



# **ACE Newsletter**

A Periodic Publication of Wisconsin's Association of Career Employees

**March 2018**

By Sally Drew, President

## **Both Active Employees and Retirees To Receive Increases in 2018**

### **State Employee Compensation Plan**

The Joint Committee on Employment Relations (JCOER) met February 14, 2018 to act on the 2017-2019 state employee compensation plan. The Joint Committee on Employment

Relations unanimously approved a compensation plan that calls for a 2 percent General Wage Adjustment (GWA) effective June 24, 2018 and another 2 percent raise January 6, 2019. The raises will be provided for covered employees with satisfactory performance, except for those attorneys who will receive progression adjustments.

The plan also includes market and parity raises in 2017-2018 for 193 positions that the state Division of Personnel Management believes earn significantly less than their labor market counterparts, classifications with recruitment and retention issues, and classifications in the lowest pay ranges. . The raises range from 30 cents to 75 cents per hour; about 3,600 state workers will receive them, DPM Administrator Greg Gracz told the committee. Prison guards will see their pay ranges increase as well.

The plan also provides an increase to the two year progression for Correctional Officers, Correctional Sergeants, Psychiatric Care Technicians, and Youth Counselors, a progression for Conservation Warden and Capitol Police classifications reflective of the law enforcement market, an \$0.80 per hour add-on for certified nursing assistants previously initiated as a pilot, an expansion of sign-on bonus provisions to include any classifications approved by the Division of Personnel Management and creation of a pay structure for Correctional Officer, Sergeant, Psychiatric Care Technicians, and Youth Counselor classifications.

JCOER also approved a proposal to the Division of Personnel Management from the Board of Regents and the chancellor of the University of Wisconsin – Madison recommending a 2 percent pay plan increase in each year of the 2017-2019 biennium on July 1 of each fiscal year. Because of various payroll timeframes, some effective dates for payment may vary. Increases will be distributed based on solid performance and merit. Up to 15% of the total amount of the pay plan may be used for discretionary compensation as determined by each chancellor.

The committee also voted unanimously to approve bills that would hand unionized state construction and other building trade workers a 1.26 percent raise affective June 24, 2018.

For more perspective on how state employees have fared related to compensation, click on our ACE website to read the ACE History of Loss of Purchasing Power 2009-2017:

<https://associationcareeremployees.org/compensation-plan/>

## State annuitants receive increases

ETF announced that Wisconsin Retirement System retirees will receive annuity increases (dividends) beginning May 1. The Core annuity adjustment is 2.4% and will be provided to all 203,000 WRS retirees. In addition, about 41,000 retirees will see the Variable portion of their annuities increase by 17.0%.

WRS assets are managed by the State of Wisconsin Investment Board, which in January reported 2017 investment returns of 16.2% for the Core Trust Fund and 23.2% for the Variable Trust Fund. The core fund annuity payments are smoothed over a five-year period to help keep annuity adjustments and WRS employer and employee contribution rates stable and cannot go below retirement amount. Variable fund payments can experience big annual decreases or increases without any smoothing. Those invested in the variable fund also have half of their retirement in the core fund.

### WRS Facts:

- Approximately 75% of revenues needed to fund the WRS comes from investment earnings.
- The WRS paid nearly \$5.2 billion in retirement benefits in 2017.
- More than 85% of WRS retirees live in Wisconsin, pay taxes and buy goods and services.
- With approximately \$108 billion in assets, the WRS is the 9th largest U.S. public pension fund and the 25th largest public or private pension fund in the world.
- Core annuities will be increased if there is an annuity reserve surplus of at least 0.5%, or reduced if there is an annuity reserve shortfall of at least 0.5%.

### Average WRS Annuity Adjustments

(Annualized as of December 31, 2017)

	5-Year	10-Year	15-Year	35-Year
Core	2.5%	0.1%	1.0%	3.9%

<b>Variable</b>	8.1%	1.6%	3.9%	4.6%
<b>Change in CPI*</b>	1.4%	1.6%	2.1%	2.7%

\*Consumer Price Index

To illustrate, for those with more than five years as a Core retiree, increases amount to  $(2.5-1.4) \times 5 = 5.5$  percent total net increase over CPI during the past five years. For those with many years as a Core retiree, however, decreases still amount to  $(0.1-1.6) \times 10 = -15.0$  percent total net decrease relative to the CPI during the past ten years.

Encourage a friend or colleague who is an active or retired state employee to join ACE at <https://associationcareeremployees.org/join-ace/>.