

Sticking together when they try sticking it to us

Everyone wants to know where the state employee compensation plan takes us, and how workplace policies are changing because of it. The short answer is: The state really doesn't want you to know very much about its plans. The longer answer: This is additional bad news for state employees. So, more than ever, we need to stick together.

Some clues and some clear directions emerge from the state 2011-2013 compensation plan, released earlier this month by the Office of State Employment Relations (OSER). An accompanying article in this newsletter summarizes the plan as we currently understand it. But there's much more we don't understand -- and worse, can't understand, because in some respects the plan is just a declaration that OSER is going to make things up as it goes along.

On Nov. 17, the Joint Committee on Employment Relations (JCOER) held a hearing on the plan and approved it on a straight party-line vote, with Republicans in favor. Numerous employee organizations including SEA sent representatives to point out the plan's shortcomings, but the committee was in no mood to make any changes. JCOER even quashed one

From the President

Democratic amendment that would have required the administration to meet with represented employees to hear their concerns. But the legislators and the administration clearly were not interested in listening.

The hearing was scheduled very quickly after the release of the compensation plan. Indeed, SEA is still analyzing the plan and trying to make sense of portions of it. Truly open government requires more thoughtful consideration than what we've experienced in the past year. Once again, however, the current

Turn to page 2

SEA VIEW SCHEMATIC

From the President: Sticking together after a terrible compensation plan.....	1
Legislative Update: SEA annual meeting and comp plan: Two different animals	4
SPECIAL REPORT: What's in comp plan	6
Secret Cows: Murmurs, moos & 'toons	7
Secret Cows Add-on: Trekking to planet Comp... ..	8
The next benefit we need to worry over	9
Retirement and Health reports	13
SEA opposes two bills affecting retirees	18
SEA Board Reports for October /November	22
? Puzzling Puzzler: A row over trees	25

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administration and legislature have raced ahead without considering all the ramifications of their proposals. They act as if they know where they're going and no one else needs to know.

Before the hearing, SEA had the benefit of precisely one short briefing from OSER on the complex plan, which affects hundreds of provisions formerly covered in our bargaining agreements. The plan outlines how those provisions are eliminated or altered in one of at least seven different ways. And yet everyone is supposed to think this is all clear and well understood, even when we know otherwise. For instance, OSER is still working on many new rules mandated by the plan, such as a new grievance procedure. More on that later in this article.

It's already clear the plan contains more bad news for state employees, state government itself and the citizens of our state. This really is a further **de-compensation** plan. It's mostly a stealth plan, too.

We will share with you in coming days a more precise analysis of compensation changes, but it's already clear that under this plan, typical state engineers will face additional thousands of dollars per year in compensation claw-backs. That's simply unconscionable and unnecessary.

Aside from the plan's two-year pay freeze, which alone is likely to reduce employee buying power by another two or three percent thanks to inflation, the administration is ending some traditional salary adjustment programs or making them discretionary within departments. And even where they're still in effect, there is no pot of money in the biennial state budget to fund them.

For instance, individual agencies could create their own pool of money to offer salary add-ons, but these add-ons would not guaranteed to all employees, as was the case when we were allowed to bargain them. In order to create a pool, other spending in the agency would have to go down.

Worse, the comp plan handles surviving supplemental salary issues in a manner almost invisible to employees and the public. Some employees will get market adjustments and merit pay and perhaps other little boons, but **none of these will be across the board, and it will be much harder for other workers, collective bargaining units, the news media and taxpayers to know who's getting what, and why.**

The last time the state had a merit pay plan, our previous governor ended it, in part, perhaps, because it was not equitable nor easily administered. The new plan's call for a new merit increase system sounds a lot like that former plan, called the Discretionary Compensation Award system.



Willie Haus (near left) and SEA members listen to presentations at October's annual meeting – R. Spoerl photo

Turn to page 3



Several years ago another state employee union wrote a report about inequities including age and sex discrimination occurring in the old merit pay system. As the private sector's own merit pay experience all too often has demonstrated, these types of plans create too much opportunity for managers and supervisors to hand out rewards to employees who aren't necessarily the most productive, but whom are the most agreeable. Or, even, hand out rewards to themselves instead of to line workers who actually get the job done.

But the "compensation" plan deals with a lot more than money. For instance, consider the requirement for setting up a new scheme for handling grievance issues. The framework of that suggests the state is stacking the deck more in its own favor and making it harder for employees to win a grievance, just as legislators have made it harder for citizens to win a civil lawsuit.

Do not believe the governor's assurances that the civil service system will remain intact and protect employees. If civil service alone was adequate to do that in the past, we wouldn't have formed our association in the first place. But the situation is worse now, because after gutting collective bargaining and weakening formal grievance procedures, state lawmakers are also busy making civil service more political and less professional.

Indeed, the compensation plan includes a provision that allows OSER to alter rules and policies in the plan on its own, without legislative oversight. By approving that on behalf of the entire legislature, JCOER once again ceded constitutional legislative duties to the administration. That's arguably illegal, but it hasn't stopped this crew before.

The result will be as if you tried sitting down and playing poker with someone who has the power to change the rules in the middle of the game. Your hand contains a full house? Sorry, you don't win; the guy across the table just redefined the rules of play on the fly, and full houses are suddenly worth less. Good luck playing that game.

In years past, the rules and processes addressed again by this comp plan and last spring's legislation were formalized and well understood, and in many cases bargained, but now they are totally muddy. For a government that says it is interested in a civil workplace that's also efficient and saves money, this comp plan is strange, because it in fact creates more superficiality, uncertainty, secrecy and expense.

A few SEA members have asked our officers whether it's wise to continue the association in the face of all these new obstacles. And our answer is: **What's the alternative?**

As SEA's attorney Willie Haus puts it, many of the benefits our members over the decades have gained and which are now being taken from us materialized in the first place only because SEA pushed hard in collective bargaining for a fair deal. We joined together as employees because it is very hard to get anything done one on one. It is very unlikely that individual employees will be able to walk into a state agency manager's office and succeed in getting a raise, add-on or some other benefit on his or her own.

The compensation plan includes a provision that allows OSER to alter rules and policies in the plan on its own, without legislative oversight. If lawmakers approve that, they will once again be ceding their own constitutional authority to the administration. That's arguably illegal, but it hasn't stopped them before.



