

To: All Employees; School District of Whitefish Bay
From: Mark S. Kapocius, Director of Human Resources
Shawn M. Yde, Director of Business Services
Re: Impact of Budget Repair Bill
Date: March 16, 2011

The Whitefish Bay School District



On March 11, 2011, the Governor signed Senate Bill 11 (“Budget Repair Bill”) into law. As a result of this new law, and the anticipated reduction in revenue authority for the School District of Whitefish Bay (District) under the Budget Bill, employees have raised a number of questions about how these changes will affect their own personal situations.

Under the Budget Bill, the District will see a reduction in revenue authority exceeding \$2,000,000 for the 2011-12 school year. Accordingly, the District will have to cut expenditures to match the reduction in revenue authority.

The Budget Repair Bill dramatically changes the nature of the employer-employee relationship for public sector employers and employees. One of the intents of the law is to provide more flexibility to employers in order to reduce costs related to employee benefits. As such, a number of employees have raised questions and concerns.

The following are answers to the questions presented by employees, based on the recently passed Budget Repair Bill:

Q: What is the impact of the required employee contributions to the retirement system?

A: Effective July 1, 2011, all employees* will be required to contribute 5.8% of their income towards the Wisconsin Retirement System (WRS) system. Historically, the employee share of the WRS has been paid by the employer. The employee share of the contribution will be deducted from your paycheck similar to deductions for other employee benefits (such as health, dental or life insurance).

Q: Are the employee contributions to the WRS considered “pre-tax” or “post-tax” contributions?

A: Under federal law, employee contributions to public retirement funds are considered “post-tax” and, therefore, taxable income.

Q: Will I have to contribute 12% towards my health insurance premium?

A: Under the Budget Repair Bill, employers who are enrolled in the Wisconsin Public Employers’ Group Health Insurance Plan (State Plan)

are limited to contributing 88% of the cost of the plan. In other words, the employee must pay at least 12% of the cost of the premium. The District does not participate in the State Plan, so this provision of the law is not applicable. Currently, the employee share of health insurance premiums is 8%. This percentage may increase in an effort to balance the budget.

Q: How does the District expect to balance the budget?

A: The District is actively reviewing all available options, including pay freezes and modifications to employee benefits, to balance the budget for next year.

Q: Will the District consider changes to health insurance carriers or coverage?

A: The District must consider all options including changes to the current health insurance carrier (WEA Trust). Other options include looking at plan design and employee premium contribution increase.

Q: Will the District need to consider laying off employees?

A: The District is committed to retaining our high quality programs and staff. Should layoffs become necessary, it will be done in accordance with any current labor agreement. The Agreement between the Whitefish Bay Education Association (WBEA) and the District requires that layoff notices be given by April 15th.

Q: Will these new laws affect post-employment benefits (such as health insurance)?

A: Post-employment benefits continue to be a significant financial liability to the District. For that reason, the District will evaluate the sustainability of such benefits and consider modifications (and their impact).

Q: How will the new laws affect the pay schedules?

A: Under the Budget Repair Bill, employee pay schedules are a prohibited subject of bargaining. Therefore, the District will develop a compensation system that operates within budget parameters with the goal of attracting and retaining quality employees. The maximum wage increase, for any employee group, is the Consumer Price Index (CPI). Under the existing salary schedule, lane and step advancement –alone– would exceed CPI. Accordingly, a new structure will need to be developed.

Q: How will union dues deductions be affected?

A: Effective July 1, 2011, the District is prohibited from making payroll deductions for union dues or fair share.*

Q: How will the District communicate any changes going forward?

A: The District is committed to maintaining open communication with its employees. As information becomes available, and decisions are made, all reasonable efforts will be made to communicate with staff in either email or written materials.

*Custodial and Maintenance employees have a Collective Bargaining Agreement through June 30, 2012. Certain provisions of the law will not take effect for these employees until the expiration of the Agreement.