



ACE Newsletter

June 2021

Wisconsin Civil Service celebrates 116 years on June 17, 2021

ACE is again working with the Coalition to Save Civil Service to bring attention to and honor this anniversary. There will be a gathering in Madison at The Forum space at the top of State Street, beside the Wisconsin Veterans Museum, at 12:00 Noon. Mike McCabe of Our Wisconsin Revolution will give brief remarks. Organizers plan to have a life-sized figure of Fightin' Bob LaFollette, and ice pops.

State Assembly and Senate representatives from downtown Madison have been requested to issue press releases, the Freedom From Religion Foundation will recognize the anniversary using their marquee, and individuals will submit letters to the editor. **The ACE Board encourages our members to write a letter to the editor of your local paper pointing out the benefits of civil service and celebrating this anniversary.**

Civil service is a system, created in Wisconsin Statute, with procedures for the hiring, promotion, discipline, and termination of state employees based on an objective assessment of their qualifications and clear, standardized criteria.

Civil service is recognized as promoting clean government and preventing partisan influence, cronyism, patronage, nepotism, and corruption in public agencies. Under the civil service system, government should serve the citizens of the state – not just corporate or political interests. The original slogan of Wisconsin's civil service was: “The Best Shall Serve the State.”

Because Wisconsin Civil Service helps ensure that public services are delivered with professionalism, efficiency, and integrity by highly qualified workers, it is the people of Wisconsin who are the prime beneficiaries of the civil service system.

Employee Trust Funds and State of Wisconsin Investment Board Leadership Changes

John Voelker new ETF Secretary

In January the Employee Trust Funds Board appointed John Voelker Secretary of the Department of Employee Trust Funds, effective April 5. John Voelker had been deputy secretary to retiring Secretary Robert Conlin for the past six years.

He envisions an agency that supports its members by leveraging modern technology to provide an effortless customer experience through more online and personalized services that will allow the agency to meet the needs of WRS members for years to come.

Edwin Denson new Executive Director/Chief Investment Officer of SWIB

The Board of Trustees of the State of Wisconsin Investment Board (SWIB) announced April 23 that they have appointed Edwin Denson as the next executive director/chief investment officer (ED/CIO) of SWIB. Denson's appointment follows the passing of SWIB ED/CIO David Villa on Feb. 13, 2021. SWIB manages more than \$143 billion, including the fully funded Wisconsin Retirement System (WRS). Denson holds a bachelor's degree in economics from Cornell University and a PhD in economics from Northwestern University, specializing in macroeconomics and econometrics.

SWIB Turns 70 in 2021

The investment board was born, and Gov. Kohler signed SWIB into law as of June 28, 1951 to invest the assets of the state's public pensions in new and innovative ways.

According to WRS News, May 2021, SWIB has grown from just three employees and \$350 million in assets under management into to the sophisticated and diversified asset manager it is today with more than 230 employees and \$144 billion in assets under management spread across a diverse and robust portfolio.

ETF Announces WRS Pension Increases

Wisconsin Retirement System retirees saw pension payment increases on May 1, 2021. The Core annuity adjustment was 5.1% and the Variable annuity adjustment was 13%.

Secretary Bob Conlin and ETF Board Chair Wayne Koessler approved the adjustments in March, following recommendations by the Board's consulting actuary. The adjustments are based on 2020 investment returns reported by the State of Wisconsin Investment Board, which were 15.21% for the Core Fund and 17.51% for the Variable Fund (net of fees).

The 5.1% Core annuity adjustment is the highest since 2007.

Additional WRS facts:

- The WRS provides a modest income for more than 215,000 retirees. The median annual pension amount (Core Fund only) is \$20,500 as of December 31, 2020.
- By law, Core annuities will be increased if there is an annuity reserve surplus of at least 0.5%; annuities are reduced if there is an annuity reserve shortfall of at least 0.5%.
- Although several U.S. public pension plans are near or above 100% advance-funded, on average the funded level in 2018 was 73% and 18% were less than 60% funded. The WRS is 100% funded.
- In terms of assets, the WRS is the 8th largest U.S. public pension fund and the 25th largest public or private pension fund in the world.
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ETF Board Consolidation

The Governor's 2021-2023 Biennial Budget included a provision to consolidate three ETF Boards (Wisconsin Retirement Board, Teachers Retirement Board, and Employee Trust Funds (ETF) Board) into a single board. ACE Board members

became concerned that in the complexity of this merger, it was no longer clear that either an active or retired state employee would always have a seat on the combined board. Bob Nikolay wrote a letter to Representative Erpenbach asking for help in making an amendment. Then we found out that the Joint Finance Committee had deleted the provision from its version of the budget. Therefore, we have now written Secretary Voelker asking for his assistance in this matter. The letter is below.

June 11, 2021

*Mr. John Voelker, Secretary
Wisconsin Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931*

Dear Mr. Voelker:

I am writing today on behalf of the Association of Career Employees (ACE). As you are aware, ACE is a non-profit membership organization that was organized in the 1970s to support state employee compensation, fringe benefits, retirement funds, and a strong civil service.

The Governor's 2021-2023 Biennial Budget proposed combining the current Wisconsin Retirement Board, the Teachers Retirement Board, and the Employee Trust Funds (ETF) Board. We know that this provision has been recommended by all three boards. The Joint Committee on Finance removed this provision from its version of the biennial budget. We assume this consolidation may be reintroduced as separate legislation in the near future.

ACE does not oppose this consolidation. However, in the present draft proposal, it is

possible that no member of the proposed combined ETF board will be either a current or a retired employee from a state agency.

We would like to ensure that at least one member of the ETF Board be a retired or current state agency employee and would ask you to support this effort through an amendment to the proposed legislation. In the present draft, one appointed member must be a WRS participant who is a University of Wisconsin or state employee, so it is possible, but not guaranteed, that a state agency employee would serve in that position. One elected member must also be a WI Retirement System annuitant, so it is possible, but not guaranteed, that a retired state employee could fill that position. By contrast, among the other elected positions, one must be a retired public school teacher, one must be a current educational support staff, and two must be public school teachers, all guaranteed positions.

The WRS covers state and local government employees, including the University of Wisconsin System, local police and firefighters, and all publicly employed teachers in the state. There are approximately 55,000 public school teachers in Wisconsin. There are approximately 70,000 state employees. It is unclear to us why current and retired teachers are guaranteed positions on the ETF Board, but current and retired state employees are not.

We are asking for your support to a change to the proposed legislation to ensure that at least one member of the proposed consolidated Employee Trust Fund Board must be a current or retired state agency employee.

Thank you for your consideration of this matter.

Sincerely,

Sally Drew
ACE President

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Mail donation checks to
Association of Career Employees
P.O. Box 44008
Madison, WI 53744-4008

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