected officials:

five senators and five representatives.

Current law calls for the 10-member panel to include three senators and three representatives, with two of each from the majority party and one of each from the minority party; an assistant attorney general; a member of the public, chosen by the governor, who does not participate in a public retirement system in Wisconsin; the state insurance commissioner or an actuary from that office; and the secretary of the Department of Employee Trust funds or a designee from that office.

"This proposal opens the door for political manipulation and corruption," Kathleen Marsh wrote on the Facebook page for POWRS, Protect Our Wisconsin Retirement Security. "The ruling party would have complete control over reviewing and recommending changes to the WRS."

The Joint Survey Committee on Retirement Systems was set up as a result of a law passed in 1947. Its role is to evaluate any changes the Legislature proposes "that would create, modify or in any way provide for the retirement or payment of pensions to public employees," according to a summary by the Legislative Fiscal Bureau.

Among other things, the committee examines the cost of any such legislation, its effect on contribution rates to the Wisconsin Retirement System and the potential impact on the actuarial soundness of the system.

Dick Kratz, Stoughton, secretary of the Wisconsin Coalition of Annuityants, said public employee retiree groups spread the word quickly about the budget proposal.

"I sent out in the neighborhood of 500 emails, and the Wisconsin Retired Educators' Association probably sent a couple thousand," Kratz said. "So the networking really went wild."

Every legislator's office has been "inundated with phone calls and emails from current and former (public) employees," said Rep. Jon Erpenbach, D-Middleton. He said his office received at least 200 by midday Tuesday.

Kratz said creating a committee made up only of politicians would have removed the expertise of the Department of Employee Trust Funds, which handles the benefits. "It's been working really well so there's really no need to change it," he said.

Beyond that, public employees, active and retired, were concerned that the move represented the first step in an effort to eliminate the Wisconsin Retirement System "and get it into the private sector," Kratz said.

"I just had a feeling all along they would like to have 401(k)s rather than the retirement system that they already have," he said.

In 2011, Gov. Scott Walker and the Republican-controlled Legislature called for a study of the state's retirement system and a report on the idea of allowing a 401(k)-type alternative and making it optional for public employees to pay into the system.

The report, issued in 2012 by Walker administration appointees and the Department of Employee Trust Funds, warned against those changes, saying they could be costly to taxpayers and employees and could result in decreased benefits to retirees.

The joint survey committee was not involved in that report, nor did it play a role when in late 2012, the Wisconsin Economic Development Corp. asked to use \$200 million from the state's pension program to invest in startup businesses. The State of Wisconsin Investment Board, which manages the pension funds, turned that down.

In fact, the committee rarely meets, said Erpenbach, a member of the panel. Even so, he said, its makeup is significant.

"It's extremely relevant," he said. "There are certain issues that should be nonpartisan; this is one of those."

In light of the strong response, the provision will be taken out of the budget proceedings, Miranda Tanck, communications director for Senate Majority Leader Scott Fitzgerald, confirmed Tuesday.

She did not say which legislators proposed the provision, which was among dozens of changes lawmakers anonymously added to the budget amendment last week.

A spokesman for the Department of Employee Trust Funds said the agency had not been concerned about the proposal.

"We would continue to have a working relationship with this committee just as we do with any other legislative committee," said Mark Lamkins.

The state of Wisconsin investment board has not dealt with the committee spokeswoman
Micki Leary said.

The Wisconsin Retirement System is the ninth-largest public pension fund in the U.S. Its
trust funds total \$1.5 billion as of June 30 and its benefits cover more than 500,000
current and former public employees statewide.