



The Select Committee on Pension Policy

Court Commissioners

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Issue

- Court Commissioners have asked for similar enhanced benefits to those provided to Judges in 2006
- Executive Committee forwarded this issue for a work session



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Today's Discussion

■ Background

- What are Court Commissioners?
- What benefits do Judges receive?
- Recent legislation

■ Policy Questions

- Are Commissioners similar enough to Judges to warrant similar benefits?
- Do the reasons for providing Judges with increased benefits apply to Commissioners?
- Should different groups within a system be given customized benefits?



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What Are Court Commissioners?

- Appointed by Judges to assist the court in administering cases
- Not Judges, but serve in similar roles
- Duties defined by appointment
 - For example:
 - Administering oaths
 - Ex parte and uncontested civil matters
 - Adult criminal cases



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Benefits For Judges

- Judges had their own retirement systems prior to 1988
 - Judges Retirement Plan (1937 - 1971)
 - Judicial Retirement System (1971 - 1988)
- In each system, Judges had benefits not available to other public employees
 - Higher benefit multiplier



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Benefits For Judges (Cont.)

- In 1988, Judges became members of PERS
 - Same plan benefits as other PERS members
- State Judges also had access to a supplemental defined contribution plan
 - Judicial Retirement Account
 - Employer and employee contributions



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Benefits For Judges (Cont.)

- In 2006, Judges were allowed to pay for higher benefits, in lieu of utilizing JRA
 - Judges receive a higher multiplier
 - Judges contribution rates increase
 - Higher multiplier was prospective, but members could purchase past service at full actuarial value
 - Benefits have since been modified twice. Both times Judges were allowed to purchase past service at less than full actuarial value



Benefits Multiplier

- Generally
 - Multiplier X Service Credit X Salary Average = Benefits
- Judges
 - Multiplier is 3.5 percent for Plans 1 and 2
 - Multiplier is 1.6 percent for defined benefit portion of Plan 3
- Other PERS members
 - Multiplier is 2 percent for Plans 1 and 2
 - Multiplier is 1 percent for defined benefit portion of Plan 3

Senate Bill 5523 (2009) And House Bill 1742 (2009)

- Companion bills introduced in the 2009 Legislative Session
 - Non-SCPP bills
 - SB 5523 passed Ways and Means, did not pass the Senate
 - HB 1742 did not receive a hearing
- Would provide similar benefits to Commissioners
 - Commissioners would receive a higher multiplier
 - Member contribution rates increase to pay for most of the cost
 - Higher multiplier is prospective, but can be retroactive if the member pays full actuarial value

Preliminary Fiscal Costs

- No impact to rates in current biennium

(\$ in millions)	
2010-2011	
Total GFS	\$0.0
Total Employer	\$0.0
2011-2013	
Total GFS	\$0.0
Total Employer	\$0.2
25-Year	
Total GFS	\$0.3
Total Employer	\$1.3

Policy Questions

- Are Commissioners similar enough to Judges to warrant similar benefits?
- Do the reasons for providing Judges with increased benefits apply to Commissioners?
- Should different groups within a system be given customized benefits?



Are Commissioners Similar Enough To Judges To Warrant Similar Benefits?

- Commissioners are not Judges, but serve in similar roles
- Similarities:
 - Background
 - Qualifications
 - Accrued service credit
 - Salary
- Differences:
 - Elected versus appointed
 - Constitutional requirements



There Are Three Reasons Stakeholders Cited For Increasing Judges Benefits In 2006:

- Judges have historically received benefits not available to other public employees
- Judges typically have shorter careers, and less time to accrue benefits
- Increased benefits may assist in recruitment
- Do those reasons apply to Commissioners?



Historically Unique Benefits

- Judges have historically received benefits not available to other public employees
 - Prior to 1988, Judges had their own retirement systems
 - Between 1988 and 2006 Judges had the same plan benefits as other PERS members, but they still had access to a supplemental account
- Commissioners have historically received the same benefits as other PERS employees
 - The Legislature has not included Commissioners any time benefits for Judges were created or modified

Shorter Careers

- Judges have extensive experience prior to becoming a Judge
 - Start in mid to late career, and have less time before retirement to accrue benefits
- Commissioners have extensive experience prior to becoming a Commissioner, and also start in mid to late career



Recruitment Tool

- Increased benefits can assist in recruitment in a profession with high salaries
- Commissioners can be recruited from the same pool as Judges
- Do employers have the same recruitment issues for Commissioners?



Same Reasons May Apply to Other Groups

- Other employees may start in mid to late career
- Enhanced benefits may assist with recruitment for other specialized or hard-to-fill positions
- Is the pension system the best recruitment tool?

Should Different Groups Within A System Get Customized Benefits?

- Groups within a system typically have not received customized benefits
 - New systems created
- Two exceptions: Judges and elected officials
 - Both groups have a history of unique benefits not available to other public employees
- Commissioners would be the first group to receive customized benefits:
 - Without historical precedent
 - Without leaving PERS

Flexibility Versus Complexity

- Allowing member groups to purchase customized benefits can provide flexibility, and may assist in recruiting
- Can increase complexity and encourage benefit envy among members
- Other member groups may want similar benefits, or different benefits like a lower retirement age



Other Peer States

- In California, Judges have their own plan with special benefits
- Commissioners receive the same amount as other CalPERS members



Policy Questions

- Are Commissioners similar enough to Judges to warrant similar benefits?
- Do the reasons for providing Judges with increased benefits apply to Commissioners?
- Should different groups within a system be given customized benefits?



Summary

- Commissioners are not Judges, but have similar demographics and serve in similar roles
 - Shorter careers, and less time to accrue benefits
- Few groups within PERS receive customized benefits
 - Those that do have historical precedent
- Commissioners have not historically received benefits beyond those available to other PERS members
- Customized benefits can be an effective recruiting tool, but can also create complexity and benefit envy

Next Steps

- Do nothing at this time
- Endorse SB 5523 or HB 1742
 - Staff will provide an updated bill draft or amendments as requested
- Sponsor this proposal as an SCPP bill
- Consider other options

