

## The more things change...

...the more they stay the same.

– French proverb

From the  
President

Just weeks ago, hundreds of thousands of people from across Wisconsin demonstrated at the Capitol and in other state cities against Governor Walker's proposed measure to all but end collective bargaining for public employees, while cutting our pay and benefits. Democratic senators left the state, voting came to a halt and everyone was in an uproar. Then the Republicans in both houses split the governor's measure into two parts and enacted the anti-collective bargaining aspects, in a move that itself has drawn legal scrutiny.

And yet here we are, as we were before, the collective bargaining unit for state engineers and other technical employees. We retain all our rights under the bargaining act, the supposedly enacted measure is frozen pending court action and the Republicans haven't yet enacted a state budget that would stick it to our paychecks. Meanwhile SEA still expects the state to sit across the bargaining table as required under today's law, and we've made sure in writing they understand their obligations.

All this is not to say things haven't changed. They have, just not in the way most people and the Walker administration expected.

The biggest changes so far are twofold. First, many citizens clearly have re-thought their support of the current administration and legislature in Madison, which has manifested itself in low poll numbers for Republicans and a record number of recall campaigns against state senators that at this moment appear as if they will be successful in forcing early run-off elections.

The other big change is in the morale and attitude of state and local public employees. Sad to say, many teachers, engineers and other veteran public professionals have decided to take early retirement. The uncertainty suddenly

### SEA VIEW SCHEMATIC

<b>From the President: Still a bargaining unit</b> .....	1
<b>Wither union re-certification?</b> .....	2
<b>Section news from Madison</b> .....	3
<b>Legislative Update: SEA Day is now every day</b> .....	4
<b>Secret Cows: Murmurs, moos &amp; 'toons</b> .....	5
<b>The Grievance Box</b> .....	6
<b>Yanking our business</b> .....	6
<b>Retirement and Health reports</b>	
<b>OPINION: Another pension raid</b> .....	7
<b>SWIB meeting</b> .....	8
<b>Employee Trust Funds meeting</b> .....	10
<b>WCOA meeting</b> .....	12
<b>Deferred compensation news</b> .....	13
<b>SEA Board Reports for March and April</b> .....	14
<b>? Puzzling Puzzler: Another river run</b> .....	18

Turn to page 2



introduced into their remaining careers is too much to bear. Those departing staffers, like many of us, worry that the new budget might affect not just pay but also retirement benefits including sick leave conversion, as well as working conditions.

Some of you no doubt read the opinion column I wrote for the Capital Times online news site in April, which documented how 74 state Department of Transportation employees had put in for early retirement in just the preceding month. A tip of the hat to our webmaster, Bob Spoerl, who noticed the long list of retirement announcements in an agency newsletter and added them up to make the shocking discovery that **the department in just one month would lose a combined total of more than 2,100 years worth of staff experience.** Some of those departing employees are friends and SEA members, including one SEA board member.



Above: Mark Klipstein and Tim Hanley (seated) brief SEA Day attendees  
— GM photo

The accelerated trend in departures from the public workplace is state-wide, and is now so pronounced that just the other day in a speech at Portage, **the governor himself implored public workers to rethink their rush out the door.**

I can't second-guess any veteran public worker who has taken a look at the current Wisconsin political landscape and decided to get out. But overall the trend is a tragedy in the making, as government will miss their hard work and expertise. Even the governor tacitly acknowledges that. But simple acknowledgment isn't enough; dropping the unnecessarily harsh policies and proposals that prompted this move is the only fix.

Of course, it's more likely that the current administration will double down and proceed -- against its own professed views -- to rely more on pricey private consultants while struggling to refill a portion of the job vacancies with lower-paid, less experienced recruits. If so, then this policy will hurt the quality of state government in the short run and perhaps the long run. When government as a result becomes less effective and more costly, what's next? Tripling down the governor's bet? Blaming employees some more? Let's hope not.

If you are thinking of retiring, SEA's official advice is to check in with Employee Trust Funds to check out your options with the experts. If you're of age, retiring before the next biennium kicks in might be beneficial, depending on the final outcome of the current battles. But the dates aren't a sure thing, so check with ETF and get the name of any staffer who advises you, for later reference.

But also consider this: **Uncertainty is our enemy.** Overreaction to uncertainty just breeds more of it, until we are spiraling down uncontrollably. At some point it will seem there is no choice but to accept the current administration's attitude that we can reduce uncertainty by letting our elected leaders impose still more simplistic "solutions." But it's those very kind of simple solutions that have created this sudden mess. As best we can, we need to take the long and measured view, not just for the sake of our own careers but for the sake of

**What about union re-certification vote?**

The expected April re-certification vote for all state public employee unions has been put on ice. This has happened for two reasons: One, the court case challenging the enactment of the law itself is still pending. But even if the law were found to be in force, the Wisconsin Employment Relations Commission has written the governor and Legislature stating that lack of funds, and a work overload in that agency, will be barriers to the timely implementation of the annual re-certification requirement.



the citizens we serve. And we need to continue pushing back, righting the boat instead of letting it capsize in waves of fear or despair. In short, we need to be as brave as we can be.

**B**ut to the extent these are uncertain times, where the economy hasn't quite begun perking normally again, caution is advisable. Before you decide to call it a career in public service, taking your chances at another job or in early retirement, think carefully. You have time to think it through, and you should do that with all the information at your disposal. Don't be stampeded into a regrettable decision by momentary bad vibes.