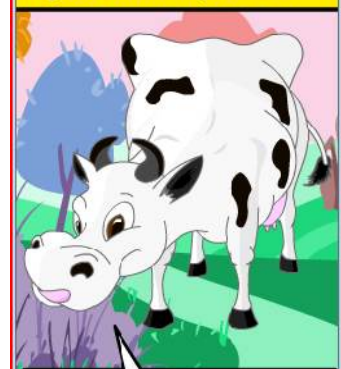
The only way to undo this horrible situation is to keep our association intact and work even harder as a group. Someday, perhaps sooner than most expect, collective bargaining will be restored. But when that day arrives, we won't see any sudden changes for the better if SEA isn't still up and running. **That's why we have urged you to support your union, through continued, active membership.**

As Willie says: Just because the governor and legislature have killed collective bargaining doesn't mean management isn't going to need to talk with employees and work out issues. **And the most efficient and fair way to do that is to sit down with an association that represents those employees.**

This compensation plan along with the anti-collective bargaining and other negative laws do not change reality, **they just make problem-solving more inefficient and less transparent.** The irony is that when, as a result, government becomes more dysfunctional and inefficient, there will be pundits and politicians once again ready and willing to blame you, and not the system or themselves.

Respectfully,
Mark Klipstein
President

And now, a special message from Sybil the Cow, member in good standing of SEA:



If you're reading this SEA newsletter, then you should pay your annual dues, like me! Be a MOO-ember!

Compensating for political incompetence

Hi all,

We had a great annual meeting in Green Bay. Thanks to the Green Bay section for hosting the meeting and making all the arrangements. The section did itself proud with the speaker for the evening dinner. The section invited State Senator Dave Hanson (D-Green Bay) to speak, and speak Senator Hansen did. His stories of the flight of the 14 Senate Democrats to Illinois in their effort to slow down the anti-union bill, and the political aftermath including a failed attempt at his own recall, brought the house to a couple of standing ovations.

Legislative Update By Tim Hanley
Second Vice President

Sen. Hansen also gave insights into the outcome of that fight and what happens next. From the legislative perspective, I wish we could have videotaped his talk to share with every member. It was inspirational and informative. The Green Bay area is represented well by Senator Hansen. Special thanks to Tony Allard for taking the lead in making arrangements for the senator to speak.

Turn to page 5



As Mark notes in his message this issue, the long awaited state compensation plan has now been released and approved by legislators. As we further evaluate the plan we will understand more and more about it and share that with you. See more details about the plan in the article immediately following this one.

In our initial review it is clear that SEA members have lost a great deal more since the give-backs required of us earlier this year. The effective loss of PDT – as it was bargained for in good faith -- is equivalent to approximately a 2.2 percent pay cut. That is in addition to the retirement contribution change and increased health insurance costs from the measure passed last summer.

Also, those of you who serve in an on-call status will see a **reduction in pay for being in standby status.** If you were not sure there is value in SEA or the work SEA has done in the past, this quick review confirms there has been lots.

The administration continues to cut away at the working middle class. As the engineering bargaining unit, it is also very disappointing for our Association to see that the compensation plan does not include a market adjustment. This is despite the fact there is considerable evidence that demonstrates a market adjustment is warranted:

OSER knows because it processes HAM (hiring above the minimum) requests from agencies; OSER also has many copies of past SEA market analyses that have been shared during collective bargaining. These studies show that – contrary to popular politic rhetoric – engineers are among the professionals in the state government workforce who are underpaid compared to their private-sector counterparts. And they show that these lagging salaries existed before the current administration cut compensation some more, widening the disparity.

The Governor's Waste and Fraud Commission knows because it has looked at the Act 89 analysis that SEA conscripted and contract documents that clearly show outsourcing to private engineering consultants costs more than doing the work in-house.

Agencies know because they process all the contracts to outsource state work.

SEA will be determining the best course of action at upcoming board meetings. I would encourage all members to contact their legislative representatives, requesting they contact JCOER committee members and request that the issue of market pay for SEA be addressed by the committee.

Remember, too, to share information with your section presidents so they can in turn share information with your state board of officers. At the annual meeting a member shared with me the story of a private consultant who was recently debarred for



Sen. Dave Hansen spoke to nearly 100 SEA members at the annual meeting banquet – R. Spoerl photo

Comp plan kicked around

To see a video of the Joint Committee on Employment Relations hearing Nov. 17 on the state's compensation plan, go to the URL below. SEA First Vice President Larry Legro can be seen testifying at about the two hour, 30 minute mark on the video. Link:

<http://www.wiseeye.org/Programming/VideoArchive/EventDetail.aspx?evhdid=5471>



overcharging the state. He said the overcharges were more than \$800,000. One of the values of SEA is our grass-roots networking. Please keep sharing those items with your section president. These are great examples to share with legislators at SEA Day. Finally, keep in mind that this is your state. I encourage you all to participate to make it a better state.

Respectfully,
Tim Hanley
2nd Vice President

SPECIAL REPORT: What's in the comp plan?

Most recent contract terms honored until Jan. 1, 2012 So if you have PDT for 2011 you should use it the rest of this year. You're probably not going to get PDT if you don't ask for it next year. Individual agencies could retain PDT, but again they'd have to find money in their budgets to do that and they can redefine usage. You can also use contractual grievance procedures until Jan. 1, but OSER is working on a new grievance procedure.

No general wage adjustment for 2011-2013 Given inflation, that means yet another effective cut out in pay, as employees lose buying power. Certified bargaining units (not SEA) can bargain for cost of living increases and if one unit gets it, the state might give it to everyone else. But such increases are unfunded so the state may not be agreeable.

Add-ons have been retained, but.... This is not a guarantee they will be available to SEA members or other employees. Add-on policy will be handled by specific agencies. They can set up standards to end add-ons or give them but with new standards that don't apply across the board. OSER will oversee any such add-on scheme in the background to ensure no "outlandish" application of rules. Any approved add-ons will have to come out of the agency's other funding.

Wage adjustments, if any, will for the most part likely be awarded as lump sums and not as raises. Exception: managers are broadbanded, so any add-on they get may still go on their base.

All automatic wage increases are terminated This means the step system is now arbitrary and case by case. You are not guaranteed a step increase after a certain number of years of satisfactory or better service. There will be only three, not four steps, so there are

also fewer chances to gain a step increase even if you're deemed worthy.

Call-back and standby pay will be more limited

Vacations will be unchanged but are now based on the Fair Labor Standards Act (FLSA) and are not longer contractual You're getting two days more than people who are non-exempt, but this plan is not giving you anything extra.

Transfers and lay-offs no longer contractual The state will follow the administrative code as of Jan. 1, whereas SEA has had extra language with more protections.

Restoration is reduced to three years from five. If you're laid off before Jan. 1, you still have five.

No grievance cases will go to independent arbitrators The venue of last resort for will be the Wisconsin Employment Relations Commission, over which the governor now has more control.

Agencies will continue to have employee forums and meetings Individual agencies can at their discretion allow union representatives to attend. This is an advantage for SEA in that, unlike other unions, our reps are always employees, so the state can't keep us away.

