



SEA View

Volume XXXIX / No. 9

October 2009

From the President

Counting our blessings, getting back to business



Mark Klipstein

Those of us who are members of the State Engineering Association have it better than the vast majority of American workers.

To some ears that might not sound right, after all the "temporary" lay-offs and contract shenanigans and outsourcing fiascoes we're being made to endure lately as public employees. But it is right, and in a very important way. Let me explain.

I don't mean to suggest that SEA members have it better in every way than our professional counterparts who work for the private sector. Studies show that public engineer compensation has lagged relative to comparable positions in business. That helps explain why the state has such a hard time attracting capable talent to replace employees who retire or who move on to greener pastures

Turn to page 2

SEA VIEW SCHEMATIC

From the President: *Much is wrong with the way civil servants are being treated by government these days but in some ways SEA members are still better off than many working Americans* 1

Legislative Update: *Activity in the halls of the Capitol make it very clear legislators agree with SEA that state outsourcing practices are at best questionable.* 5

NEWS BACKGROUND: *Facing temporary lay-offs, SEA members are part of a very large trend caused by the struggling national economy* 7

SIGN UP FOR SEA ANNUAL MEETING 6

Retirement and Health reports:

Wisconsin Coalition of Annuitants 9
State of Wisconsin Investment Board 10
Employee Trust Funds Board 12

SEA Board meeting report 14

? Puzzling Puzzler: *Knock yourself out* 18

©2009 SEA / All rights reserved. Third parties are hereby given permission to quote or excerpt articles from this newsletter with proper attribution. Editor: Ron Legro



Nor do I mean to suggest we SEA members work in the best of all possible worlds. The mission has been challenging and frustrating. The state overlooks the real bargain that our members represent. We work hard, in part because we know the terrain and in part because, as citizens and taxpayers, we care about our fellow Wisconsinites.

Even so, the current administration tries to fix a structural budget deficit by leaning on its considerable talent pool to agree to wage concessions and furloughs. Then it turns around and spends millions of unnecessary dollars hiring expensive private consultants to take on our work.

Despite all that, the reason SEA members fundamentally have it better than most is that, unlike an increasing number of America's workers, we are organized. Because we are in a bargaining unit, we have unusual collective power to do something to redress problems afflicting our workplaces, our careers and the quality of public service to the people of Wisconsin.

Now, the mere fact you are in a bargaining unit doesn't mean you will always get what you deserve or want. As any labor historian will tell you, belonging to a labor organization vastly improves your chances of getting a decent deal from your employer, either in the public or private sector.

But in order to realize success, it's not just enough to pay your member dues and expect all good things in return. Dues keep the doors open, paying rent, fees and utilities, but there's a lot more than that to running a successful labor organization. What really makes organized labor successful is committed members who will invest a bit of their valuable personal time to work for change.

SEA has many dedicated and committed members who already sacrifice recreation and family time to volunteer on behalf of themselves and their colleagues. It may be by serving as an officer, or by volunteering to call legislators or write letters to newspapers. There are many other ways to contribute, large and small. The bottom line is that any labor organization's success depends on the sweat equity added by its members.

I am confident that, in the end, SEA will be once again be as successful as it has been in the past in resolving a reasonable bargaining agreement and getting our due -- in large part because our members are united, patient and committed. But this task is a never-ending story, which is why we always need new faces and new ideas.

The bad news, of course, is that the state administration continues to pursue policies that threaten not only our work conditions and compensation, but also hurt the public we are mandated to serve. Rather than collaborate with SEA to reach a quick agreement on furloughs, your state government simply refused to talk, instead unilaterally deciding to put each of us on "temporary" lay-off.

THE REASON SEA MEMBERS FUNDAMENTALLY HAVE IT BETTER THAN MOST IS THAT, UNLIKE AN INCREASING NUMBER OF AMERICA'S WORKERS, WE ARE ORGANIZED. BECAUSE WE ARE IN A BARGAINING UNIT, WE HAVE UNUSUAL COLLECTIVE POWER TO DO SOMETHING TO REDRESS PROBLEMS.

Turn to page 3



Your Association is continuing to work hard to resolve these matters with the help of our legal counsel. But remember: Your elected SEA leaders at the section and state level are like ball handlers in a football game, who are skilled at moving the first-down markers and getting a score. But those players can't push forward without an offensive line made up of hard-working blockers, a consistent offensive scheme, and solid team play.

There is much each SEA member can do to help us push the ball up the field. I've outlined in four recent special messages what you should do in reaction to the state's play to impose temporary lay-offs. The most important thing is to file away any lay-off messages management sends you. The other important thing is to apply for unemployment compensation for every day you are laid off. The state's unemployment compensation web site -- <http://www.dwd.state.wi.us/ui/> -- has all the facts.

But what about the larger mission? How do we get the state to re-think it's unwise outsourcing push? How do we arrive at a new contract that is fair and timely? What can we do to improve state services and stop disruptive, wasteful furloughs and lay-offs? For starters:

* **Remember: Knowledge is power.** Continue to stay in touch with your colleagues through our web site, this newsletter, section meetings and other venues. Don't hesitate to communicate your questions, concerns and suggestions to your section officers. We don't have all the best ideas or answers. And remember: You are the Association's eyes and ears in the workplace. Help your section officers know what's going on.

For example, there will likely be some state office buildings where all state workers will be off on a furlough day except for SEA members, who will be laid off on other days. Of course, SEA-represented staff will have to be supervised on those days, even though the buildings will officially be closed. Let us know how this is working. Are consultants in your building on furlough or lay-off days? We need your reports.

* **Attend the SEA annual meeting Nov. 6 and 7 in Eau Claire**, where there will be plenty of discussion on these issues and the chance to compare notes, gain insights and come up with fresh ideas. See more information on the meeting elsewhere in this newsletter.