Our attorney, Willie Haus, notes half a century ago, before bargaining rights were enacted for public employees in Wisconsin, local and state government sat at the table with employees and conducted informal bargaining. **The public leaders of the mid-20th Century recognized that the best way to get things done was to engage their employees in finding solutions, giving them a collective voice in their own workplace.**

Many of us are confident that your Association will remain important and quite relevant even if the worst happens. It will be that way because in this era of complex public policy issues, government can't really work well otherwise. More public leaders eventually are going to realize that truth. What we must do is stay organized and demonstrate our collective value and importance. **The possible lack of a credible collective bargaining law doesn't mean there isn't a need for collective bargaining.**

Meanwhile, we haven't been running amok at SEA, and neither have we been standing still. The first priority of your Association is to conduct its business professionally in a thorough and thoughtful manner. **That is why your board did not rush in panic to a quick contract agreement at the end of 2010, accepting concessions just to have a deal. No deal at all is better than a bad deal.** Even though the state has since canceled our contract extension, we are for now continuing to operate under the terms of our last agreement, and so are state agencies. So, until further notice, if you have a grievance or any other issue, you should treat it as you always have.

**B**ut getting the job done doesn't mean it's business as usual. We're not waiting to see what might happen. Your Board of Officers has created a series of ad hoc committees to examine the issues that will arise if the governor's measures affecting SEA do get enacted. These issues would range from members dues to newly required annual re-certification elections, from our by-laws to our budget, from our annual meeting to the way we structure ourselves in terms of daily business and staying in touch with you.

Those teams are already at work and we will have more to share concerning their work later on. But first, we need to deal with today. Keep right on doing a good job at work, but don't feel obliged to go out of your way to volunteer anything beyond that. Rather, use your free time to consider your own options, and to think about the continuing value of SEA. Then please consider rolling up your sleeves and helping your fellow members secure this Association as a strong voice for years to come.

**Respectfully,  
Mark Klipstein  
President**

## Another busy section

The Madison Section's annual meeting was held April 14 at Nadia's Restaurant with a healthy turn-out of about 60. SEA attorney Willie Haus briefed members on what is going on with the budget repair bill and the status of the court cases. The section's officer elections will be held at a date to be announced. *What's going on in your section? Tell us at: [sea\\_wis@yahoo.com](mailto:sea_wis@yahoo.com)*



## **One day in our continuing activism**

# **SEA Day points the way**

We had a good turnout for this year's SEA Day, held April 6 at the state Capitol. Attendance was slightly down from recent years, but we expected that since there is and has been so much political activity on a continuing basis among our members and obviously many other concerned citizens. Also, some section presidents have been planning to hold regional events so members can connect with their area legislative representatives instead of traveling to Madison.

A local approach to contacting your representatives can be equally effective as a visit to the Capitol, and it certainly saves on travel costs. I encourage you all to consider setting up appointments of your own and connect with your elected officials at their district offices or any public hearing, listening session or town hall meeting that might be scheduled near your home. See your section president for more details about section-organized events. Better yet, let section officers know you are willing to help organize a local event.

## **Legislative Update**

**By Tim Hanley**

*Second Vice President*

The Legislature's Joint Committee on Finance began legislative budget hearings on April 7 in Stevens Point. These hearings included several meetings scheduled around the state but that number was smaller, and locations more far flung and harder to reach than in the past. So, the minority party has scheduled additional hearings around the state. Please consider attending in late April and early May, to share your story about where government can be made better. Information on the additional hearings can be found at the link below. If you can't attend, write, email or call your legislator:

<http://thewheelerreport.com/releases/April11/0404/0404demhearings.pdf>

It is very important that all SEA members stay informed. I would point members to three Internet-based sources for information: the SEA website, the Wheeler Report, and WisPolitics. Search on those names to get URLs if you don't have them, and bookmark them for frequent reference.

Remember, this is your state. I encourage you all to participate to make it a better place to live. There are many opportunities to get involved at your local level. Look for every chance to participate in your government. The April election clearly demonstrated how every vote counts and every vote matters. The same is true with your own activity – it matters. So do what you can. It's a way to feel empowered and actually get things done.

**Respectfully,**  
**Tim Hanley**  
**2<sup>nd</sup> Vice President**



Sybil the Cow

"Make Every Vote Count -- and Count Often!"

by JT and RL



# SECRET COWS

**Murmurs and moos from the ever-more closeted corridors of state power; she's Sybil disobedient!**

**By Sybil, the SEA-cret Bovine**

**PST (Policy Savings Time)** From a public blog just before the second Sunday in March: "If you live in Wisconsin, don't forget to set your clock back 50 years this weekend."



**Contact!** A human resources manager at one state agency came up with quite the Freudian slip: Writing about the continuation of our contract provisions after expiration, the manger wrote that, until Gov. Walker's anti-bargaining bill passes or a new contract is negotiated, "OSER will be operating under the `dynamic status quo' where the state recognizes the terms of the **contraction** are still intact." Contraction, indeed!

**No contact!** A SEA member reports she traveled halfway across the state to the Capitol on March 4 along with four other public employees and two students to meet the staff of Sen. Pam Galloway (R-Wausau). Despite having an appointment, the group arrived at the Capitol to

find the the senator's office locked, lights off, and no answer on the phone. Asks the SEA member: "Why would her office not be holding office hours from 2 pm until 5 pm? Why would they not call me to indicate that they would not be there? They had called me back to confirm the appointment. What does this teach our children about our representation in Wisconsin? Shouldn't our state legislative representatives take care to meet with us and listen to our concerns? Traveling from Central Wisconsin to Madison and coming home empty-handed was costly and proved totally unproductive. This is not a good way to serve the people and only serves to further distance us from our government." **Moo!**

**The cartoon below ran in the Minneapolis Star Tribune. Being a public cow definitely is a grind!**





# **THE GRIEVANCE BOX**

## ***A message from OSER***

As of this newsletter, SEA has 80 pending individual grievances. Two formal meetings with the Office of State Employee Relations occurred on Nov. 19, 2010 and last Jan. 20. As a result of these meetings, SEA's list of grievances along with OSER's list were reconciled into a single, more accurate combined list, and ultimately grouped into eight categories for settlement.

One grouped category consists of a single member's termination event. The other seven groups could be combined into collective actions for resolution, such as the nine-day required layoff grievances filed by most section presidents.

Hearing nothing from OSER after SEA's Jan. 20 meeting, I wrote to OSER on March 2, asking for a status report on our pending issues, and asking for another meeting. There was no reply.

