

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

| Source of Funds | FY23 Adjusted Base | FY24 Recommended | % Change Over FY23 | FY25 Recommended | % Change Over FY24 |
|-----------------|--------------------|------------------|--------------------|------------------|--------------------|
| GPR | 32,500 | 27,900 | -14.2 | 21,400 | -23.3 |
| SEG-O | 52,712,300 | 57,608,400 | 9.3 | 62,402,200 | 8.3 |
| TOTAL | 52,744,800 | 57,636,300 | 9.3 | 62,423,600 | 8.3 |

FULL-TIME EQUIVALENT POSITION SUMMARY

| Source of Funds | FY23 Adjusted Base | FY24 Recommended | FTE Change Over FY23 | FY25 Recommended | FTE Change Over FY24 |
|-----------------|--------------------|------------------|----------------------|------------------|----------------------|
| SEG-O | 275.20 | 291.20 | 16.00 | 291.20 | 0.00 |
| TOTAL | 275.20 | 291.20 | 16.00 | 291.20 | 0.00 |

AGENCY DESCRIPTION

The department is headed by a secretary appointed by a 13-member Employee Trust Funds Board and is responsible for the state-administered retirement program; group insurance programs (health, life, income continuation, long-term disability and long-term care); employee reimbursement account program; commuter benefits program; deferred compensation program for state and local government employees; and state accumulated sick leave conversion credits program. The Group Insurance Board, Teachers Retirement Board, Wisconsin Retirement Board and Deferred Compensation Board are attached to the department.

The department is responsible for the implementation of retirement system policies and the day-to-day operations and management of the Wisconsin Retirement System (WRS). Either by Employee Trust Funds Board delegation or by statutory assignment, the department is charged with collecting and accounting for all monies due to the retirement trust funds, calculating and accurately disbursing all benefit payments, providing information and responding to inquiries from participating employers and employees, and accounting for all WRS benefit transactions.

The assets invested by the State of Wisconsin Investment Board are not assets of the state, but are held in trust pending disbursement to secure coverage for, or to pay benefits to, members or their beneficiaries.

MISSION

The mission of the department is to develop and deliver quality benefits and services to customers while safeguarding the integrity of the trust.

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PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities have been updated.

Program 1: Employee Benefit Plans

Goal: Create an effortless customer experience.

Objective: Increase employer competency for managing employee benefits.

Activity: Configure and implement Cornerstone application to support capture and use of employer data and engagement strategies.

Objective: Determine the strategy, programs and organizational infrastructure needed to drive customer experience improvements.

Activity: Create a high-level, long-term, dynamic customer experience roadmap.

Objective: Ensure insurance program sustainability.

Activity: Implement Group Insurance Board-approved initiatives to reduce cost of specialty drugs to the Group Health Insurance Program, determine appropriate enrollment for the high-deductible health plan, incorporate social determinants to help manage program costs, improve member understanding of benefits and reduce stigma related to mental health services.

Goal: Implement outcomes-driven performance measurement and process management.

Objective: Improve operational performance management through effective process management, performance metrics, controls and improvement initiatives.

Activity: Define enterprise business intelligence building blocks to support customer experience goal and performance measurement.

Objective: Optimize processes to leverage capabilities of modernization initiatives.

Activity: In concert with the Insurance Administration System (IAS) implementation, identify, optimize and implement new insurance administration system processes by leveraging best practices within insurance solution.

Goal: Build a talented and agile workforce.

Objective: Attract, integrate and advance top talent.

Activity: Create and initiate a road map for positions and job classifications for enterprise content management and IAS job-specific competencies.

Objective: Advance employee development through meaningful and intentional performance management approaches.

Activity: Apply new job-specific competencies (common competencies for all positions, leadership competencies and job-specific competencies for all positions within pilot supervisor direct reports).

Objective: Build the recruitment and retention practices and culture that will make the department an equitable and inclusive organization.

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Activity: Implement strategies and action steps of the department's Equity and Inclusion Plan scheduled for this fiscal year, to include developing the department's Mentoring Program, conducting an Employer Seminar and facilitating a pilot Staff Network Group.

Goal: Implement modern, secure and resilient information technologies to support an effortless customer experience.

Objective: Develop and deploy solutions to support an effortless customer experience that enables accurate self-service and timely benefit administration services.

Activity: Begin implementing insurance administration technologies providing administration capabilities for multiple insurance benefits including health, life, income continuation and supplemental benefits, etc., to enable more efficient and consistent processes and enhance customer service including online access.

Objective: Integrate systems and data to support an effortless customer experience.