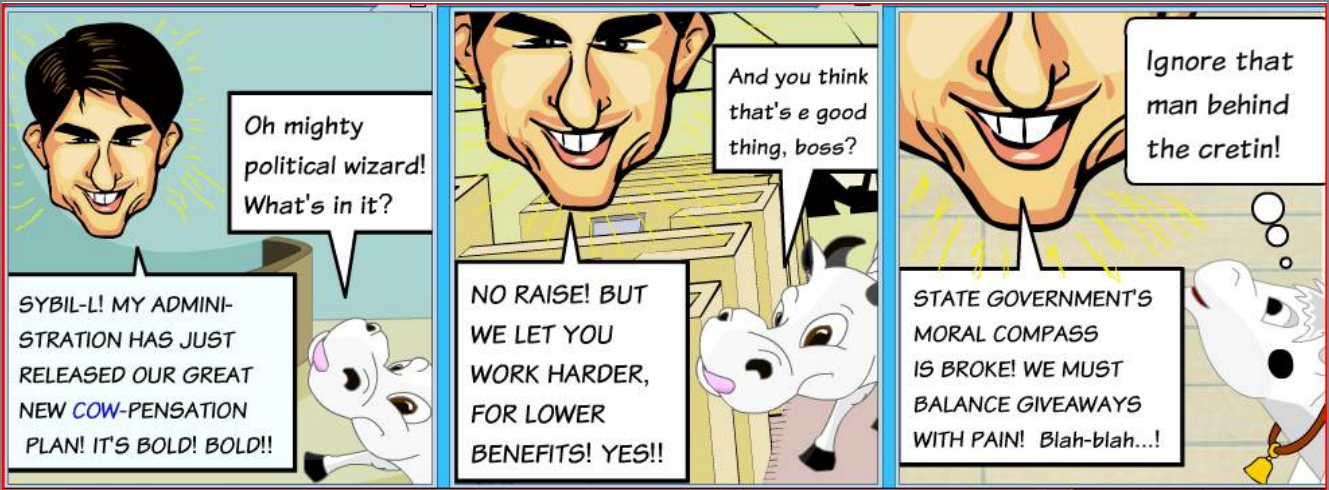
Seniority will now be decided on an agency level! Whether seniority even counts for something any longer (such as preference in overtime situations) remains to be determined. New administrative rules on OT or layoffs might override civil service rules.

FLSA status that used to be handled by classification now will be handled by position.

PE You are still required to have a PE, but the plan takes away extra money accompanying that licensing.



SYBIL THE COW "I don't think we're in Wisconsin anymore" by RL



SECRET COWS

Notes from the seat of political power. And the seat seems to be getting a bit frayed.

By Sybil, the SEA-cret Bovine

Now here's compensation we could get behind cutting

According to a source in the private consulting industry, state tax dollars are being misspent, and not always being put to work for the people. On a certain engineering project in southeastern Wisconsin, a private consulting firm reportedly remained significantly below its state contract ceiling on spending, with a few months left to bill. The firm promptly gave its staff 50% raises for the remainder of the project so the firm could use up all of the taxpayer dollars allowed in the contract. Meanwhile, dedicated state employees who watch more of their work being assigned to private consultants are treated to serious wage and benefit cuts. Hey, governor, there's your waste, fraud and abuse, right there.



Super committee vs. super wages

The New York Times reported that several US lawmakers asked the congressional debt-reduction "super" committee to consider limiting federal wages paid to top employees of government contractors, to make them comparable with salaries of federal employees. Currently, the top five employees of a consulting company can be paid up to nearly \$700,000 a year each in salary, bonuses and deferred compensation.

Progressive party at DNR

The DNR sent around word to its employees about a management-sponsored "progressive potluck" at headquarters. The announcement raised eyebrows until further review showed that agency heads weren't running a political fund-raiser. By "progressive" they meant the food was different on every floor. Meanwhile, administrators also urged DNR employees to join in a "costume challenge." Happy Halloween! "And the prize? The pride in believing that your region/office was the best!!" What a bunch of party animals. By the way, this little exercise in morale building came even as the Wisconsin League of Conservation Voters noted that there currently are 482 staff vacancies at DNR -- nearly a fifth of the agency's total employee complement. Meanwhile, the powers that be turn the agency toward a more commerce-friendly stance at the expense of environmental protection. Captured regulators? Looks like.

The One Percent money grab

How much of our income goes to Wall Street? Anthropologist David Graeber, a specialist in the study of debt, recently set out to learn how much of the average American income ends up "appropriated" by the financial industry in the form of interest payments, fees, penalties, and service charges. Graeber discovered that **mortgage and consumer interest charges alone are eating 15 to 17 percent of average household income. That doesn't include student loans or penalty fees on bank and credit card accounts.** Overall, Graeber estimates, at least one dollar of every five that Americans earn is "now likely to end up in Wall Street's coffers in one way or another." That's much more than average Americans pay in **federal income tax.**

MOO!



SECRET COWS

ADD-ON PAGE

[Cow-umnist's note: I'm taking PDT. So I've recruited a guest columnist from the ranks of SEA. Please welcome Tom's tale. - Sybil]

“To boldly go where no governor has gone before” – or, “Warped!”

Aboard the Starship Enterprise, Captain Kirk and Mr. Spock discuss administrative issues:

Kirk: So how's the Enterprise rebuilding project proceeding, Spock?

Spock: We have Scotty and his engineering crew on board and we are depending on them to provide us with another 100 million light-years of travel.

Kirk: Great! Those engineers are essential to the process, but they cost so darn much to keep happy.

Spock: Oh, we are working on that too. Enterprise engineers already make less than their Klingon counterparts. You can check that out by going to JSOnline.com -- type in any Enterprise or Klingon employee's name to see their salary.

Kirk: Great...great! So we are already doing more with less?



Spock: That's the plan. We are also saving some money by taking away their professional development time ... PDT.

Kirk: PDT? What's that?

Spock: You remember, don't you? Back when those engineers were making those outrageous union demands for a 2% raise, we told them we didn't have 2% to give, but they could have five days of PDT. Lucky for us it's a benefit we can easily take away. It's a lot messier trying to take away hourly wages.

Kirk: You're absolutely right, Spock. I'm sure glad we gave these dolts benefits rather than wages. Look how well that worked universally with health insurance and retirement. And now the engineers' PDT. Icing on the cake! But aren't those engineers going to protest?

Spock: What are they going to do? Are they going to abandon a ship that is light-years from home? A few may attempt to float off into space, but that's OK. It's all part of our Phase II plan to privatize. There

will be more to come. You can count on that, Captain.

How ironic. The people the state is depending upon to save this new Enterprise some money are the same ones being slapped in the face the hardest. They could have given engineers a 2% increase in wages and taken away their PDT or they could have converted PDT to annual leave. But instead they decided it's easier to just take PDT away and ignore them. Engineers can do the math.



What is the next benefit cut we need to worry about?

The legislature's renewed interest in health savings accounts, that's what.

By George Mickelson, P.E., retired, formerly DNR Section

This legislative session so far has proven to be an experience that most state employees would surely forget if they had the chance. On top of the loss of collective bargaining rights and union representation, the list of benefits that were previously bargained for but that lawmakers have newly confiscated are too numerous to list here. What's next?