On April 5, I wrote to OSER again asking for a meeting. Again, no reply. On April 11, I wrote to OSER asking why it had not replied to the two earlier requests.

Jim Underhill, OSER Director/BLR, finally replied that same day, stating the agency was "purifying the grievance information based on our discussions in late January." He went on to mention how much administrative change has occurred since the end of 2010. He said OSER needs time to examine issues on both sides, consider how it can and might proceed, and then discuss some possible proposed settlements of these issues. He thanked SEA for its patience.

Copies of all correspondence have been provided to the SEA office, our legal counsel and our president.

My advice and that of our legal counsel, Willie Haus, is to keep filing grievances as you need to, with the same procedures we have used up to now. Be patient but take action as necessary. If you have any questions, feel free to contact us.

– Larry Legro  
1<sup>st</sup> Vice President

### **YANKING OUR BUSINESS – AN EXAMPLE**

#### ***From CrooksAndLiars.com:***

Unions representing Central Florida teachers, firefighters, police and other government workers are pulling an estimated **\$10 million from five banks affiliated with the Florida Chamber of Commerce**, blaming them for an attack on public employees.

The unions are also asking their members — an estimated 20,000 people — to withdrawal their personal money from **Bank of America, PNC Bank, Regions Bank, SunTrust and Wachovia**. And labor leaders across the state could follow in the coming weeks, union officials say.

**Executives from the banks in question sit on the Florida Chamber's board of directors, and the chamber has pushed legislation that would prohibit state and local governments from collecting union dues through payroll deduction.**

Supporters say the "Paycheck Protection" act would allow public employees to prevent their wages from being used for political purposes, but opponents say it's simply a labor-busting effort that would make it more difficult for unions to operate.

The Florida Chamber of Commerce has lobbied lawmakers in support of the legislation and broadcast a campaign-style ad pushing for it. The measure has already passed the Florida House and is moving forward in the Senate.



## Retirement and Health Insurance Report

by Bob Schaefer

SEA Retirement & Health Insurance Representative

### ***We need bargaining units; Here's one more reason why***

**Retirement  
Commentary**

**By Bob Schaefer**

If you were not sure if you needed a bargaining unit that can provide legal services to protect your retirement program, take a look at one of the laws passed by the Legislature this session:

#### **Wisconsin Act 13. SECTION 9115. Nonstatutory provisions; Employee Trust Funds.**

*(1) ALLOCATION OF CERTAIN EXCESS RESERVES IN THE PUBLIC EMPLOYEE TRUST FUND TO REDUCE EMPLOYER HEALTH INSURANCE COSTS DURING 2011. Notwithstanding any action of the group insurance board under section 40.03 (6) (d) of the statutes, from reserve accounts established under section 20.515 (1) (r) of the statutes for group health insurance and pharmacy benefits for state employees, the secretary of employee trust funds shall allocate an amount equal to \$28,000,000 to reduce employer costs for providing group health insurance for state employees for the period beginning on July 1, 2011, and ending on December 31, 2011.*

The money noted above, \$28,000,000, has been taken from a fund that has money in it contributed by employers, employees and retirees. Employee Trust Funds does not maintain separate records on which group has contributed how much to the fund. Note the language, "Notwithstanding any action of the group insurance board ... ." The Group Insurance Board has the responsibility for these funds and uses the funds to offset changes in health care coverage and now the board has been excluded from doing its fiduciary responsibility.

**This clearly illegal taking is no different than what Governor Thompson did in the 1990s when he transferred money out of the public employee trust fund to use for other, non-retirement purposes. SEA took steps then, and the taking was finally ruled illegal. If this latest action is not countered, then the Legislature and governor may well try again to use our retirement fund for who knows what else.**

By the way, over the objections of the secretary of ETF, who requested several clarifications, the Joint Survey Committee on Retirement Systems passed this measure out of committee on a party-line vote.

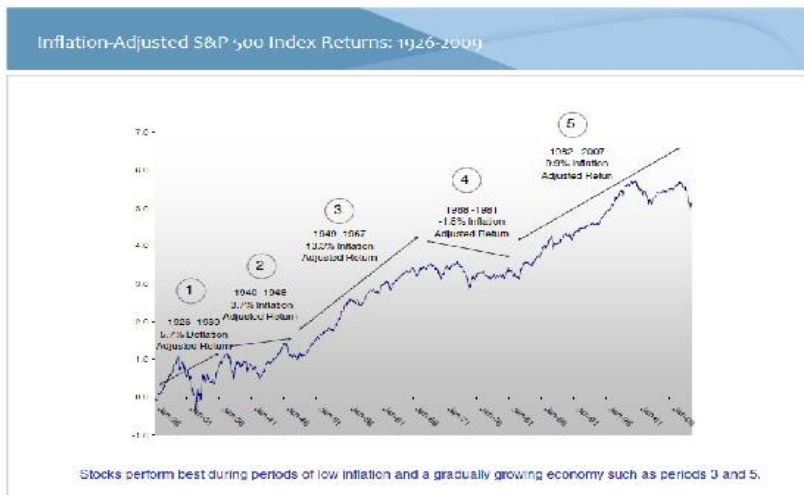
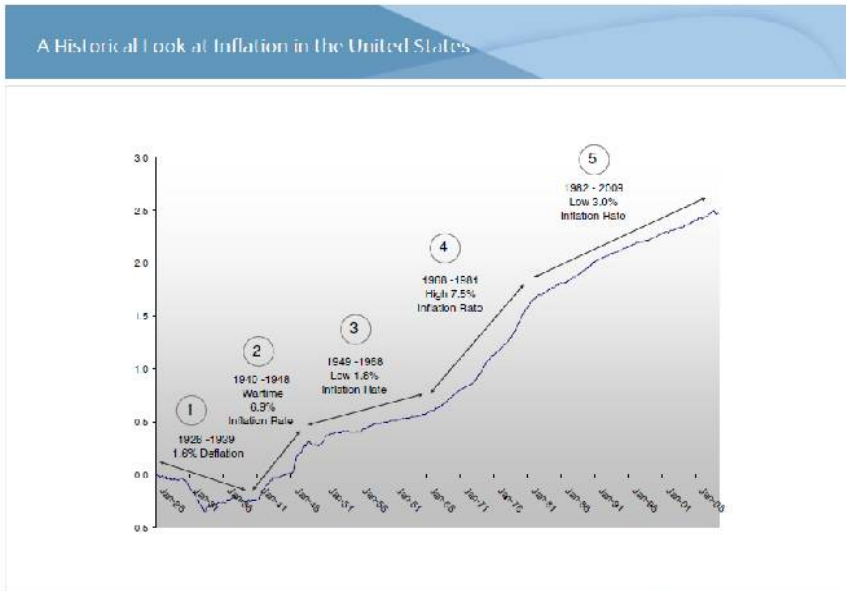
**Bottom line: Are you capable of hiring an attorney to fight for your rights?**