Activity: Implement a data storage and warehouse solution to support the creation of dashboards, reports and analytics providing transparency, increasing collaboration and ensuring accurate and current data.

Objective: Preserve the safety and security of all of the department's systems and data through standard practices, appropriate security controls, risk management and information security technologies.

Activity: Implement identity proofing.

Objective: Strengthen infrastructure to support modernization.

Activity: Define nonfunctional requirements and associated strategies to support modernization, including accessibility/usability and disaster recovery for modernized systems.

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PERFORMANCE MEASURES

2021 AND 2022 GOALS AND ACTUALS

| Prog. No. | Performance Measure | Goal 2021 | Actual 2021 | Goal 2022 | Actual 2022 |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1. | Average speed of call answered. | >70% calls answered in 3 minutes >50% calls answered in 2 minutes | 72% of calls answered in 3 minutes 63% of calls answered in 2 minutes | >70% calls answered in 3 minutes >50% calls answered in 2 minutes | 76% of calls answered in 3 minutes 69% of calls answered in 2 minutes |
| 1. | Percentage of customer calls that are abandoned. | <10% | 7% | <10% | 10% ¹ |
| 1. | Member counseling appointment wait time (one-on-one, individual appointments). | 15 days | 13 days | 15 days | 30 days ¹ |
| 1. | Members expressing high-level satisfaction. | 95% | 99% | 95% | 99% |
| 1. | Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire. | 15 days | 5 days | 15 days | 7 days |
| 1. | Vendor invoices paid within 30 days from the invoice received day per the prompt payment law. | 98% | 99% | 98% | 98% |

Note: Based on fiscal year.

¹The number of members the department serves is increasing, which has made it challenging to continue to meet service goals.

2023, 2024 AND 2025 GOALS

| Prog. No. | Performance Measure¹ | Goal 2023 | Goal 2024 | Goal 2025 |
|------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 1. | Average speed of call answered. | >70% calls answered in 3 minutes >50% calls answered in 2 minutes | >70% calls answered in 3 minutes >50% calls answered in 2 minutes | >70% calls answered in 3 minutes >50% calls answered in 2 minutes |
| 1. | Percentage of customer calls that are abandoned. | <10% | <10% | <10% |
| 1. | Percentage of beneficiary designations effective within 15 business days of receipt. | 90% | 90% | 90% |

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| Prog. No. | Performance Measure¹ | Goal 2023 | Goal 2024 | Goal 2025 |
|------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| 1. | Percentage of calls answered within three minutes; percentage of emails responded to within two business days. | 70% for calls answered 95% for email response | 70% for calls answered 95% for email response | 70% for calls answered 95% for email response |
| 1. | Percentage of retirement estimates completed within 15 business days of request. | 100% | 100% | 100% |
| 1. | Percentage of separation benefits paid within one week after employer submits necessary information. | 100% | 100% | 100% |
| 1. | Average wait for available appointment session. | 15 days | 15 days | 15 days |
| 1. | Percentage of retiree benefits started by next payroll or desired effective date. | 100% | 100% | 100% |
| 1. | Percentage of lump-sum death benefits paid within 30 days of beneficiary application. | 80% | 80% | 80% |

Note: Based on fiscal year.

¹Performance measures and goals were updated for the upcoming biennium to be aligned with the department's strategic plan.

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GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Information Technology Modernization Project Resources
2. Customer Service Support
3. Compliance and Actuarial Support
4. Disability Insurance Program Redesign and Oversight
5. Oversight of the Office of Internal Audit
6. Return to Work for Retired Employees
7. Infertility Coverage in Health Insurance Plans
8. Low-Value Care Analysis Grant
9. Domestic Partnership Benefits for Employee Trust Funds Insurance Programs
10. Gender-Neutral Statutory References
11. Trust Fund Earnings Allocation
12. Statutorily-Required Audits
13. Annuity Supplement Reestimate
14. Standard Budget Adjustments

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Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

| | ACTUAL FY22 | ADJUSTED BASE FY23 | AGENCY REQUEST | | GOVERNOR'S RECOMMENDATION | |
|-------------------------|----------------|--------------------------|----------------|------------|------------------------------|------------|
| | | | FY24 | FY25 | FY24 | FY25 |
| GENERAL PURPOSE REVENUE | \$42.3 | \$32.5 | \$27.9 | \$21.4 | \$27.9 | \$21.4 |
| Aids to Ind. & Org. | 42.3 | 32.5 | 27.9 | 21.4 | 27.9 | 21.4 |
| SEGREGATED REVENUE (3) | \$54,233.6 | \$52,712.3 | \$69,202.5 | \$73,996.3 | \$57,608.4 | \$62,402.2 |
| State Operations | 54,233.6 | 52,712.3 | 69,202.5 | 73,996.3 | 57,608.4 | 62,402.2 |
| TOTALS - ANNUAL | \$54,275.9 | \$52,744.8 | \$69,230.4 | \$74,017.7 | \$57,636.3 | \$62,423.6 |
| State Operations | 54,233.6 | 52,712.3 | 69,202.5 | 73,996.3 | 57,608.4 | 62,402.2 |
| Aids to Ind. & Org. | 42.3 | 32.5 | 27.9 | 21.4 | 27.9 | 21.4 |