There are a few good candidates. One of those is state government imposition of a high-deductible health plan, paired with a health savings account. What is a high-deductible health plan (HDHP)? What is a health savings account (HSA)? And how do these work?

The latest craze among employers looking for ways to shift health care costs to the employee involves a HDHP coupled with a HSA. The concept is that if the health care consumer has a greater financial investment in their health care decisions and if they have a greater choice of health care options, they will choose coverage that is more economical while causing minimal reduction in benefits. At least, that is the sales pitch.

In practice, the employer introduces the option of a HDHP instead of, or as an additional option to, a health maintenance organization (HMO) plan, such as one of the plans that most state employees currently have. The difference between a HMO and a HDHP is that the HDHP has a much lower premium cost because the plan will have very high deductibles and co-pays. To officially qualify as a HDHP under federal tax code, the deductibles and co-pays must be large enough to make the HDHP eligible to be coupled with a HSA. Thus, those minimum co-pays and deductibles are set in federal law.

A HSA is an account that allows the employer, employee, or both to put pre-tax earnings into an account that can be used to pay for health care deductibles and certain other health care costs. Thus, medical costs can be paid with dollars that were not subject to federal income tax. The HSA account belongs to the employee and is theirs to keep and use for medically related expenses after they leave the employer, either through resignation or retirement. If the HSA is funded at the maximum levels allowed by law, a relatively healthy employee may expect that their annual health care costs will be less than the annual contribution into the HSA, which allows the HSA to grow over the years. But, to be eligible to participate in a HSA, an employee must be enrolled in a HDHP. The conventional HMOs that the state now uses do not qualify an employee to participate in a HSA.

You might ask why a HDHP/HSA plan is now a concern. The original, unamended January 2011 Special Session Assembly Bill 1 (also referred to as the "budget repair bill", the "union busting bill", and other names inappropriate to print here) required that, "*The director of the Office of State Employment Relations and the secretary of Employee Trust Funds shall study the feasibility of offering to employees a high-deductible health plan and the establishment of a health savings account, as described in 26 USC 223.*" The clause requiring the study eventually

Turn to page 10



was inserted into Assembly Bill 40 which passed the legislature and became 2011 Act 32. In other words, legislators asked for this study, so they probably are up to something. [Editor's note: At the Nov. 1 Group Insurance Board meeting, the deputy secretary for the Insurance Commission requested that GIB to do a more in-depth study on HDHP/HSA. The board approved the study. No funds were set aside and the specifics will come later.]

The legislature was very non-specific in its goals or objectives, not even stating why it was seeking such a study. Lawmakers did not provide adequate time for ETF or OSER to perform the study, and they did not provide funds to perform the study. They also did not fund an actuarial analysis for the study. The result is a completed study that is conceptual in nature and is rather concise. The study is available at:

<http://etf.wi.gov/publications/Health-Ins-Opt-Study.pdf>

Why did the legislature ask ETF and OSER to perform the study? It is impossible to read the minds of the current legislative leadership. However, based on past experience with previous legislatures and reviewing experiences from other employers, some educated conjecture is possible.

In 2005, a bill was introduced (2005 AB-344) that would have directed ETF to offer a HDHP/HSA plan in addition to the other health care plans offered by ETF. When that bill was introduced, I recall that it was announced with great fanfare because it was portrayed as a great deal for the employee. That was because employees who wanted to stay with an HMO could, but employees that wanted to sign up for an HDHP would get a funded HSA. The state would fund the HSA by depositing all of its savings from lower health care premium costs into the employee's HSA accounts.

Thus, you either got to keep your existing HMO benefits or you could choose to get something that for some employees could be even better, a funded HSA. That proposal, however, conflicted with federal tax codes; thus, Amendment 1 was introduced to the bill to cap the amount that an employee could receive in the HSA to levels allowed by federal law. The employee would get some of the savings and the state would get the rest. And since the goal of such plans is really to shift costs to the employee, Amendment 2 was also quietly introduced. That amendment allowed the legislature to annually decide if it wanted to continue funding the employee's HSA. The bill did not become law.

Using that proposal from 2005 as a guide, is a HDHP and HSA a good idea or not? It depends on your perspective.

If you are a young and healthy employee, you probably don't consume very much health care. If you switch from a HMO to a HDHP/HSA plan and if the employer fully funds your HSA at the legal limit, a HDHP/HSA may seem like a good idea to you. It is unlikely that your out-of-pocket medical costs would be greater than they would be with an HMO; thus, your HSA could grow over time. And, the HSA would be yours to keep to use for other medical expenses after you leave. If, however, the employer does not fund your HSA, a conventional HMO is likely better for you, economically.

Meanwhile....

Sen. Frank Lasee (R-De Pere) is helpfully touting the conservative Maclver Institute's meme that the state's Sick Leave Conversion Credit Program is overly generous and expensive, and that it should be ended. In his constituent newsletter, Lasee ignores the program's obvious value as an incentive that limits sick-day use. He also oddly stipulates that one reason for the program is that past administrations and legislatures have offered state employees relatively low wage increases, hence negotiated programs like this one to mollify workers.



If you have a family or are an older employee who consumes more than the average amount of health care, the co-pays and deductibles can be quite expensive under an HDHP. Thus, the conventional HMO plan may be a much better plan for you.

If you are retired and under 65 and obtain your health care from the state under the sick-leave conversion program, the employer won't fund a HSA for you. If you have very little remaining in the sick-leave conversion account, a HDHP/HSA might help because it is cheap. Most retirees in this situation would likely find that the HDHP has a relatively low-cost premium and that much if not most of their health care costs currently funded under the sick-leave conversion would become out-of-pocket costs. That is because only the premium costs are eligible for the sick-leave conversion, so increased deductibles under a HDHP would result in increased out-of-pocket costs. For this reason, the conventional HMO is likely much better for pre-65 retirees unless they have nearly exhausted their sick-leave conversion account.

What happens if the younger, more healthy employees opt for the HDHP/HSA plan and leave the current pool of employees that use HMO plans? Then, the "average" person covered by the HMO plans would be slightly less healthy because the healthiest employees in the HMO pool of employees would have left. HMO premium costs would therefore rise, possibly significantly. Over time, the cost difference between the plans would also increase. It is then likely that the employer would shift those increased costs to the employee by increasing the HMO premium co-pays to reduce the cost difference between the two plans. If those cost shifts to employees cause more employees to exit the HMO plan for the HDHP/HSA, a death spiral of increasing HMO costs and reduced HMO enrollment could result.

All of this brings us to a key point. In the past, state health benefits were collectively bargained in contract negotiations. But the state suddenly has changed, and what is given to you can now be taken away by edict. If the employer attempts to entice (or bribe) employees into a HDHP/HSA by promising to fully fund it, employees have no idea if that promise will be kept for years, or months, or at all.