***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.



# STATE OF WISCONSIN INVESTMENT BOARD – March 15-16, 2011

Following is a summary of the items discussed at the March 2011 State of Wisconsin Investment Board (SWIB) meetings. Additional details are available upon request.



CLIFFWATER | 5

## CONSULTANT ROUNDTABLE

The SWIB meeting on March 15 was a conference where several consultants were invited to address topics of concern and interest. After a brief introduction, SWIB Chair Jim Sentry introduced the first major topic: **Inflation Protection**. Barry Dennis, managing director for Strategic Investment Solutions, has been working with SWIB to develop the new asset allocation plan. That plan involves leveraging Treasury Inflation Protected Securities (TIPS), moving into hedge funds and other asset allocation changes. The program is designed to reduce risk while still providing a reasonable return. See the ETF report for March for additional information about reducing the investment rate of return and reducing the across the board wage growth assumption.

Steve Nesbit, CEO of Cliffwater, commented on real assets and their role in an investment portfolio. One focus of his presentation was the impact of inflation on the inflation-adjusted return over time. Interest in real assets – securities that tend to appreciate during periods of inflation – is growing because of investor concern that government sponsored deficits and money supply growth could potentially lead to inflation rates not seen since the 1970s. See graphs, this page.

Michael Humphrey, managing principal, Courtland Partners, discussed real estate, timber and agriculture market conditions. He said there are several advantages in considering these areas of investment but there are also some disadvantages. Real estate and timber tend to be good inflation-hedges but have the disadvantage of long term illiquid assets. Agriculture has growing demand and an annual cash flow, but it also has offers low investment opportunities and is subject to risks associated with weather and crop destruction.

Turn to page 9



Paul Podolsky, senior portfolio strategist, Bridgewater Associates, discussed inflation protection in institutional portfolios. His main point was that most such portfolios lack adequate protection against inflationary environments and that real assets, such as commodities and inflation-linked bonds, can be added to a portfolio to increase environmental balance and achieve more consistent returns. He presented much supporting data to support the diversification of the portfolio.

Another speaker was Richard Hokenson, independent economic consultant, Hokenson & Company. He spoke about important changes in the financial arrangements of households and global demographics and the impact on investment opportunities. He said the number of households with two wage earners has increased about 36% since 1970 while the number of households with one wage earner has increased only 20%.

The second part of the presentation focused on demographics. Hokenson provided data showing that the US may weather the economic storm better than anticipated because of our balanced population distribution. Here are some of the facts that he mentioned:

- *As of 2005, half of the world's population lives in urban areas. That is projected to increase to 70% by 2050.*
- *As of 2006, half of the world's population lives within 200 km of a coastline and that percentage is rising.*
- *Of the nearly 7 billion persons on the planet, nearly 1 billion are migrants. Nearly 300 million live outside their country of origin and there are nearly 740 million internal migrants.*

One area of study by Hokenson's company is the age of populations. Japan has the oldest population in the world, and many European countries and China have older populations than the US. Our immigration policies may be an asset in future years as younger immigrants becoming more affluent purchase more goods and services. The number of entry-level workers in the US is expected to increase over the next 40 years; when compared to other developed countries, we are the exception. This includes the developing countries of Brazil, Russia, India and China. Additional data supported Hokenson's position that US may come out okay if we do not overreact in trying to solve the fiscal crisis that occurred in 2008.

Several more presentations dealt with a wide variety of areas of investment and anticipated returns. I have only provided brief coverage here to give readers an idea of what SWIB is doing on your behalf to maintain our edge in the pension market.

**Regular SWIB board meeting** The next portion of the meeting dealt with the standard agenda for the SWIB Board of Directors. That meeting was held on March 16. The biggest news was that Employee Trust Funds (see report later in this newsletter) approved a change in the investment return assumption from the existing 7.8% to 7.2%. That puts a little less pressure on SWIB in these difficult times. Next, the across-the-board wage growth assumption was changed to 3.2% from 4%.

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

*Turn to page 10*



	Jan. Percent Gain or Loss by Fund	Feb. Percent Gain or Loss by Fund	*Mar. Percent Gain or Loss by Fund
Core Fund	1.2%	3.2%	4.0%
Core Fund Benchmark	1.1%	3.1%	3.7%
Variable Fund	1.9%	5.2%	5.6%
Variable Fund Benchmark	1.8%	5.2%	5.5%

	January 2011 (millions of dollars)	February 2011 (millions of dollars)	*March 2011 (millions of dollars)
Core Fund	\$74,253	\$75,618	\$75,935
Variable Fund	\$5,584	\$5,767	\$5,778
Total	\$79,838	\$81,385	\$81,762

\*Preliminary Results – All values are year to date.

– Bob Schaefer  
Retirement and Insurance Representative

## EMPLOYEE TRUST FUND (ETF) BOARD – March 10, 2011

Following is a summary of the items discussed at the March 2011 ETF meeting. Additional details are available upon request.