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions)

| | ADJUSTED BASE FY23 | AGENCY REQUEST | | GOVERNOR'S RECOMMENDATION | |
|------------------------|--------------------------|----------------|--------|------------------------------|--------|
| | | FY24 | FY25 | FY24 | FY25 |
| SEGREGATED REVENUE (3) | 275.20 | 291.20 | 291.20 | 291.20 | 291.20 |
| State Operations | 275.20 | 291.20 | 291.20 | 291.20 | 291.20 |
| TOTALS - ANNUAL | 275.20 | 291.20 | 291.20 | 291.20 | 291.20 |
| State Operations | 275.20 | 291.20 | 291.20 | 291.20 | 291.20 |

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

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Table 3
Department Budget Summary by Program (in thousands of dollars)

| | ACTUAL FY22 | ADJUSTED BASE FY23 | AGENCY REQUEST | | GOVERNOR'S RECOMMENDATION | |
|---------------------------|----------------|--------------------------|----------------|------------|------------------------------|------------|
| | | | FY24 | FY25 | FY24 | FY25 |
| 1. Employee benefit plans | \$54,275.9 | \$52,744.8 | \$69,230.4 | \$74,017.7 | \$57,636.3 | \$62,423.6 |
| TOTALS | \$54,275.9 | \$52,744.8 | \$69,230.4 | \$74,017.7 | \$57,636.3 | \$62,423.6 |

Table 4
Department Position Summary by Program (in FTE positions)

| | ADJUSTED BASE FY23 | AGENCY REQUEST | | GOVERNOR'S RECOMMENDATION | |
|---------------------------|--------------------------|----------------|--------|------------------------------|--------|
| | | FY24 | FY25 | FY24 | FY25 |
| 1. Employee benefit plans | 275.20 | 291.20 | 291.20 | 291.20 | 291.20 |
| TOTALS | 275.20 | 291.20 | 291.20 | 291.20 | 291.20 |

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1. Information Technology Modernization Project Resources

| Source of Funds | Agency Request | | | | Governor's Recommendations | | | |
|-----------------|----------------|-----------|------------|-----------|----------------------------|-----------|-----------|-----------|
| | FY24 | | FY25 | | FY24 | | FY25 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 15,101,800 | 7.00 | 19,586,000 | 7.00 | 3,626,300 | 7.00 | 8,110,500 | 7.00 |
| TOTAL | 15,101,800 | 7.00 | 19,586,000 | 7.00 | 3,626,300 | 7.00 | 8,110,500 | 7.00 |

The Governor recommends providing position and expenditure authority to support the department's long-term information technology modernization projects. The Governor also recommends increasing the department's base budget to support ongoing operational expenses associated with the modernization of the department's insurance administration system. The Governor further recommends directing the department to include a request for funding to support the modernization of the pension administration system in its 2025-27 biennial budget submission.

2. Customer Service Support

| Source of Funds | Agency Request | | | | Governor's Recommendations | | | |
|-----------------|----------------|-----------|---------|-----------|----------------------------|-----------|---------|-----------|
| | FY24 | | FY25 | | FY24 | | FY25 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 437,800 | 7.00 | 551,800 | 7.00 | 437,800 | 7.00 | 551,800 | 7.00 |
| TOTAL | 437,800 | 7.00 | 551,800 | 7.00 | 437,800 | 7.00 | 551,800 | 7.00 |

The Governor recommends providing position and expenditure authority to better support the department's customer service functions for members and public employers.

3. Compliance and Actuarial Support

| Source of Funds | Agency Request | | | | Governor's Recommendations | | | |
|-----------------|----------------|-----------|---------|-----------|----------------------------|-----------|---------|-----------|
| | FY24 | | FY25 | | FY24 | | FY25 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 143,600 | 2.00 | 182,200 | 2.00 | 143,600 | 2.00 | 182,200 | 2.00 |
| TOTAL | 143,600 | 2.00 | 182,200 | 2.00 | 143,600 | 2.00 | 182,200 | 2.00 |

The Governor recommends providing position and expenditure authority to better support the department's accounting and actuarial responsibilities.