So, is a HDHP/HSA a good deal or not? If your HMO is replaced with a HDHP/HSA and if the employer does not fund the HSA, even young and healthy employees lose. The older employees and those with children lose much more. And pre-65 retirees on the Sick Leave Conversion Program who are not eligible for a HSA are very big losers.

Thus, if the legislature starts out funding the HSA to bribe people into switching plans, the only big question becomes this: How much longer before the state quits funding HSA accounts?

Could this happen here? Of course it could. It is the playbook that thousands of employers have used across the country over the last several years. The key to success is that the plan must appear to be a good plan initially so employees will be willing to drop their HMO in exchange for a HDHP/HSA. That is why for some initial years the employer will likely offer to bribe employees with a HSA contribution. After all, without a HSA contribution nobody would willingly select such a plan if they could instead choose an HMO at an affordable cost.

Many if not most private sector employers continue to fund HSA plans because they (unlike the state) are concerned about employee welfare and morale. Furthermore, they recognize that a healthy workforce is necessary in a competitive business environment. But, recently a lot of public sector employers have demonstrated that they are not concerned about morale and are slashing costs wherever they can.

What is the next step? Probably something from the legislature.



Retirement and Health Insurance Reports

by Bob Schaefer

SEA Retirement & Health Insurance Representative

WISCONSIN COALITION OF ANNUITANTS MEETING – Oct. 24, 2011

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

ETF Update: Dave Stella, outgoing ETF secretary, provided an update on several items. First of all, Secretary Stella appreciated the support for ETF initiatives over the years and wanted to thank WCOA. SEA provided a letter of appreciation to Secretary Stella for his continued effort in maintaining the Wisconsin Retirement System as one of the best plans in the United States. He appreciated the letter. A copy of the signed letter was sent to the members of the Joint Survey Committee on Retirement Systems (JSCRS).

Following are several comments that he offered on the retirement system: There have been about 14,000 retirement requests by June of this year and that exceeded all of 2010. Some of this was expected because the baby boomers are nearing retirement; about 7,000 will retire every day starting next January and this will continue for next 19 years. In Wisconsin, we will see a situation where the ratio of active employees to retirees will be 1:1. The great news is that Wisconsin has been planning for this all along.

Writer's comment: *As long as the legislature does not screw up the works with new destructive ideas, we will be fine. So if you think the recall is not worth it, think again.*

The rehired annuitant issue is a problem for ETF. The absolute minimum “in-service distribution” that IRS will allow is the current 30 days separation that the WRS has on the books. Most states have already gone to at least a 180 day separation to avoid issues. Something will be done. The ETF will probably suggest at least a 180 day separation.

Some of the changes made by Act 32 have the potential to really hurt the WRS on the balance sheet. One of the biggest impacts is the change from 600 hours to 1,200 hours to qualify as part of the WRS. That will eliminate about 18,000 persons from the retirement system and will cost the fund \$43,000,000 annually. Following is this writer's comment on this change noted by Secretary Stella:

This is just one of those changes that the current legislature and administration inserted into the budget bill with no actuarial analysis. In their rush to destroy collective bargaining and in the long run the WRS, the JSCRS failed to do their fiduciary responsibility as they should have and studied the impacts before the measure was passed out of committee. Similarly, the current legislature sent a recent rehired annuitant bill to the insurance committee rather than to the JSCRS as it should have done.

The WRS is dependent upon a constant program of hiring new employees and retiring older more expensive employees. Changes like those made in the recent budget bill can disrupt the balance significantly and cause contribution rates to increase unnecessarily.

Turn to page 13



The WRS is still in excellent financial position and is 99.8% funded even with all the swings in the stock market and the increased number of retirements. SWIB's efforts to minimize impacts, maintain a diversified portfolio, and the efforts of persons working in SWIB have really helped the WRS to meet its obligations.

ETF along with DOA and OSER input will be submitting a health insurance report to the legislature as the legislature directed. [That report came out at the end of October.] The issues to be reported on were reviewed in last month's WCOA update in the SEA newsletter.

The WCOA gave Secretary Stella a standing ovation and welcomed him to the annuitant side after 40 years of public service. He will officially retire in January, 2012.

Legislative Report: Dan Schmidt, Senior Analyst, Legislative Council, reported that the 2010 Comparative Study of Major Public Employee Retirement Systems is being worked on and should be completed by the end of December. This report will show a lot of changes compared to other years because of the 2008 recession and the changes to retirement systems that were not as well positioned as the WRS. The link for the 2008 study is here: http://legis.wisconsin.gov/lc/publications/crs/2008_retirement.pdf

SWIB Issue: There is a current bill before the legislature, reported on in the previous newsletter, regarding the new venture capital program. SWIB has been asked to provide expertise in setting up some of the investment programs as a contractor. Some of the language in the bill needs additional scrutiny and WCOA will take another look at the issue. The concern centers around the issue of using SWIB or WRS funds to provide the service and then be paid back by the company on a contract basis. SWIB cannot use investment funds for anything other than WRS investments and operations. The proposed language is very close to violating that requirement and needs to be carefully considered lest we open the door to further erosion of the WRS. As the bill stands right now with recent amendments, SEA cannot accept the proposal in Special Session - AB 21, Assembly Amendment 1. This issue will be further discussed at the next board meeting.

WCOA Annual Meeting: Mark your calendars now. The next WCOA Annual meeting has been set for May 14, 2012, at the American Family complex in Madison. All persons are welcomed to attend and that includes current employees and retirees.

– **Bob Schaefer**
Retirement and Insurance Representative

GROUP INSURANCE BOARD (GIB) MEETING – Nov. 8, 2011

Following is a summary of the items discussed at the November 2011 GIB meeting. Additional details are available upon request or can be found at the ETF web site <http://etf.wi.gov>. Go to the Governing Boards Tab, select Group Insurance Board November 8 Group Insurance Board and then select Agenda and Materials.

Many topics are covered at these meetings and a lot of them have to do with technical changes to codes, and understanding the board's responsibility regarding how they conduct themselves on the myriad of issues brought before them. This month's meeting generally was no exception. However, as always, there are those few exceptions that need to be heeded and reported on. One of these issues was commented on by Secretary Stella.

ACT 32 Health Insurance Options Feasibility Study: As reported in the September 26, 2011 ETF summary in this newsletter, the ETF, OSER and DOA had the responsibility to report on five health insurance items to legislature. Those items are:

Turn to page 14

*Group Health Studies*

- *Require OSER and ETF to study the “feasibility” of the following:*
 - *Offering to state and local employees (beginning 1/1/2013) the option of a low-cost or high deductible coverage plan coupled with a health savings account,*
 - *Implementing a three level premium cost structure that would establish separate levels for single individuals, married couples with no dependents and families with dependents,*
 - *Implementing a program to provide an online marketplace for the purchase of prescription drugs as a supplement to the pharmacy benefit management program offered under the group health plans,*
 - *Requiring state employees to receive health care coverage through a health benefit exchange,*
 - *Creating a health care insurance purchasing pool for all state and local employees and individuals enrolled in Medical Assistance.*

A separate motion allows ETF to study the provision of midwifery services offered under state health plans.