**ETF news updates** First off, as you all should be aware, major policy changes are occurring very rapidly in the Legislature. Several bills affecting ETF operations, employers, employees and retirees have not been given proper review before they are wholehandedly passed through the Joint Survey Committee on Retirement Systems – or proper review in some cases has been skipped entirely. To keep up, I strongly suggest that you sign up for the ETF news updates at the primary web site <http://etf.wi.gov/> (go to the bottom of that web page). I would recommend that you have the updates sent to your home email address.

**New ETF board members** William (Bill) Ford was elected as representative for the general employees to fill a vacancy on the ETF Board. SEA supported Mr. Ford because he had a wealth of experience in ETF and is also familiar with SWIB operations and is willing to attend and report to the Wisconsin Coalition of Annuitants (WCOA) Board. We are fortunate to have someone of his knowledge representing our interests on the Board.

**28<sup>th</sup> Annual Actuarial Valuation of Retired Lives, Dec. 31, 2010** The actuary for ETF presented the details of the most recent dividends for the Core and Variable Funds. You can find the actual report at the ETF web site. Enter the Governing Boards tab, select Employee Trust Funds, Meetings and Agendas, March 10 Joint Informational, Item 3B. The Core Fund will see another loss of 1.2% basically because of so-called “smoothing” taking place over five years and relating to the huge financial loss in 2008. The Variable Fund will see an 11.0% increase. That increase plus last year’s increase still leaves a ways to go for the Variable Fund before it is restored to pre-2008 values.

**Core Fund annuity adjustment projections** Because of the smoothing of the Market Recognition Account (MRA), we can – unless there is a tremendous improvement in investment returns -- expect negative values for the Core Fund returns through 2012 with an expected return of at least 7.8%. See table, next page.

Turn to page 11



A 7.8% investment return in 2011 will result in an annuity adjustment between -2.5% and -2.9%						
	2010	2011	2012	2013	2014	2015
<b>SWIB Net Investment Return</b>	12.4%	7.8%	7.8%	7.8%	7.8%	7.8%
<b>Effective Rate</b>	4.8%	3.1% to 3.5%	2.8% to 3.2%	10.4% to 10.8%	8.5% to 8.9%	8.0% to 8.4%
<b>Annuity Adjustment</b>	<b>-1.2%</b>	<b>-2.5% to -2.9%</b>	<b>-2.9% to -3.3%</b>	3.9% to 4.3%	2.5% to 2.9%	2.0% to 2.4%

To avoid a negative number at the end of 2011, SWIB would have to have a positive rate of return of at least 17.2% to 19.2%. In today's market we are hopeful SWIB can achieve a 7.8% minimum anticipated return.

**SWIB update** Keith Bozarth, SWIB executive director, reported to the ETF Board on performance in 2010. He said most markets did pretty well. The real estate sector is still trying exceed the benchmark established by SWIB. There are signs that some areas in the real estate market are improving. SWIB recently announced the purchase of a research park in California that will rent the facility to popular web site Facebook.

Core Fund Analysis 2010		
	Benchmark	Actual Returns
Total Core Fund	12.2%	12.4%
Public Equities	14.4%	14.7%
Inflation Protection	6.3%	7.9%
Real Estate	6.3%	-0.4%
Private Equity	14.1%	16.3%
Multi-Asset Strategies	12.5%	11.9%

One of the major contributors to improved returns is the internal management of portfolios. SWIB now manages about one-half of the portfolios at about 25% of former cost. Because of the size of SWIB, it is capable of negotiating lower fees. Lastly, the hedge fund portfolio now has two plans in place. SWIB anticipates having about 15 hedge funds in place over the next two to three years. This operational change is part of the asset allocation adjustments that have been under discussion for the last three years.

Turn to page 12



**Dependent eligibility review** ETF has begun a program to clean up its files regarding dependent eligibility. If you have health insurance with ETF, you may retain a dependent though age 27 under certain conditions. ETF hopes to resolve and correct situations where eligibility may be in question.

**Economic assumption study** As mentioned in the SWIB report, Mr. Bozarth had requested that ETF consider some changes to the basic criteria used in setting the rate of return and wage inflation rate. ETF ordered that study at the December meeting and the report was presented at the March meeting. The actuary did agree that the wage inflation rate should be changed from 4.0% to 3.2% and that the anticipated rate of return should be changed from the current 7.8% to 7.2%. Normally, these values are evaluated every three years but because of the changes that have occurred in the labor market and with investments globally these values were reconsidered now and the changes were approved by the ETF Board.

– **Bob Schaefer**  
Retirement and Insurance Representative

## **WISCONSIN COALITION OF ANNUITANTS BOARD – Mar. 9, 2011**

*Following is a summary of the items discussed at the March 2011 WCOA meeting. Additional details are available upon request.*

**SWIB update** Sandy Drew, SWIB legislative and beneficiary liaison, provided a brief update on the performance of SWIB in February (see SWIB Notes). Ms. Drew announced that she will be retiring before the end of June. Ms. Drew has been an exceptional source of information for SEA over the years and will be greatly missed. Her job will be handled in part by a new LTE for SWIB. Her replacement is expected to be William Ford. See notes in ETF update for further details on Mr. Ford.

**ETF update** Matt Stohr, ETF director of legislation, communication and planning (since appointed administrator of the Division of Retirement Services) reported on several budgetary items. The best way to keep up with all the changes is to use the ETF Newsletter Service that is available on the ETF web site in several locations. Needless to say, ETF will be implementing the changes that are called for in the proposals considered by the legislature.

**WCOA actions** The WCOA board sent a letter to the Legislature's Joint Finance Committee with copies to Joint Survey Committee on Retirement Systems supporting Secretary Stella's comments with respect to inconsistencies in the proposed budget bill.

The WCOA web site is up and running, [www.WiCOA.org](http://www.WiCOA.org) – check it out. **The 2011 WCOA Annual Conference will be May 16 at American Family National Headquarters, Madison**

– **Bob Schaefer**  
Retirement and Insurance Representative

## ***Plan revised; Roth IRA now among options***

**F**ollowing is some additional news from the Deferred Compensation Board. These changes to the Wisconsin Deferred Compensation Plan (WDC) were approved at the November 2010 board meeting.