* **Keep right on being a professional.** It can be hard to maintain your edge when things are going wrong around you. But that will pass. Stay focused on your work, and patient as your board pursues these complex and convoluted issues.

* **Stay patient, but be active.** Let the public know what's going on. State employees are a valuable resource, especially in these critical fiscal times when it's the government that serves as the rescue vehicle of last resort. We state

AS ONE SEA MEMBER ASKED IN AN OPEN MESSAGE: "ARE WE BEING SET UP TO FAIL?"

Moving? Since we no longer send many copies of SEA View through the mail, it is difficult to track members who have moved. If you have a new address, please contact the SEA office so we can continue to send you mailings.



employees don't want to be laid off; we want to get important work done, work that will improve the economy and the quality of life for every resident of this state. Tell your legislators that. Tell your neighbors that. Tell each other that. Tell your local newspaper that. Help us get the message out.

And remember: **We're all in this together.** Whether it's furloughs, lay-offs or wage give-backs, most every state civil servant is targeted for some kind of compensation hit.

That hit might be easier to accept if it weren't increasingly obvious that third parties beyond the public sector are continuing to profit from our sacrifices. In this respect, we are in the same boat as most taxpayers, watching government make politically convenient but fiscally irresponsible policy choices that turn out to hit mainstream citizens the hardest.

Crazy-making state policies The need to implement furloughs and lay-offs quickly, yet in some rational manner, has caused all sorts of confusion and demoralized staff at a critical time. After all, the federal government has injected billions of dollars into state and local governments in an effort to kick-start the economy.

These recovery projects are supposed to launch in a hurry and be done promptly and efficiently. You can forgive state employees from feeling as a result of this push and the contrary mandate to take unpaid time off that they're between a rock and a rock crusher.

Agency managers have in many cases tried their best to work all this out, but the methods are by necessity convoluted, as everyone tries to square the circle. The inevitable result? Some work will be delayed, left undone, or done with insufficient oversight.

But worse, this gross disruption in work flow is also completely distracting and hugely demoralizing. In one memo, DNR human resources personnel wrote that managers should "**please remember to stagger your employees for coverage.**" The memo meant that schedules should be staggered, but the fact is that state employees overall and SEA members in particular are *literally* staggered by the confusion, not to mention significant lost wages.

Employees worry that, if they make a mistake under duress or can't complete an assignment on time because resources are down, that will reflect poorly on them and might even be used as an argument to push even harder for more private consulting, accelerating the trend that helped get us here in the first place. As one SEA member asked in an open message: "Are we being set up to fail?"

Well, not if SEA can help it. We want a contract; we do not want lay-offs or furloughs, and we do not support additional outsourcing. But the reality is that all of us are going to have to ride out some rough times.

WANTED: Your comments, calendar items

What's going on in your area? Are members in your section doing great things, either at work or off hours? What's going on in your neck of state government? SEA View readers want to know. **Share your ideas, opinions and suggestions. SEA View will print guest columns from members as space allows.**

We're also interested in your feedback and suggestions. How are we doing? Got a take on an issue of interest to members in general? Email sea_wis@yahoo.com



SEA represents all of its members, and we have had a good track record. SEA continues to have the **lowest dues of any state bargaining unit**, and the provisions of our signed contracts are often used as models for other bargaining units. No wonder the state's bargaining team prefers to avoid us. But that can't last forever, either.

BARGAINING. We're going to have another session on Oct. 15. Your officers continue to push for a resolution to the log jam, and we have extended many olive branches. At some point, the state will have to grasp our commitment to a fair and honestly bargained deal. So far, it is SEA doing all the reaching out, but no one should mistake our open hand as a sign of weakness.

We've been here before, and we'll get it done again. A new head of bargaining at OSER, recently named by the governor, at least offers the chance of a fresh approach. We'll continue to keep trying to move the ball, and we'll keep you informed every step of the way.

Respectfully,
Mark Klipstein

The State of Wisconsin Investment Board's decision to award bonuses to pension fund managers despite billions in 2008 losses is making national headlines. The Associated Press reported that 48 out of 64 investment staff members were approved for bonuses totaling \$1.7 million, deferred until at least 2011. The AP said one senior portfolio manager would receive \$150,500 if he stays past 2011 and three others could get \$100,000 or more.

"That's hard to understand," James Kurtz, 69, a retired DNR lawyer whose monthly benefits dropped by \$100 in May, told the AP.

A SWIB spokeswoman said some retirees registered their unhappiness over the bonuses. She told the AP that the employees still exceeded investment goals despite the terrible economic fall-out.

More in SWIB Board report, page 10.

Pushing the state to do better

Hi all. It's been busy since our last newsletter. We are continuing to do follow-ups with our legislative representatives. We sent group letters and we have asked section presidents to follow up on them. We all need to continue to communicate at every opportunity with our legislators about the status of our contract, temporary layoffs, good government and the excessive outsourcing that is going on in many state agencies.

Legislative Update

By Tim Hanley
Second Vice President

On Sept. 9, State Rep. Roy introduced a "Smart Furlough" bill in the Assembly. The bill seeks to improve on the poorly thought out furloughs that Gov. Doyle ordered. Rep. Roy represents the 81st District which is in Dane County. I encourage members who are in Rep. Roy's district to contact her to discuss and support her bill. It is clear that the temporary layoff facing SEA members is going to cost the state money – a lot more money when the state outsources more work to keep projects on schedule.

Interestingly, we've seen a letter that State Sen. Julie Lassa received from the DOT secretary indicating the department is not using consultants to replace SEA employees on temporary layoff. I would say most employees might find this to be very suspect, since the DOT is outsourcing almost 70 percent of its engineering work and almost 25 percent of its information technology work.

Turn to page 6



Consultant contracting continues to flow and do not show signs of decreasing. In fact, the DOT is currently considering reorganizing and potentially going to an even larger outsourcing percentage. Also, SEA has found that DTSD has approximately **\$56 million** of staff consultant contracts currently in place. At the very minimum, the DOT secretary is mis-characterizing what is really going on in DOT contracting in his response to Sen. Lassa.