That report was completed on time and submitted to the legislature. The overall view was that the direction offered by the legislature was too broad and lacked sufficient detail to analyze exactly what the legislature wanted to accomplish. I strongly encourage all retirees and active employees to take the time to familiarize yourself with the actual document. One of the sections dealt with the Low-Cost and High Deductible Plans and Health Savings Accounts. George Mickelson has elsewhere in this issue of SEA View provided an in-depth review of what was proposed.

The bottom line is whether you trust the legislature to maintain its commitment to employees over time. The legislature once told SEA in bargaining that it would continue to pay the employee portion of pension contributions. That recently came to an abrupt end when it was no longer convenient for the state to do so and the issue was used to vilify public employees. The link for the report is <http://etf.wi.gov> on the right side of the main page under the heading Act 32 Health Insurance Options Feasibility Study.

– **Bob Schaefer**
Retirement and Insurance Representative

STATE OF WISCONSIN INVESTMENT BOARD MEETING – Nov. 16, 2011

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

Meeting Update: The majority of the meeting was focused on the setting of benchmarks and discussing compensation awards. This work was completed in a couple of committee meetings and only the benchmark analysis was completed and approved by the full board.

Asset Allocation: Keith Bozarth, SWIB executive director, reported that one more hedge fund was funded for \$100 million. SWIB has now contracted with four hedge funds as part of the Asset Allocation changes.

The board approved the following Asset Allocation changes as presented in the table below. This will allow the staff to proceed with the total allocation changes. There was some discussion about implementation and the board was assured that the changes will continue to be on a gradual basis. There is no reason, especially now, to rush into this program. The investment team will provide an update in January on the impacts to the WRS

Turn to page 15



because of the changes. Early indications are that the asset allocations have been successful in helping SWIB to meet benchmarks.

Cost Effectiveness: Bruce Hopkins, vice president, CEM Benchmarking, Inc. reviewed SWIB's operations. Mr. Hopkins noted that SWIB is paying less for the current investment model and is paying less than its peers. A summary of the findings are as follows:

Asset Allocation – Review of June 2010 Decisions

	Current	Year 1 Mix	Year 2 Mix	Year 3 Mix
Public Equity	55.0%	53.0%	49.0%	43.0%%
Fixed Income	26.0%	26.0%	30.0%	35.0
Tips/Real	3.0%	7.0%	13.0%	20.0%
Real Estate	6.0%	6.0%	6.0%	7.0%
Alternatives	6.0%	6.0%	7.0%	7.0%
Map	3.0%	3.0%	3.5%	4.0%
Active Risk	1.0%	3.0%	3.5%	4.0%
Cash	0.0%	-4.0%	-12.0%	-20.0%
Expected Return*	7.57%	7.58%	7.65%	7.57%
Expected Return**	7.57%	7.65%	7.80%	7.85%
Expected STD Dev.	12.5%	12.3%	12.2%	11.6%
Sharpe Ratio	0.446	0.454	0.463	0.480
Equities	70.0%	68.0%	65.5%	61.0%

*Cost of Leverage (2%)

*

Strategic Investment Solutions, Inc.

Policy Return: SWIB's 5-year policy return was 4.9%. This was above the US median of 4.6% and above the peer median of 4.5%.

Value Added: SWIB's 5-year value added was 0.1%. This compares to the US median of 0.2% and the peer median of 0.1%.

Costs: SWIB's actual cost of 38.0 basis points (bps) was below its benchmark cost of 42 bps. This suggests that your fund was low cost. SWIB was low cost in 2010 primarily because SWIB paid less for similar mandates and had a lower cost implementation style. (In other words, WRS members are receiving a fair return for cost of operation.)

Risk: SWIB's asset risk of 11.0% was above the US median of 10.4%. SWIB'S tracking error of 1.6% was below the US median of 2.2%.

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

Turn to page 16



	Aug. Percent Gain or Loss by Fund	Sept. Percent Gain or Loss by Fund	*Oct. Percent Gain or Loss by Fund
Core Fund	1.9%	-3.5%	2.8%
Core Fund Benchmark	1.5%	-3.8%	2.3%
Variable Fund	-3.3%	-11.8%	-1.8%
Variable Fund Benchmark	-3.5%	-12.0%	-2.1%

	August 2011 (millions of dollars)	Sept. 2011 (millions of dollars)	*Oct. 2011 (millions of dollars)
Core Fund	\$73,376	\$73,400	\$69,224
Variable Fund	\$5,223	\$5,200	\$4,756
Total	\$78,599	\$78,600	\$73,980

*Preliminary Results – All values are year to date.

– **Bob Schaefer**
Retirement and Insurance Representative

DEFERRED COMPENSATION BOARD MEETING – Nov. 15, 2011

Following is a summary of the items discussed at the November 2011 Deferred Compensation Board meeting. Additional details are available upon request.

Investment Performance Reports and Update: The 2011 Mid-Year Investment Performance Review and 2011 Third Quarter Investment Update were presented to the board and no additional action was taken at this time. Only one portfolio was not performing for one period and that seems to have been corrected. The reports can be found at the following link:

http://etf.wi.gov/boards/agenda_items_2011/dc20111115_items/WDCAgenda_11_15_11.pdf

The only other report of significance was a SSA Research Grant on *Increasing Retirement Savings by Working Women; Understanding Gender Disparities in WDC Account Balances* by Karen Holden and Sara Kock. The report was made by Professor Karen Holden. The report can be found at the link below:

http://etf.wi.gov/boards/agenda_items_2011/dc20111115_items/item-13.pdf

--**Bob Schaefer**
Retirement and Insurance Representative

WISCONSIN COALITION OF ANNUITANTS BOARD (WCOA) MEETING – Nov. 16, 2011

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

ETF Update: Bill Ford, ETF board member representing the retirees, provided some additional information about the selection of Robert (Bob) Conlin as secretary of ETF. The ETF Board went through two in-depth reviews with Mr. Conlin before selecting him as the new secretary. They had recommendations from past secretaries Stanchfield and Stella. The secretary of ETF must be politically neutral and provide factual opinions. The current and past administrations are quite satisfied with Mr. Conlin in this concern. Mr. Conlin also has

Turn to page 17



served as the deputy secretary quite ably over the past several years and is much respected in the ETF and by outside peers.

SWIB Update: Vicki Hearing, SWIB public Information officer, provided a brief update on SWIB activities. There has been no word from the current administration about the replacement of the three existing board members. SWIB has hired the consultant to find a new executive director. No additional information at this time. November values will be posted in early December to assist employees with decisions about whether or not to retire. The SWIB meeting will include a consultant report on the operational cost of SWIB and how it compares to their peers and the investment industry as a whole. In addition, the Asset Allocation study will be discussed and a request for final approval is on the table (See SWIB notes in this newsletter).