**The following information was provided in an email from ETF on one proposed change by the Deferred Compensation Board. Instead of trying to sift through all the information, I have included the entire note regarding the board's decision:**

*At the November 2010 Board meeting, the Board voted to revise the WDC Plan and Trust Document to include the Roth features that were authorized at the federal level in the fall of 2010. These options are intended to allow s. 457 plans such as the WDC to offer Roth options similar to what private 401(k) plans have; the federal changes did not authorize a true Roth IRA for 457 plans.*

*The Small Business Jobs Act of 2010 contains two sections of interest for supplemental retirement plans such as the WDC. Section 2111 of the Small Business Jobs Act of 2010 permits s. 457(b) retirement plan participants to designate their deferrals to the WDC as Roth contributions as of January 1, 2011. Designated Roth contributions are already permitted in 401(k) and 403(b) plans. Participants who designate their deferrals as Roths do not receive a deduction from their current income for a contribution to a qualified retirement plan, but they do earn returns within the plan tax free and withdrawals from the plan are tax free.*

*Section 2112 of the Act also permits optional in-plan Roth rollovers for s. 457 plans that offer designated Roth accounts, beginning January 1, 2011. Previously, because a participant could not "convert" balances within a plan to a Roth account, the only way to accomplish this was via a rollover out of the s. 457 plan. As of January 1, 2011, s. 457 plans that permit designated Roth contributions may also allow eligible participants to convert eligible pre-tax assets to Roth assets through an in-plan rollover instead of rolling those assets to an external Roth IRA.*

*In order for a participant to make an in-plan Roth rollover, the participant must be eligible to receive a distribution and the distribution must be an eligible rollover distribution. A participant who makes an in-plan Roth rollover would be responsible for any ordinary income tax due on the rollover amount in the year of conversion. At present, because there are unanswered questions regarding in-plan Roth rollovers that are awaiting written guidance from the Internal Revenue Service (IRS), the WDC has not adopted this feature. Once the IRS has released its guidance, ETF will ask the Board to adopt this feature via another Plan and Trust Document revision.*

*The Board approved the Plan and Trust changes at their November 2010 meeting and approved an opening Roth date of July 1, 2011 for participants. This information was relayed to participants via the WDC website ([www.wdc457.org](http://www.wdc457.org)) and in the January 2011 newsletter (single page of newsletter available at [http://www.fascore.com/PDF/wisconsin/WI\\_Newsletter\\_4Q10.pdf#05](http://www.fascore.com/PDF/wisconsin/WI_Newsletter_4Q10.pdf#05)) or the entire newsletter at [http://www.fascore.com/PDF/wisconsin/WI\\_Newsletter\\_4Q10.pdf#05](http://www.fascore.com/PDF/wisconsin/WI_Newsletter_4Q10.pdf#05). Additional information has been going to WDC employers so that they are also prepared to assist participants seeking to use this option.*

**– Bob Schaefer  
Retirement and Insurance Representative**



## April 2, 2011 Board Meeting Summary

Meeting held at La Quinta Inn & Suites, Madison

By Reiny Yahnke, Secretary

### **Attendance:**

**Executive Board:** Mark Klipstein, President; Larry Legro, First Vice President; Tim Hanley, Second Vice President; Reiny Yahnke, Secretary; Tony Allard, Treasurer

### **Board Members:**

Michael O'Meara, Wisconsin Rapids President  
Dave Wallace, State Agencies President  
Allan Bjorkland, Superior President  
Khader Abu al-eis, Madison President  
David Bohnsack, La Crosse President  
Steve Dunn, DNR President

Dave Solberg, Eau Claire President  
Doug Wiegand, Green Bay Vice President  
Carl Bujanowski, Central Office President  
Jason Tucker, Southeast President  
Jim Volkmann, Rhinelander President

### **Specialists:**

Sandy Henke, SEA Office  
Bob Schaefer, Health & Retirement  
Bob Spoerl, SEA Webmaster

Ron Legro, Communications Specialist  
Willie Haus, Attorney

**Guest:** none

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### **Meeting Begins:**

Mark Klipstein called meeting to order at 8:35 am. Introductions were made.

### **Approvals:**

The March 5, 2011 Board Meeting minutes were reviewed. MOTION by Carl Bujanowski, second by Doug Wiegand, to accept the minutes as presented. Motion carried. The Correspondence Report was reviewed. Mark Klipstein accepted the Correspondence Report as written.

### **President's Minute:** *By Mark Klipstein*

Mark briefly reviewed Judge Sumi's recent order with the group. Mark also thanked the group for staying focused and engaged through these taxing and stressful times. Mark discussed forming five committees to prepare the Association for a worst-case scenario if the so-called budget repair bill eventually is deemed enacted. He also shared with the board the media contacts that were made over the past month.

### **Legal/Bargaining:** *By Willie Haus*

Willie also reported on the status of open meeting lawsuit. Willie stated there are other issues with the budget repair/union bill that go beyond the open meetings issue as there may also be issues with the certification portion of the bill. Willie also commended the board for not acting in fear or anticipation of the uncertain future, as fear will not solve the issues at hand.

Willie also reported on several other issues. A conference will be scheduled for the unfair practice lawsuit in the next couple of weeks. SEA will be offering bargaining dates to the state. Existing grievances will be carried forward even if the law passes. The state and SEA remain in what is called Dynamic Status Quo with respect to contract provisions until another agreement can be reached or the union-related changes are deemed enacted.



**Health and Retirement Report:** *By Bob Schaefer*

Bob reported that the Wisconsin Coalition of Annuitants is closely monitoring the taking of \$28 million out of the WRS to fund a retirement study. Bob also reported on a Roth Deferred Compensation option that will be available in July.

**Legislative Report:** *By Tim Hanley*

Section presidents reported on anticipated SEA Day attendance. Tim also recommended that members attend the budget hearing.