SEA has been following the work of the Joint Legislative Audit Committee which held a hearing on Sept. 30 to follow up on the audit report regarding DOT construction engineering and staffing. Two of the more interesting parts of this robust hearing were the discussions on DOT staffing and the DOT secretary's absence.

It was clear the legislative body was not happy with the secretary's excuses. Lots of questions came up about the DOT's excessive contracting out and the extra cost of this choice the executive branch has made. It was also clear that other agencies are outsourcing work, too.

Three SEA members attended, providing testimony. It was a good hearing. If you would like to know more please go to the WisconsinEye.com web site's video-on-demand page and click "watch" on the item entitled: "09.30.09 Joint Committee on Audit."

If you want to focus in on some specific discussion related to SEA, check these time slots: 1:02:00 and 2:15:00 are the best with other highlights at the following time slots: 1:02:00, 1:04:00, 1:10:45, 1:12:00, 1:14:15, 1:19:40, 1:25:35, 1:26:20, 1:28:20, 1:34:00, 1:45:30, 2:03:20, & 2:12:00. (Special thanks to Tony Allard for sharing this information.)

Wisconsin Eye is really a valuable resource for citizens to stay connected with hearings and the business at the capital. The committee co-chair indicated they are going to hold another hearing when the DOT secretary can be available to testify. I encourage as many members as possible plan to attend that hearing. I will let your section presidents know when I hear the schedule date.

Leader found I want to take a moment and point out the good work of Carolyn Gellings, SE section president. Carolyn is working to organize a volunteer day for SEA employees when they are on temporary layoff to help out others in the community. Great idea. I would like to encourage members to participate in this event or to look for an event in your local community. Good job, Carolyn!

You, the members can make a difference. Don't underestimate your power. I challenge you to give it a try!

Respectfully,
Tim Hanley

Still time to reserve for SEA annual meeting

The Eau Claire Section will be hosting the SEA 39th Annual Meeting the weekend of Nov. 6-7.

The meeting will be held at the Metropolis Hotel, located just off I-94 at exit 68 (Wis 93).

All members and their families are invited to come and enjoy a great fall weekend in northwestern Wisconsin.

With recent events, this will be a great opportunity for members to meet the SEA Board of Directors and voice your opinions to the board as well as meeting other members from across the State.

The SEA Classic Golf Tournament and a Leinenkugel Brewery tour have been added to the agenda.

Download the registration form at www.wisea.org by going to the special annual meeting page. Rooms are \$116.90 per night; there is a mix of two queen-size beds or one king-size bed.

Contact Dave Solberg (715) 833-7169 for further information.

Mark your calendar and we hope to see you there.



FRAGGING ECONOMY

How a dangerous fiscal downturn hurts states, citizens, public employees and the nation – and what to do about it.

The best way to understand the challenges facing public workers may be to understand what's happening with the US economy in general. Right now the economy remains in dire straits, even though the government has, through unprecedented and to some extent controversial efforts, managed to prevent the financial sector's melt-down a year ago from turning into another Great Depression.

News background

According to Dean Baker, co-director of the Center for Economic and Policy Research, the US economy lost more than 260,000 jobs in September 2009, with the national unemployment rate reaching 9.8 percent (Wisconsin unemployment ran slightly behind). Specific to adult men, a 10.3 percent unemployment rate was the highest rate since the Great Depression. And real wages are still headed downward.

Baker noted that state and local governments nationwide are now laying off many public workers in reaction to huge budget deficits created by the recession and by severe losses in property tax revenue due to the collapse of the housing bubble. Which is to say: SEA members are part of a very large trend.

That development comes despite the fact that the Obama administration's stimulus package passed in February actually did work, according to Baker. He said states would be furloughing or laying off many more people for longer had it not been for federal funds pushed into "shovel ready" projects and other program aids, representing nearly a trillion dollars provided through the American Recovery and Reinvestment Act -- often referred to as ARRA by states spending the money.

Trouble is, Baker added, the ARRA stimulus wasn't big enough. Along with an increasing number of economists, Baker said another large federal aid package is going to be necessary to get enough people back to work. And that's going to be politically difficult to attain, especially in the 2010 election year.

Meanwhile, growing evidence suggests, public civil servants at all levels are, across the country, now joining the ranks of America's financially burdened.

SEA members, for example, have been and remain decidedly middle class. And according to most economic indicators, it's middle-class people who are -- along with low-income Americans -- really taking a beating in this recession. Across the nation, white-collar, college-educated professionals are suffering financially as they never have before. Public-sector workers are, however, in some cases taking a bigger hit than their private-sector counterparts. Partial evidence of that can be

Turn to page 8



found in the halls and offices of Wisconsin state government.

Recently, for example, the Wisconsin Department of Transportation set out \$22.5 million for statewide traffic engineering master contracts, used for work orders issued on an as-needed basis. Private consulting firms seeking the contracts sent representatives to DOT offices to interview for the work. Between sessions, one of those reps chatted up a SEA member.

The rep said that rates his firm charges the state would need to be updated to account for the salary raises that he and his colleagues had recently received. The SEA member replied that it must be nice to get a raise in this poor economy.

The rep's comments contrast with the state-imposed cutbacks afflicting SEA members and most other state workers. The state has made noise about trimming private outsourcing (despite real trends to the contrary), and talked about cutting by three percent the dollar value of private contracts it has already signed.

Those pronouncements seem meant to demonstrate that private consultants and not just state workers are being made to help cover the state's budget deficits.

Then again, one agency supervisor recently revealed to SEA members that DOT would ask for tens of millions of dollars more to hire additional consultants, the goal being to ensure the agency delivers highway projects on legislative-mandated schedule.