ETF Additional Reports: Shawn Smith, communication and legislative director, ETF provided some additional information about current activities at the legislature and at ETF. First, Ms. Smith mentioned the current returns and what the numbers will mean to the WRS overall. The table below shows anticipated impacts. The entire letter can be observed at the following link: <http://etf.wi.gov/news/ht-core-proj-letter20111108.pdf>

Projected Core Fund Effective Rates and Annuity Adjustments			
If SWIB's net investment return on 12/31/11 is...	5%	0%	-5%
...the Core Effective Rate is projected to be approximately...	1.8% to 2.8%	0.8% to 1.8%	-0.2% to 0.8%
...and the Core Annuity Adjustment is projected to be approximately...	-3.2% to -4.2%	-4.1% to -5.1%	-4.9% to -5.9%

AB 352 and AB 318: The ETF will be commenting on the proposed bills at the hearing for informational purposes only. ETF has five points that it plans to make.

- Restore public confidence in the pension system after some bad press.
- Make sure that any changes are easy to implement.
- The long term financial health of the WRS must be retained and maintained. Surveys have shown that up to 76% of retirees plan to work after retirement.
- Any changes need to be sent to the Joint Survey Committee on Retirement Systems for proper actuarial analysis before implementation.
- The 30-day break in service is the absolute minimum that the Internal Revenue Service recognizes and that must be complied with to retain the WRS as a public pension fund.

AFT Concern: Members of the AFT brought a proposal for the WCOA to consider regarding the possible intent of the proposed WRS study that is to be completed by June 30, 2012. See articles on this in previous newsletters or this one. The members want the WCOA to be proactive to make sure that citizens know exactly what is going on. Suffice it to say if the current administration remains in power with its attitude towards public employees, there is the potential for grievous harm to the WRS. This will be discussed further at the next WCOA meeting in December.

Turn to page 18



WCOA Annual Meeting: Mark your calendars now. The next WCOA Annual meeting has been set for May 14, 2012, at the American Family complex in Madison. All persons are welcomed to attend and that includes current employees and retirees.

– **Bob Schaefer**
Retirement and Insurance Representative

Conlin named as new ETF chief

Bob Conlin was selected as the new secretary of ETF by the board at a special meeting on Nov. 1. He has been deputy secretary for the last several years. During that time he has worked at maintaining the Wisconsin Retirement System as one of the best retirement systems in the United States. We are very fortunate to have Mr. Conlin as the new Secretary of ETF.

SEA opposes two Assembly bills affecting state retirees

SEA has registered its opposition to two Assembly bills relating to post-retirement re-employment, AB 352 and AB 318. The bills would impose new restrictions on public employees who retire and subsequently return to work for an employer who participates in the Wisconsin Retirement System.

SEA urged the Committee on Insurance to send both of the bills to the Joint Survey Committee on Retirement Systems where language can be improved and impacts properly analyzed. SEA supports some provisions in AB 352, including a separation time of not less than 90 days but not more than 180 days in accordance with the additional provisions currently found in Wisconsin Administrative Code ETF 10.08. SEA's position is that the hiring authority has the sole responsibility for hiring an annuitant to fill a position. SEA also supports the language in AB 352 that supports changing the definition of what full-time employment is. That change is necessary to maintain the integrity of the Wisconsin Retirement System.

What SEA does not support in either bill is the change to what a retired person may do after he or she has met the requirements found in ETF 10.08, after the above changes are approved. SEA believes that if a qualified person is rehired because they have special skills or knowledge, then the hiring authority bears all the responsibility for that decision and not the annuitant. The annuitant should not be precluded from running for a full time elected position provided that the individual has met all of the criteria specified in the ETF regulations. To establish a law preventing a person from running for office may be unconstitutional. The annuitant should be allowed to decide whether they wish to receive all of the benefits of the Wisconsin Retirement System or just the salary in addition to the their monthly annuity that has already been established. SEA believes that many of these problems would not occur if the state offered fair compensation, provided for collective bargaining and filled positions rapidly.

The bills can be seen at <http://legis.wisconsin.gov/2011/data/AB352hst.html> and <http://legis.wisconsin.gov/2011/data/AB318hst.html>

– **Bob Schaefer**
Retirement and Insurance Representative



October 22, 2011 Board Meeting Summary

Meeting held at Tundra Lodge Resort, Green Bay

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:

Dave Solberg, Eau Claire President
Dave Wallace, State Agencies President
Allan Bjorkland, Superior President
Khader Abu al-eis, Madison President
Gretchen Wheat, DNR Section

Jim Volkmann, Rhinelander President
Paul Zoellner, Green Bay President
Carl Bujanowski, Central Office President
Jason Tucker, Southeast President
Mike O'Meara, Wisconsin Rapids President

Specialists:

Sandy Henke, SEA Office
Bob Schaefer, Health & Retirement

Ron Legro, Communications Consultant
Willie Haus, Attorney
Bob Spoerl, Webmaster

Guest:

Debby Kozol, Central Office

Cindy McCallum, Central Office

Meeting Begins:

Mark Klipstein called meeting to order at 10:05 am. Introductions were made.

Approvals:

The September 17, 2011 Board Meeting minutes were reviewed. MOTION by Mike O'Meara second by Carl Bujanowski, 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 discussed the "Competitive Wisconsin" meeting he recently attended. Mark acknowledged the group has nothing to offer SEA and he will not be attending future meetings.

Legislative Report: *By Tim Hanley*

Tim led a discussion regarding a possible communication plan to react to the pay plan when it is released.

Communication Report: *By Ron Legro*

Newsletter articles are due Oct. 30. Ron will videotape the speakers during the annual meeting today, so the video can be posted on the website as a recruitment and outreach tool.

Health and Retirement: *By Bob Schaefer*

Bob reported the performance of the Fixed Retirement Fund at -3.5% and the Variable Retirement Fund at -11.8%. Please see the newsletter for the entire report.

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

Willie addressed the board on what recertification and the majority representative means for the Association. Willie also said that Chapter 430 has recently been added to the Wisconsin Human Resources Handbook, and outlines the new grievance process.

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 Rate. 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.
- A-523 (filed 5/17/11) – DOT CO - PE Exam and Licensing Fee Reimbursement – Filed at Step 3

Financial & Membership Reports: *By Tony Allard*

Tony reviewed the September 2011 Treasurers report. MOTION by Tony Allard, second by Carl Bujanowski, to approve the September 2011 Treasurers report. Motion carried. Tony reviewed September 2011 Membership report. MOTION by Tony Allard, seconded by Jason Tucker, to approve the September 2011 Membership report. Motion carried.

MOTION by Tony Allard, second by Khader Abu al-eis to pay the audit committee expenses. Motion carried.