**Communication Report:** *By Ron Legro*

Ron advised that members not give into the politically created uncertainty. Uncertainty creates an opportunity for ruthless political power grabs. Newsletter articles are due by April 27.

**Section Reports:**

*Madison:* A section meeting will be held in May instead of April.

*Rhineland:* A Yahoo group has been set up for the section. Members are hungry for all the union/budget information they can get.

*Southeast:* A local section picnic will be held May 12. Over 150 home emails have been added to the section's Yahoo group. The new department administration visited the regional recently and met large employee groups including consultants. Members felt they were merely paid lip service with the "state employees do good work and hang in there" monolog.

*State Agencies:* The section is continuing to collect home emails for future communications. Several questions were submitted by members regarding what future employment conditions will be like if the union bill goes into effect.

*Green Bay:* The section is also continuing to collect home emails. The section is not in favor of reducing stipends for meetings and proposed meetings be held every other month if budget savings are needed. A section meeting with elections was held on March 30 with the following results: Doug W – VP, Brian L – Treasurer, Tom K – Trustee, Bob H – Trustee.

*Superior:* Member are hungry for any "union bill" information they can get as well.

*Eau Claire:* WisDOT senior management recently visited the office. Management indicated the current Wisconsin Retirement System was a reason some people choose to work for WisDOT.

*La Crosse:* 75% of home emails have been collected. Sen. Kapanke will face a recall election. A section meeting will be scheduled for early April.

*Wisconsin Rapids:* The recent political events have caused members to become energized and involved. A Yahoo group for the section has been established.

*DNR:* A section meeting was held last Tuesday. Members do not want the Association to rush into any rash changes in anticipation of the union bill becoming effective.

**Grievance Report:** *By Larry Legro*

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 4
- A-486 (filed 6/10/09) – DOT SE – Given letter of reprimand without just cause. Letter withdrawn from file 4/20/10.
- A-487 (filed 5/20/09) – DOT NER – RLS requirement for Survey Coordinators. Filed at Step 4
- A-488 (filed 9/25/09) – DOT NER – Timesheet changed. Filed at Step 4
- A-489 (filed 1/05/10) – DOT SE – Denied Standby Pay. Filed at Step 3
- A-490 (filed 12/21/09) – DOT SE – Imposed temporary layoffs. Filed at Step 4



- A-491 (filed 12/21/09) – DOT SE – Imposed temporary layoffs. Filed at Step 4
- A-492 (filed 12/21/09) – DOT DTSD – Imposed temporary layoffs. Filed at Step 4
- A-493 (filed 12/21/09) – DOT NE – Imposed temporary layoffs. Filed at Step 4
- A-494 (filed 12/21/09) – DOT NC – Imposed temporary layoffs. Filed at Step 4
- A-495 (filed 12/21/09) – DOT NW – Imposed temporary layoffs. Filed at Step 4
- A-496 (filed 12/21/09) – DOT NW – Imposed temporary layoffs. Filed at Step 4
- A-497 (filed 12/21/09) – DOT SW – Imposed temporary layoffs. Filed at Step 4
- A-498 (filed 12/21/09) – DOT SW – Imposed temporary layoffs. Filed at Step 4
- A-499 (filed 12/21/09) – DOT NC – Imposed temporary layoffs. Filed at Step 4
- A-500 (filed 1/4/2010) – DHS DPH – Imposed temporary layoffs. Filed at Step 4
- A-500, 501, 502, 503, 504, 505, 506 (filed 2/21/10) – DOT NC – Imposed temporary layoffs. Filed at step 4.
- A-507 (filed 03/31/2010) –DOCC- Restoration rights after layoff. Filed at Step 4
- A-508 (filed 6/14/2010) – DNR- Article 10, Section 3/2. Filed at Step 4
- A-509 (filed 6/01/2010) – DHS DPH- Vacation lump sum payments. Filed at Step 2
- A-510 (filed 6/2/2010) – DOT BPD- Suspension without just cause. Filed at Step 2
- A-511 (filed 9/7/10) – DNR- Improper mileage reimbursement rate. Filed at Step 4.
- A-513 (filed 9/22/10) – DOT SE - Denial of thirty cent add-on. Filed at Step 4.
- A-514 (filed 10/15/10) – DOT SE- suspension without just cause. Filed at Step 4.
- A-515, 516, 517, 518, 519, 520, 521 (filed 11/19/10) – DOT Various – Filed at Step 4.

Larry briefed the board on the status of the grievances. No new grievances have been added.

**Committee Assignments:** *By Mark Klipstein*

The following committee assignments were made with preliminary reports due by May 21 meeting:

*Dues/Budget:* Tony Allard, Jim Volkmann, Paul Zoellner, Khader Abu al-eis

*Bylaws Review:* Larry Legro, Carl Bujanowski, Tom Palionis

*Website/Membership:* Reiny Yahnke, Dave Bohnsack, Allan Bjorkland

*Marketing:* Mark Klipstein, Jason Tucker, Dave Solberg

*Structures/Roles:* Tim Hanley, Mike O’Meara, Dave Wallace

**Financial & Membership Reports:** *By Tony Allard*

No action was taken on the proposed budget for 2011.

Tony reviewed the February 2011 Membership report. MOTION by Tony Allard, seconded by Carl Bujanowski, to approve the January 2011 Membership report. Motion carried.

Tony reviewed the February 2011 Treasurers report. MOTION by Tony Allard, seconded by Micheal O’Meara, to approve the January 2011 Treasurers report. Motion carried.

Tony submitted the below Board Meeting and Expense Vouchers for payment. MOTION by Tony Allard, second by Jim Volkmann, to pay the Board Meeting and Expense Vouchers. Motion carried.