The rationale? State staffing was already below full strength. Now, furloughs and lay-offs make it even more unlikely that beleaguered state employees will be able to keep up with increased work and hurried ARRA-funded work. Then there's the fiscally untidy truth that some state workers are getting overtime to compensate for the absence of colleagues.

But it isn't just that the state's staffing cutbacks are inefficient. It's anecdotal evidence from employees that they are disrupting work flow. Even before lay-offs begin, the need to devise complicated new work schedules means staffers are forced to deflect attention from actual work that benefits the public, and instead spend time trying to figure out how to arrange their own unpaid absences.

Thus, instead of executing project management plans to get real work done, state employees and their beleaguered managers are spending time devising project management plans to, in effect, *prevent* some work from getting done. The permutations are so complex that agencies are employing spreadsheets to solve work-flow problems.

If economists like Dean Baker had their way, something different would happen: Instead of employing more spreadsheets to cut staff, Wisconsin and other states would be employing more staff with temporary help from the federal government, to help ease the unemployment crunch and end the recession sooner. -- RL

**THE REP SAID
RATES HIS FIRM
CHARGES THE
STATE WOULD
NEED TO BE
UPDATED TO
ACCOUNT FOR
THE SALARY
RAISES THAT HE
AND HIS
COLLEAGUES
HAD RECENTLY
RECEIVED.**



Retirement and Health Insurance Report

by Bob Schaefer, SEA Retirement & Health Insurance Representative

WISCONSIN COALITION OF ANNUITANTS BOARD MEETING – Sept. 16, 2009

Following is a summary of the items discussed at the September, 2009 WCOA meeting. Additional details are available upon request.

Sandy Drew, legislative and beneficiary liaison for SWIB, made a presentation covering several topics. SWIB’s investment performance has shown steady growth over the last few months. Additional information can be found in the most recent Wisconsin Retirement System (WRS) newsletter, available online at: http://etf.wi.gov/publications/tfn_20090901.pdf.

The following table shows the potential adjustments the Core Fund will take depending upon year end investment performance.

Core Effective Rate/Annuity Adjustment Projections				
If SWIB’s net investment return on 12/31/09 is...	27.9% to 30.7%	10%	0%	-10%
...the Core Effective Rate will be...	5.2% to 5.6%	2.2% to 2.6%	0.6% to 1.0%	-0.5% to -0.9%
...the Core Annuity Adjustment will be...	0.0%	-3.1% to -3.5%	-4.5% to -4.9%	-5.9% to -7.3%

The Legislative Audit Bureau (LAB) completed an audit of agencies using purchasing cards. SWIB is normally evaluated by LAB every six months as a matter of normal operations. One issue involved a change that will be made to SWIB’s travel policies regarding flights.

The incentive compensation plan was revised and discussed in the SWIB report. Ms. Drew also noted that SWIB will be completing a strategic planning meeting in October as noted in the SWIB report.

Lastly, DOA gave authority to recruit 3.5 positions, which remain unfilled. The Senate recently confirmed nominations for three trustees. Only one will be new. **Bruce Colburn** of Milwaukee County is director of the Central States Property Services Division for the Services Employees International Union (SEIU). He has served as a trustee and fiduciary for several trust funds, including the Milwaukee County Transit System pension funds, and was previously in a limited partnership investing in real estate properties. Some WCOA members raised a concern about the appointment of Mr. Colburn.

Sari King, administrator, Division of Retirement Services, Department of Employee Trust Funds, (ETF), provided a few additional updates. The newsletter printer reversed the first and last names on mailing labels and about 35,000 letters had to be re-sent. ETF will provide ETF News only three times per year and “It’s Your



Benefit” once per year. Many of the forms and videos will be changed this year to reflect the language in the statute regarding domestic partners.

As reported in an earlier newsletter, “It’s Your Choice” will be provided in two parts, a Decision Guide and a Reference Guide. Hard copies will be sent to retirees but only electronic copies will be provided to current state and university employees. Both will be on the Internet. The electronic version will be updated annually.

ETF received a number of phone calls regarding the tax changes that went into effect on May 1 and then again when the tax tables were changed on July 1. Individuals can no longer specify that a cash amount be withheld from checks. ETF is considering providing separate state and federal tax withholding forms in the future.

The bill eliminating the variable fund has not been introduced at this time. ETF still expects the bill to be introduced before the end of the year so that timely implementation of the change can be made.

Beginning Oct. 5 and for the following three weeks, ETF will extend the hours of its call-in center from 7:45 am to 5:30 pm on Mondays and Tuesdays. Normal hours are 7:45 am to 4:15 pm.

– Bob Schaefer

STATE OF WISCONSIN INVESTMENT BOARD MEETING – Sept. 8-9, 2009

Following is a summary of the items discussed at the September, 2009 State of Wisconsin Investment Board (SWIB) meeting. Additional details are available upon request.

Keith Bozarth, executive director of SWIB, invited members of the Wisconsin Coalition of Annuitants (WCOA) to a special meeting on Sept. 8 to discuss the new compensation policy for SWIB staff. Four significant items were discussed.

Revisions to the Incentive Compensation Plan: Even though the fund had negative returns, some of the staff did perform very well and reduced the overall impact that was felt by the members. Those staff members will not receive additional compensation until SWIB achieves a year of positive returns.

The number of persons eligible for the 2008 incentive compensation awards was greatly reduced because of the overall performance of the fund. Top officials declined individual awards.

The amount set aside is based primarily on the out-performance of five-year benchmarks which measure the performance against market returns.

An incentive program is necessary to retain experienced staff if the fund is to continue to improve. The amount of the incentive will be set aside and issued at a later date, up to two years after it is earned depending upon how the fund improves.

Mr. Bozarth wanted to be sure that the WCOA was aware of the proposals ahead of time since the SWIB Board would be voting on the issue the next day. WCOA members present raised several questions that needed some additional analysis but did not really change the overall proposal. Mr. Bozarth said he appreciated the number of persons that came to the meeting, the questions and comments.