Tony submitted the below Board Meeting Vouchers for payment. MOTION by Tony Allard, second by Paul Zoellner, to pay the Board Meeting Vouchers. Motion carried. Tony submitted the below Board Meeting Expense Vouchers. MOTION by Tony Allard, second by Carl Bujanowski, to the Board Meeting Expense Vouchers. Motion carried.

M-32 => M-47	\$2400.00
11-40 => 11-77	<u>\$3043.11</u>
	\$5443.11

New Business:

Upcoming Board Meeting: November 12th
Meeting adjourned at 12:30 pm



November 12, 2011 Board Meeting Summary

Meeting held at Staybridge Suites, Madison

By Reiny Yahnke, Secretary

Attendance:

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

Board Members:

Dave Solberg, Eau Claire President
Dave Wallace, State Agencies President
Carl Bujanowski, Central Office President
Bizhan Sheikholislami, Southeast President
Tom Peronto, Wisconsin Rapids Section

Jim Volkmann, Rhinelander President
Doug Wiegand, Green Bay Vice President
Khader Abu al-eis, Madison President
Steve Dunn, DNR President

Specialists:

Sandy Henke, SEA Office
Bob Schaefer, Health & Retirement

Ron Legro, Communications Consultant
Willie Haus, Attorney

Guest:

none

Meeting Begins:

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

Approvals:

The October 22, 2011 Board Meeting minutes were reviewed. MOTION by Khader Abu al-eis, second by Steve Dunn, to accept the minutes as amended. Motion carried. The Correspondence Report was reviewed. Mark Klipstein accepted the Correspondence Report as written.

President's Minute: By *Mark Klipstein*

Mark shared an email from a potential member regarding the future of SEA. SEA remains committed to representing all of its members. Mark also shared his reasoning for his budget proposal.

Proposed Budget: By *Mark Klipstein*

The motion from the October board meeting to table monthly and meeting stipends until this meeting was brought forward and discussed by the Board. Motion by Carl Bujanowski, second by Jim Volkman, to restore executive and section monthly and meeting stipends. Motion carried with two opposed. This agenda item will be revisited with the approval of the annual budget in January.

Tony Allard and Sandy Henke reported our membership drive would exceed 50% in the next couple of weeks. Mark indicated his budget proposal was based on this new membership total. Mark again discussed the concepts of the budget proposal and his desire not to cut pay, but to reduce the work of board members and employees



with fewer board meetings. Each board member shared their opinions and concerns with the proposal. Mark indicated he would take the comments back and revise the budget for the January Board Meeting.

Legislative Report: *By Tim Hanley*

No report

Communication Report: *By Ron Legro*

Newsletter articles are due November 17th. Ron also requested a summary of all the take-backs that are included in the State's Compensation Plan.

Health and Retirement: *By Bob Schaefer*

Bob reported the performance of the Fixed Retirement Fund at +2.0% and the Variable Retirement Fund at – 1.8%. Please see the newsletter for the entire report. Willie also took a moment to address the Board on the dangers of health insurance plans that contain health savings accounts (HSA) as OSER and ETF are currently studying the possibility such an implementation. Health insurance plans with HSAs shift significant financial responsibility and risk to the patient/employee. A copy of the study can be found here:

<http://etf.wi.gov/publications/Health-Ins-Opt-Study.pdf>.

Section Items:

All sections reported a continued effort to maintain the membership drive and a complete displeasure with the Compensation Plan. Other section comments beyond these are noted below.

Southeast – The slope failure at WE Energy's Oak Creek power plant was discussed. An accelerated plan review by a non-engineer might be a factor in this disaster.

La Crosse – Jill Billings, a Democrat, won the vacant assembly seat with 85% of the vote.

Central Office – A local section meeting with elections will be held in January.

DNR - A special meeting will be held next Tuesday. An agenda item includes investigating the possibility of SEA becoming certified to hold CEU training for its members.

Legal/Bargaining: *By Willie Haus*

Willie attended the Compensation Plan briefing held by OSER on October 26th. The comp plan provides no raises and includes takes on PDT, salary add-ons, and on-call pay. In general, the comp plan individualizes the employee – employer relationship. The comp plan does provide the opportunity for agencies to fund Discretionary Compensation Awards (DCAs) through savings in their agency budget lines. While great in theory, this approach provides a significant conflict of interest for agency program dollars to end up in the salary lines where the taxpayers and legislature did not authorize.

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.
- A-523 (filed 5/17/11) – DOT CO - PE Exam and Licensing Fee Reimbursement – Filed at Step 3

Financial & Membership Reports: *By Tony Allard*

The new meeting location was discussed and there was consensus of the board to move future meeting locations to the Staybridge Hotel.

Tony reviewed September 2011 Membership report. MOTION by Tony Allard, seconded by Carl Bujanowski, to approve the September 2011 Membership report. Motion carried. Tony reviewed the September 2011 Treasurers report. MOTION by Tony Allard, second by Carl Bujanowski, to approve the September 2011 Treasurers report. Motion carried.

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

M-48 => M-61	\$2100.00
11-78 => 11-91	<u>\$1573.91</u>
	\$3673.91

New Business:

Upcoming Board Meeting: January 21st
Meeting adjourned at 3:10 pm

PUZZLING PUZZLER



A row over some trees

The government pays farmers a specific fee for each row of four trees that they plant. An enterprising, but dishonest farmer found a way of planting five rows of four trees using only ten trees. How did he do it? Enter a description or a drawing, as you prefer.

Email your answer to our contest address: 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.

Turn to page 26



Last issue: At first glance the following equations may look like gibberish, but thinking deeply you will see that in one aspect, each of these make sense. Can you figure out which aspect that is in each case?

$4+9=1$

$8+7=3$

$5+12=5$

Answer:

Time measured on a 12-hour clock. Specifically:

$4\text{am plus } 9 \text{ hours} = 1\text{pm}$

$8\text{am plus } 7 \text{ hours} = 3\text{pm}$

$5\text{am plus } 12 \text{ hours} = 5\text{pm}$

Congratulations to Joshua LeVeque, P.E., DOT-SE Freeways Unit, for being the first member to answer the question correctly. A number of later entrants had the right idea, identifying the math as being off by 12 in each case, but didn't always relate that to the 12-hour clock. One entrant considered the 12 to refer to months by numerical order. Nothing wrong with any of that; just not the answer we were looking for, but Joshua nailed it out of the gate.

Leftovers: Geoffrey Williams at DOT had a belated comment on the September puzzler about the walking man: "Also, your answer for the September Puzzler must assume that the man walks as fast as the chauffeur drives (not likely). For though the chauffeur saved 20 minutes of drive time (10 minutes each way), the man must have spent quite a bit more time walking to go the same distance the car travels in 10 minutes. More likely, the man was walking for at least 5 times longer than that depending on the speed limit.

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.

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.