M-111=> M-125	\$2250.00
10-176 => 10-193	<u>\$2282.63</u>
	\$4532.63

**New Business:**

Upcoming Board Meeting: May 21<sup>st</sup>, June 18<sup>th</sup>, August 20<sup>th</sup>, September 17<sup>th</sup>, October 15<sup>th</sup>, December 17<sup>th</sup>

Meeting adjourned at 3:10 pm



## March 5, 2011 Board Meeting Summary

Meeting held at La Quinta Inn & Suites, Madison

By Reiny Yahnke, Secretary

### **Attendance:**

**Executive Board:** Mark Klipstein, President; Larry Legro, First Vice President; Tim Hanley, Second Vice President; Reiny Yahnke, Secretary; Tony Allard, Treasurer

### **Board Members:**

Ron Becker, Wisconsin Rapids President  
Dave Wallace, State Agencies President  
Allan Bjorkland, Superior President  
Khader Abu al-eis, Madison President  
Todd Waldo, La Crosse Section  
Steve Dunn, DNR President

Dave Solberg, Eau Claire President  
Doug Wiegand, Green Bay President  
Carl Bujanowski, Central Office President  
Jason Tucker, Southeast President  
Jim Volkman, Rhinelander President

### **Specialists:**

Sandy Henke, SEA Office  
Bob Schaefer, Health & Retirement

Ron Legro, Communications Specialist  
Willie Haus, Attorney

**Guest:** none

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### **Meeting Begins:**

Mark Klipstein called meeting to order at 8:05 am. Introductions were made.

### **Approvals:**

The February 19, 2011 Board Meeting minutes were reviewed. MOTION by Carl Bujanowski, second by Khader Abu al-eis, to accept the minutes as presented. Motion carried. The Correspondence Report was reviewed. Mark Klipstein accepted the Correspondence Report as written.

### **President's Minute:** *By Mark Klipstein*

Mark thanked all for attending on such short notice. Mark indicated the meeting would use a condensed agenda, so the board could join other SEA members protesting at the Capitol. Mark mentioned he has been invited to the next CESO meeting in Washington D.C. to give a presentation on the collective bargaining fight taking place here in Wisconsin. Mark also discussed SEA's meeting with senior WisDOT management. Mark, Ron Becker, and Carl Bujanowski attended on behalf of the Association. The meeting was "blah" and management didn't have much of anything to share.

Mark and Bob Schaefer reported on our recently designed and printed protest signs. The signs were designed and printed within 3 days, so options were limited. MOTION by Carl Bujanowski, second by Jason Tucker, to pay Melissa Schaefer \$100 for designing the signs for SEA. MOTION by Tim Hanley, second by Carl Bujanowski, to spend up to \$700 to purchase additional signs. Motion carried.

*Turn to page 17*

**Legal/Bargaining:** *By Willie Haus*

Willie reported to the group that the Walker administration is violating the collective bargaining law by refusing to bargain with the state unions. MOTION by Tim Hanley, second by Larry Legro, to authorize SEA attorney Willie Haus to file an unfair bargaining practice lawsuit. Motion carried.

Willie also addressed the board as to what happens after March 13, when our contract extension is canceled. After March 13, the Dynamic Status Quo is in effect and must be observed by the employer. In other words, the articles and provisions of our contract are still in effect until another agreement is reached or the budget repair bill rewrites collective bargaining.

**Health and Retirement Report:** *By Bob Schaefer*

Bob reported that the performance of the Variable Fund was 11% and the Core fund was -1.2%. Bob also commented that donations for pizza for the protestors have been received from 50 states and 60 countries.

**Legislative Report:** *By Tim Hanley*

Tim reported that SEA Day will remain April 6. Tim will have handouts available for use that day.

**Communication Report:** *By Ron Legro*

Ron will continue to work with Mark to communicate information regarding the dynamic issues at hand. Newsletter articles are due April 6.

**Section Reports:**

Section reports were tabled until the April meeting.

**Grievance Report:** *By Larry Legro*

The grievance report was tabled until the April meeting as well.

**New Business:**

Upcoming Board Meetings: May 21, June 18, August 20, September 17, October 15, December 17.

Meeting adjourned at 11:30 am

## PUZZLING PUZZLER



### ***Another river runs through it***

**T**wo sons and their father have to cross a river with a borrowed row boat. Each son weighs 75 pounds and dad weighs 150 – he stays fit! The boat's capacity is rated at 150 lbs. How can they succeed in crossing using the boat, without ropes or any fancy tricks? [Hint: No one swims along with the boat; everyone is in the boat or is a waiting passenger.]

**Email your answer to our contest address: [puzzlesea@yahoo.com](mailto:puzzlesea@yahoo.com). The answer and name of the first person who comes up with the correct answer will be in the next SEA View.**

**Last issue:** Swiffer is being cool when his young brother Gimmee approaches. Gimmee is highly competitive and recently has been practicing his pretend magical powers, trying to turn cheese into more cheese. He mistakenly believes he can beat Swiffer at

*Turn to page 19*



anything. He sets up a little competition: The first brother to get five ounces of water to freeze will be proclaimed the coolest guy in their home. Gimmee puts up his block of cheese as a prize in order to get Swiffer to play along. The brothers agree to a set of rules, as follows:

- \* Both must use unfiltered tap water that comes out of a stainless steel kitchen faucet.
- \* Both must use identical containers.
- \* Both must use the same freezer, at the same time.

Swiffer realizes that if he were to lose, he would become less cool. But unlike his magically thinking brother, he actually knows some science and realizes there's a way to make his container of water freeze faster, within the rules. How does Swiffer improve his odds?

**Answer:** All Swiffer has to do in order to be the winner is fill his container from the hot water side of the tap. Gimmee, ironically being less cool, doesn't know that water with a hot average temperature freezes faster than water that is at room temperature. The phenomenon that hot water may freeze faster than cold is often called the Mpemba effect.

Congratulations to Thomas Sand, DOT, the first member to answer the question correctly. Several of you offered alternative solutions, including adding particles of salt or some other substance to create a nucleus around which ice crystals might begin forming faster, and putting the container in the freezer before the competition starts, although that might violate the brothers' rules.

**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](mailto:sea_wis@yahoo.com).