Turn to page 11



Following the meeting, WCOA Board members, SWIB staff, ETF staff, and the public were invited to a presentation by Dr. Francois Trahan, head of Portfolio Strategy & Quantitative Research for ISI-International Strategy & Investment. His presentation centered on the history of asset bubbles like the one that just occurred and others in history.

He said there are three phases to an asset bubble. Pre-Bubble environment allows for easy money, has strong economic growth and general prosperity. The bubble peak fosters speculation, inflation pressures accelerate and as a result money supply tightens. The post-bubble environment will see asset prices collapse and an economic downturn and an easing of policies to solve the problem.

He said there have been several of these speculative bubbles in history. The problem is that we have had two major bubble collapses in this decade. The concern is what current policies that are being put in action today might set up the next bubble. The current government response may have been just a little more than was needed and money supply growth is now rising at a record pace. As George Santayana stated, "Those who cannot learn from history are doomed to repeat it".

The regular meeting of the SWIB board took place on Sept. 9. One of the major focuses over the last several months is positioning SWIB investments in such a way so as to maintain a desirable level of returns while at the same time avoiding the extreme losses when the bubble collapses. SWIB has put in a lot of time and effort on this topic and is in the process of re balancing the fund.

A review of the Core and Variable Fund re balancing policy was the topic of several presentations made to the board. The next board meeting will be a two day retreat to evaluate several strategies for SWIB for the next investment cycle. That meeting will be held on Oct. 7 and 8.

The following information was obtained from SWIB regarding the status of the fund.

	June Percent Gain or Loss by Fund	July Percent Gain or Loss by Fund	Aug. Percent Gain or Loss by Fund
Core Fund	4.4%	10.8%	14.2%
Core Fund Benchmark	3.7%	9.4%	12.5%
Variable Fund	8.1%	17.2%	21.5%
Variable Fund Benchmark	7.0%	15.9%	20.1%

	June, 2009 (millions of dollars)	July, 2009 (millions of dollars)	August, 2009 (millions of dollars)
Core Fund	\$59173	\$62507	\$64212
Variable Fund	\$4125	\$4463	\$4618
Total	\$63298	\$66970	\$68830

*Preliminary Results – All values are year to date.

– Bob Schaefer



EMPLOYEE TRUST FUND (ETF) BOARD MEETINGS – Sept. 17, 2009

Following is a summary of the items discussed at the September, 2009 ETF meeting. Additional details are available upon request.

The following information was presented at Joint informational Meeting, State of Wisconsin Teachers Retirement, Wisconsin Retirement and Employee Trust Funds Boards, Wisconsin Retirement Board, Teacher Retirement Board, and Employee Trust Funds Board. All the meetings are held on the same day, time permitting.

Two proposed rule changes were introduced to all of the boards for consideration and approval.

- amend ETF 11.11 relating to legal counsel advising the boards that are attached to ETF while a board considers a final decision pertaining to an appeal. The proposed revision would allow board staff to arrange for legal counsel for the boards as deemed necessary and in accordance with s. 40.03(3), Stats. The proposed change will provide the boards with additional flexibility in using legal counsel services.
- amend s. ETF 11.15(4) relating to the agent for service of process upon the boards that are attached to ETF. The proposed rule will improve the procedure for receipt of such service by increasing the number of positions authorized to accept service. Currently only the secretary and chief legal council can accept the service of process.

Both rules were passed by all the boards present and will be forwarded to the Group Insurance and Deferred Compensation Boards for their consideration. If approved, the proposed rules will be forwarded to legislature for approval.

The actuary presented the 2008 Gain/Loss Analysis Among Active Members. The objective of a gain and loss analysis is to determine the portion of the change that is attributable to each risk area. Some of the areas that are considered risks are: normal retirements, early retirements, deaths, disabilities, and other separations. These are used to make projections and to determine if the fixed estimated annual rate of return, currently estimated at 7.8%, is accurate or should be raised or lowered. The information was a one-year snap shot and the actuary made a point that the long-term trends, which are the basis of actuarial assumptions, are what really drive the decision process.

Some of the results are as follows:

- Normal retirements were fewer than normal and produced a small gain.
- Early retirements were less than expected and produced a small loss.
- Disabilities were less than expected and produced a gain in most groups.
- Other separations varied by group and produced an actuarial loss.
- All together the four items produced a small actuarial loss in 2008.

Another area considered is the economic aspect of the retirement fund. As readers can surely guess, investment return activity produced a low for all groups. On the other hand, pay increases were less than expected in most groups and therefore produced a small gain. Overall the plan experienced a net loss of \$1.1 billion. As a result, the total normal cost contribution increased for all valuation groups.

Several bills are still being considered by the legislature that may impact ETF operations. SB 88/AB126 deals with purchasing creditable service for all years of active military service subject to certain conditions. A hearing was held but no action was taken. AB199 would classify various employees as protective-occupation employees



for the purposes of the Wisconsin Retirement System. This bill has not had a hearing and carries a very high cost to the fund. AB337 provides that a participating WRS employer who is subject to the Municipal Employment Relations Act may not pay, on behalf of any employee who first becomes a participating employee on or after the bills effective date, the fist 3% of earnings of an employee’s required contribution. This bill does not affect state employees but if passed could set a precedent for making it apply to state employees. The bill has not had a hearing at this time. As reported earlier, a bill to close the Variable Fund has not been introduced at this time. It does have the support of ETF and the Co-Chairs of the Joint Survey Committee of Retirement Systems.

The Furlough-Office Closure has already been implemented over the Labor Day Holiday. The DETF was closed on the Friday before Labor Day. Additional closures are as follows and can be found on the ETF web site.