4. Disability Insurance Program Redesign and Oversight

The Governor recommends adjusting the premium structure of the Income Continuation Insurance program for employees of state agencies. The new premium structure would remove consideration of employee sick leave balances in the employee premium calculation in favor of a selected elimination period structure. The Governor also recommends transferring oversight of the department's Long-Term Disability Insurance and Income Continuation Insurance programs from the Group Insurance Board to the Employee Trust Funds Board.

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5. Oversight of the Office of Internal Audit

The Governor recommends transferring oversight of the Office of Internal Audit from the Office of the Secretary to the Employee Trust Funds Board. The office would be headed by a classified position, which will be converted from an existing unclassified position funded through the same appropriation.

6. Return to Work for Retired Employees

The Governor recommends allowing state agencies, local units of government and school districts participating in the Wisconsin Retirement System to rehire retired annuitant employees without requiring them to suspend their annuity if: (a) at least 30 days have passed since the employee left employment with a participating employer; (b) at the time of retirement, the employee does not have an agreement to return to work; and (c) upon returning to work, the employee elects to not again become a participating employee in the Wisconsin Retirement System.

7. Infertility Coverage in Health Insurance Plans

The Governor recommends amending state statutes to require fully-insured health insurance policies and self-insured governmental health plans that cover medical or hospital expenses to cover diagnosis of and treatment for infertility and standard fertility preservation services. See Office of the Commissioner of Insurance, Item #20.

8. Low-Value Care Analysis Grant

The Governor recommends that the Department of Health Services administer a grant to conduct data analysis and identify low-value care in the Medicaid program and in health care coverage plans offered by the state. See Department of Health Services, Item #53.

9. Domestic Partnership Benefits for Employee Trust Funds Insurance Programs

The Governor recommends reinstating domestic partnership benefits for all insurance programs administered by the department. These benefits were eliminated under 2017 Wisconsin Act 59, effective January 1, 2018.

10. Gender-Neutral Statutory References

The Governor recommends amending state statutes to make references to marriage, spouses and parentage gender-neutral, recognizing the legalization of same-sex marriage and providing greater flexibility and inclusion for all individuals, couples and families.

11. Trust Fund Earnings Allocation

The Governor recommends amending state statutes to align language regarding the allocation of trust fund earnings with current administrative practice.

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12. Statutorily-Required Audits

| Source of Funds | Agency Request | | | | Governor's Recommendations | | | |
|-----------------|----------------|-----------|---------|-----------|----------------------------|-----------|---------|-----------|
| | FY24 | | FY25 | | FY24 | | FY25 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 17,000 | 0.00 | 174,000 | 0.00 | 17,000 | 0.00 | 174,000 | 0.00 |
| TOTAL | 17,000 | 0.00 | 174,000 | 0.00 | 17,000 | 0.00 | 174,000 | 0.00 |

The Governor recommends providing a one-time increase in expenditure authority for statutorily-required audits of the department and the Wisconsin Retirement System performed or contracted for by the Legislative Audit Bureau. See Legislature, Item #10.

13. Annuity Supplement Reestimate

| Source of Funds | Agency Request | | | | Governor's Recommendations | | | |
|-----------------|----------------|-----------|---------|-----------|----------------------------|-----------|---------|-----------|
| | FY24 | | FY25 | | FY24 | | FY25 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| GPR | -4,600 | 0.00 | -11,100 | 0.00 | -4,600 | 0.00 | -11,100 | 0.00 |
| TOTAL | -4,600 | 0.00 | -11,100 | 0.00 | -4,600 | 0.00 | -11,100 | 0.00 |

The Governor recommends adjusting the department's base budget to reflect a reestimate of annuity supplements.

14. Standard Budget Adjustments

| Source of Funds | Agency Request | | | | Governor's Recommendations | | | |
|-----------------|----------------|-----------|---------|-----------|----------------------------|-----------|---------|-----------|
| | FY24 | | FY25 | | FY24 | | FY25 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 790,000 | 0.00 | 790,000 | 0.00 | 671,400 | 0.00 | 671,400 | 0.00 |
| TOTAL | 790,000 | 0.00 | 790,000 | 0.00 | 671,400 | 0.00 | 671,400 | 0.00 |

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$634,600 in each year); (b) full funding of continuing position salaries and fringe benefits (\$1,306,700 in each year); (c) overtime (\$45,600 in each year); (d) night and weekend differential pay (\$72,300 in each year); and (e) full funding of lease and directed moves costs (-\$118,600 in each year).