2009	2010		2011
September 4 (furlough)	January 1 (holiday)	September 6 (holiday)	January 17 (holiday)
September 7 (holiday)	January 18 (holiday)	October 11 (furlough)	February 21 (furlough)
October 12 (furlough)	February 15 (furlough)	November 25 (holiday)	May 27 (furlough)
November 26 (holiday)	May 28 (furlough)	November 26 (furlough)	May 30 (holiday)
November 27 (furlough)	May 31 (holiday)	December 24 (holiday)	
December 24 (holiday)	July 2 (furlough)	December 31 (holiday)	
December 25 (holiday)	July 5 (holiday)		
December 31 (holiday)	September 3 (furlough)		
September 4 (furlough)			

DETF intends to have domestic partner information available on the web site by Oct. 5 to coincide with the open enrollment period for health insurance. DETF newsletters will be coming out less frequently as was reported at the WCOA meeting.

The actuary recommendation for health insurance premium rates for the self insured plans and prescription drug benefit program were approved at the August ETF Board meeting. The state Standard and state Maintenance Plan will increase by 9%. The Medicare Plus One Million plan will increase by 6%. The increase in the Standard and Maintenance plans would have gone up only 7% but the additional changes requested in the budget bill to cover Autism, health coverage to age 27 for students, Hearing Aids and Cochlear implants for dependents under 18 and a few other additions increased the rate by the additional 2%.

Some other dates to remember for open enrollment are:

- Employee Reimbursement Accounts – Oct. 5 to Nov. 13
- Dental Blue – Oct.5 to Nov. 13
- VSP Vision Care Plan – Oct. 5 to Nov. 13
- Health Insurance – Oct. 5 to Oct. 23

SENATE BILL 320 – available in full at <http://www.legis.state.wi.us/2009/data/SB-320.pdf>

An Act to amend 40.04 (7) (a) (intro.) of the statutes; relating to: participation in variable annuity program under the Wisconsin Retirement System. (FE) 2009

09-30. S. Introduced by Senator Wirch; cosponsored by Representative Hubler.

09-30. S. Read first time and referred to joint survey committee on Retirement Systems.

Bill History: <http://www.legis.state.wi.us/2009/data/SB320hst.html>



Analysis by the Legislative Reference Bureau:

Under current law, participating employees in the Wisconsin Retirement System (WRS) may allocate 50 percent of their employee required and additional contributions to the variable retirement investment trust of the public employee trust fund and the remainder to the core retirement investment trust of the public employee trust fund. By law, assets in the variable retirement investment trust are invested almost entirely in equities, while the assets in the core retirement investment trust must be diversified with about 55 percent of the assets currently invested in equities. Participating employees in the WRS are not required to allocate any of their employee required and additional contributions to the variable retirement investment trust and may instead allocate all of these contributions to the core retirement investment trust. This bill limits participation in the variable annuity program to those WRS participants who elected to participate in the variable annuity program before January 1, 2011. As a result, the variable annuity program will be closed to new participants beginning on that date.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

– Bob Schaefer

September 26, 2009 Board Meeting Summary

Meeting held at La Quinta Inn & Suites, Madison

By Reiny Yahnke, Secretary

Attendance:

Executive Board: Mark Klipstein – President, Leroy Stublaski – First Vice President, Tim Hanley – Second Vice President, John Bolka - Treasurer

Board Members:

Tom Peronto, Wisconsin Rapids President
Larry Legro, State Agencies President
Brian Mattson, Superior President
Khader Abu Al-eis, Madison President
Carolynn Gellings, Southeast President
Jeremy Tomesh, La Crosse President

Dave Solberg, Eau Claire President
Anthony Allard, Green Bay Section President
Carl Bujanowski, Central Office President
Tom Palonis, DNR Madison Vice President
Mike Wendt, Rhinelander Vice President

Specialists:

Sandy Henke, SEA Office
Willie Haus, Attorney

Ron Legro, Communications Specialist
Bob Schaefer, Health & Retirement

Guest: none

Meeting Begins:

Mark Klipstein called meeting to order at 8:40 am. Introductions were made.

Approvals:

The August 15, 2009 Board Meeting minutes were reviewed. Carl Bujanowski moved to accept the minutes. Khader Abu Al-eis seconded. Motion carried. The Correspondence Report was reviewed. Mark Klipstein accepted the Correspondence Report as written.



President's Minute: Mark recently meet with Joe Winieke from OSER for lunch to meet and greet. Mark thanked all section presidents and officers for their efforts in keeping members involved and keeping the Association moving forward. The recent WisDOT layoff letter hasn't caused a spike in email traffic, which is evidence that members are informed. A letter was sent to JCOER to request a meeting with SEA. The response received was a meeting is not needed and JCOER should stay out bargaining for now.

SEA logos were discussed. Willie Haus will research whether trademarking the SEA logo is necessary. Leroy Stublaski moved to authorize Bob Schaefer to set logos up with Lands End. Larry Legro seconded. Motion carried by voice vote.

Health and Retirement Report: *By Bob Schaefer*

The next SWIB meeting is Oct 7th in Elkhart Lake. Employees considering contacting ETF regarding retirement should be aware ETF employees will be taking furloughs as well. The core is +14.2% and the variable is +21.5% on the year.

Bargaining and Legal: *By Willie Haus*

Willie reported on the state's continual position of not bargaining in good faith. Big-ticket items such as compensation, mileage reimbursement, contracting out, and health insurance are repeatedly taken off the table, yet the state demands movement on PDT.

The history of furloughs, MOU, and temporary layoffs was discussed. The furloughs came as an executive order from the governor. Furloughs are not in the state budget, except that agencies have to reduce their budgets by approximately 3%.

It's SEA's opinion that the current layoff plan violates our contract, and additional layoff time because of collection of unemployment benefits is a possible violation of the law.

The board recommends that **ALL** members apply for unemployment benefits and **NO FREE WORK !** Members are encouraged to save all pay stubs, papers, emails, and letter related to layoffs. It is not SEA's or its members responsibility to help management implement the layoffs. Remember we have been working for more than two years without a contract and management isn't helping SEA get a contract !

Legislative Report: *By Tim Hanley*

Tim mentioned that some responses to the August letter writing campaign have come back. If sections have not received a response, a follow-up letter should be sent. The Association should continue to keep the pressure on their local representatives. Several thousand UW employees were given the right to organize into bargaining units under the last state budget. Clearly the legislature must believe collective bargaining is important.

Tom Peronto moved to pay expenses and wages for two members from the Wisconsin Rapids section and three members for the Eau Claire section to attend the public hearing on WisDOT's "thin pavement" with the Legislative Audit Committee.

Communication Report: *By Ron Legro*

Newsletter articles are due by Oct. 3. Ron will continue to work with Mark in preparing the next President's Message.

Grievance Report: *By Leroy Stublaski*

Note: A-xxx indicates an Association grievance



- A-307 (filed 5/3/99) – DOT D2 – Denied work time to take PE exam. Arbitration pending.
- A-351 (filed 7/19/01) – DOT D4 – RLS exam reimbursement. Consolidated with A-307.
- A-352 (filed 6/25/01) – DOT D3 – PE licensing fee reimbursement. Consolidated with A-307.
- A-361 (filed 10/30/01) and A-362 (filed 10/31/01) – DOT D1 and D2 – Assignment of scheduled overtime. Arbitration pending.
- A-369 (filed 1/2/02) – DNR Water – Add-on as part of year-end leave cash out option. Arbitration pending.
- A-378 (filed 8/14/02) – DOT D1 - Not being paid appropriate mileage rate. Filed at Step 4.
- A-389 (filed 5/30/03) – DOT D3 - PE licensing fee reimbursement. Consolidated with A-307.
- A-394 (filed 8/1/03) – DOT D1 – Discipline Reassignment. Filed at Step 4.
- A-395 (filed 5/3/03) – DNR NER – PE Exam Reimbursement. Consolidated with A-307.
- A-402 (filed 3/25/04) – DOT-DTID – Discipline without just cause. Favorable decision reached on 1/5/09.
- A-405 (filed 4/5/04) – DOT D5 – PE Exam and licensing fee reimbursement. Consolidated with A-307.
- A-410 (filed 6/29/04) – DNR Water – Granting of Restoration Rights. Filed at Step 4.
- A-419 (filed 12/23/04) – DNR Water – Add-on is part of year end cash out option. Filed at Step 4. Consolidated with A-369.
- A-420 (filed 1/27/05) – DOT – Turndown Mileage Rate. Filed at Step 4.
- A-429 (filed 4/27/05) – DOT D5 – PE licensing fee reimbursement. Consolidated with A-307.
- A-430 (filed 4-27-05) – DOT D5 – PE Exam Reimbursement. Consolidated with A-307.
- A-431 (filed 4-27-05) – DOT D5 – PE Exam and Licensing Fee Reimbursement. Consolidated with A-307.
- A-432 (filed 4-27-05) – DOT D5 – PE Exam and Licensing Fee Reimbursement. Consolidated with A-307.
- A-435 (filed 11/30/05) – DOT D4 - PE Exam and Licensing Fee Reimbursement. Consolidated with A-307.
- A-436 (filed 11-18-05) – DOT D2 - PE Exam and licensing fee reimbursement. – Consolidated with A-307.
- A-439 (filed 11-29-05) – DNR - Extra Mileage. Filed at Step 4.
- A-440 (filed 11-09-05) – DOT D1 - Lunch Money. Filed at Step 4.
- A-444 (filed 3-14-06) – DOT D2 – Individual Bargaining. Filed at Step 4.
- A-446 (filed 2-14-06) – DOT SW – PE exam and licensing fee reimbursement. Consolidated with A-307.
- A-447 (filed 3/27/06) – DOT NCR – Fleet vehicle assignment & utilization. Filed at Step 4.
- A-448 (filed 5/12/06) – DOT NCR – HAM used on current state employee in promotion. Filed at Step 4.
- A-453 (filed 8/18/06) – DOT NER - PE Exam and licensing fee reimbursement. Waived to Step 3.
- A-455 (filed 10/27/06) – DHFS-Reimbursement of surcharge for over 2000 miles. Filed at Step 4.
- A-456 (filed 9/13/06) – DOT NER - PE Exam and licensing fee reimbursement. Waived to Step 3.
- A-463 (filed 4/18/07) – DOT NER – PE for CE-Adv positions. Filed at Step 4.
- A-464 (filed 6/5/07) – UW - Termination without just cause. Filed at Step 4.
- A-469 (filed 8/20/07) – DOT NER – Mileage reimbursement rates. Filed at Step 2.
- A-472 (filed 12/04/07) – DOT NCR – Denied standby pay for 25-hour shift. Moved to Step 4.
- A-473 (filed 1/8/08) – DOT NCR – Denied 2 hours call-back time. Moved to Step 4.
- A-474 (filed 1/16/08) – DOT NCR – Denied 2 hours call-back time. Moved to Step 4.
- A-475 (filed 2/7/08) – DOT SE – Involuntary reassignment. Moved to Step 4.
- A-476 (filed 2/28/08) – DOT NCR – Denied benefits after car accident. Moved to Step 4.
- A-477 (filed 4/29/08) – DOT NCR - Denied 2 hours call-back time. Moved to Step 4.
- A-478 (filed (9/08) – DHA – Turndown Mileage Rage. Moved to Step 4
- A-481 (filed 2/14/09) – DOT NW – Employer failed to properly fill position. Moved to Step 4.
- A-482 (filed 3/17/09) – DOT DTSD – Denied standby pay for calls during lunch. Moved to Step 4.
- A-483 (filed 3/30/09) – DOT NCR – Denied 2 hours call back time. Filed at Step 4.
- A-484 (filed 4/22/09) – DOT NCR – Denied 2 hours call back time. Filed at Step 4.
- A-485 (filed 5/26/09) – DOT SE – Disciplined without just cause. Filed at Step 1.
- A-486 (filed 6/10/09) – DOT SE – Given letter of reprimand without just cause. Filed at Step 2.
- A-487 (filed 5/20/09) – DOT NER – RLS requirement for Survey Coordinators. Filed at Step 4



Motion by Tony Allard and seconded by Khader Abu Al-eis to move A-488 to step 4. Motion carried.

Section Reports:

Madison — A special meeting was held to give members an update on bargaining and layoffs. There has been talk that DOT is planning to move forward with 80%– 90% consultant work.

Southeast – Members are seeing that the quality of plans and specifications are going down hill. More work is being outsourced to Illinois firms.

Green Bay — There is a lot of confusion about the furlough/temporary layoff issue. The Green Bay Section will be having an annual meeting prior to the Statewide Annual Meeting; 10/20/09 at the Ashwaubenon Bowling Alley Consultants continue to fill the office, especially at the Winnebago satellite office for the USH 41 Corridor Project (now over 50). We are also seeing an increase in the use of project project positions for the ARRA program.

Wisconsin Rapids — A section meeting was held on 9/22/2009 and the attendees had the following concerns: Members are upset with the State's disinformation about the MOU and bargaining. Members agree that SEA should not be signing a MOU without a contract. Now that we received information on the proposed periods of layoffs, members are waiting to learn what layoff period they will be assigned. Layoffs don't make sense in light of the increase to the Department's workload, 30% increase in the program for ARRA projects, legislative mandate to have 65% of a year's worth of project plans on the shelf, and a Division vacancy rate of 10%. We have more work to do than we have ever had and should be hiring hundreds of additional employees, yet the state lays off its existing employees and hires more expensive consultants to do their work. Doesn't anyone care about the bottom line? Remember that State has a 6.5 billion dollar deficit to deal with and continues to waste money on campaign contributors that have special interests.

Members are upset about working 26 months without a contract while we write hundreds of consultant contracts. Recent contact with OSER regarding bargaining dates appears to be OSER's attempt to look like they are bargaining prior to the 9/23/2009 JCOER meeting.

Members are upset about reports that WisDOT-NCR will be contracting in positions that are high level, high paid CE-Adv positions – especially the soils engineer and the pavement design engineer positions. The region is not planning to fill the roadway maintenance engineer position at this time. These are good paying positions that are being lost from the central Wisconsin economy.

Not filling critical positions is creating dysfunction in the region and across WisDOT and WisDNR. It seems like crisis management has become the main duty of upper management because of the decisions made above their level.

Members are upset about the project/project positions not being represented positions. Appears to be the beginnings of union busting.

La Crosse – Fall meeting held Sept. 16. Tim Hanley was the guest speaker. Members appreciate the President's messages via email.

Eau Claire – Plans are coming together for planning the annual meeting.

Rhineland - Group letters were sent out to our area legislators for Labor Day. No responses have been received yet. FHWA is very interested in our lack of oversight when it comes to federal money and how that



money is being spent. FHWA representatives may just be the allies we need. The section prefers as much information as is available regarding the furloughs and temporary layoffs. The section is working to fill the vacated vice president position.

Superior — Labor management meetings have been held to discuss layoffs.

Central Office/PSC — Section elections will be held in October. The Central Office Consultant unit has had their manager reassigned. The new manager is transferring from DMV.

DNR — No plan has been published on how temporary layoffs will be implemented. Section is investigating options to get more people the add-on. A new wave of retirements is beginning.

State Agencies — Elections were recently held. Larry Legro won re-election. Fall meeting will be held on Oct. 1. The Department of Commerce is permanently laying off five SEA members. The members had around eight years of seniority.

Financial & Membership Reports: *By John Bolka*

John moved to accept the August 2009 Membership Report. Tony Allard seconded. Motion carried.

John moved to accept the July 2009 Treasurers Report. Leroy Stublaski seconded. Motion carried.

John moved to accept the August 2009 Treasurers Report. Carl Bujanowski seconded. Motion carried.

John submitted the Board Meeting Vouchers and moved for approval to pay them. Tim Hanley seconded. Motion carried.

M-16 => M-30	\$2250.00
09-19 =>09-32	<u>\$1924.64</u>
& 09-34, 09-35	\$4174.64

Motion by John Bolka to pay SM-1 for \$330 for expenses incurred to organize the financial audit on Monday, Sept. 21. Brian Mattson seconded. Motion carried

New Business:

Sections are considering sponsoring a lunch for SEA members on Oct. 12. The next meeting is the Annual Meeting on Nov. 7 in Eau Claire. Annual meeting forms can be mailed or emailed to the SEA office.

Meeting adjourned at 4:05 pm



PUZZLING PUZZLER: *Knock yourself out*

A tennis match is arranged on a knock-out basis. That is, a player will be dropped from the tournament when he loses a match. The match organizers invite 117 players. How many matches are played in the tournament if all the players totally participate? Describe your method and reasoning.

Send your answer to puzzlesea@yahoo.com



Last puzzle: You want to send a valuable object to a friend securely. You have a box which can be fitted with multiple locks, and you have several locks and their corresponding keys. However, your friend does not have any keys to your locks, and if you send a key in an unlocked box, the key could be copied en route. How can you send the object securely using your equipment? [Hint: multiple steps are involved.]

Answer: Put the valuable object into the box, secure it with one of your locks, and send the box to your friend. Your friend should then attach one of his own locks and return it. When you receive it again, remove your lock and send it back. Now your friend can unlock his own lock and retrieve the object.

Respondents offered several possible explanations but most ran afoul one way or another with the puzzle's imposed limits. Congratulations to **Bryan Learst**, WisDOT NE Region Transportation Engineer – Project Development. Bryan was the first member to submit the correct answer.

