

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY13 Adjusted Base	FY14 Recommended	% Change Over FY13	FY15 Recommended	% Change Over FY14
GPR	433,100	321,100	-25.9	250,100	-22.1
SEG-O	35,832,200	41,051,000	14.6	42,028,700	2.4
TOTAL	36,265,300	41,372,100	14.1	42,278,800	2.2

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY13 Adjusted Base	FY14 Recommended	FTE Change Over FY13	FY15 Recommended	FTE Change Over FY14
SEG-O	260.20	262.20	2.00	262.20	0.00
TOTAL	260.20	262.20	2.00	262.20	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 trust funds for state and local government employees; state accumulated sick leave conversion credits program; and private health insurance for small businesses. The Group Insurance Board, Teachers Retirement Board, Wisconsin Retirement Board and Deferred Compensation Board are attached to the department.

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.

Employee Trust Funds

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Employee Benefit Plans

Goal: Clearly communicate benefit details and options in a manner appropriate to customers and stakeholders.

Objective/Activity: Increase accessibility through modernizing business processes and integrating information technology, and face-to-face counseling with members.

Goal: Focus on the needs of customers and provide them with accurate, understandable and timely information.

Objective/Activity: Reduce the time to provide essential services to members.

Goal: Maintain sufficient resources to provide quality services and benefits and to meet essential customer needs in a timely manner.

Objective/Activity: Maintain costs of administration of benefit plans at or below the median of peer public retirement systems.

PERFORMANCE MEASURES

2011 AND 2012 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
1.	Number of calls offered to the call center staff and percentage answered.	146,835 90%	136,694 85%	148,830 90%	147,932 91%
1.	Average time caller waits in queue.	1 minute	2 min 47 sec	1 minute	2 min 16 sec
1.	Number of eligible participants counseled.	10,762	12,628	11,363	10,015
1.	Percentage of active participants that receive counseling.	4%	4.7%	4.2%	3.5%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	15	18	25	12
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ¹	90%	65%	<100%	N/A

Note: Based on fiscal year.

¹Retirement and disability programs only – other benefit programs administered by the department are excluded.

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2013, 2014 AND 2015 GOALS

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	Number of calls offered to the call center staff and percentage answered.	150,784 90%	168,108 90%	176,513 90%
1.	Average time caller waits in queue.	1 minute	1 minute	1 minute
1.	Number of eligible participants counseled.	11,971	12,037	12,645
1.	Percentage of active participants that receive counseling.	4.4%	4.4%	4.6%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	25	20	20
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ¹	<100%	<100%	<100%

Note: Based on fiscal year.

¹Retirement and disability programs only – other benefit programs administered by the department are excluded.

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Business Process Modernization and Technology Integration Project
2. Additional Health Insurance Plan Option
3. Wellness Initiatives
4. Modifications to Group Insurance by the Group Insurance Board
5. Rehired Annuitants
6. Technical Modification to the Wisconsin Retirement System Eligibility Threshold
7. Internal Revenue Code Compliance
8. Annuity Supplements
9. Standard Budget Adjustments

ITEMS NOT APPROVED

10. Headquarters Facility
11. Miscellaneous Reestimates

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

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY14	FY15	FY14	FY15
GENERAL PURPOSE REVENUE	\$533.0	\$433.1	\$321.1	\$250.1	\$321.1	\$250.1
Aids to Ind. & Org.	533.0	433.1	321.1	250.1	321.1	250.1
SEGREGATED REVENUE (3)	\$82,996.8	\$35,832.2	\$42,097.6	\$47,411.1	\$41,051.0	\$42,028.7
State Operations	82,996.8	35,832.2	42,097.6	47,411.1	41,051.0	42,028.7
TOTALS - ANNUAL	\$83,529.9	\$36,265.3	\$42,418.7	\$47,661.2	\$41,372.1	\$42,278.8
State Operations	82,996.8	35,832.2	42,097.6	47,411.1	41,051.0	42,028.7
Aids to Ind. & Org.	533.0	433.1	321.1	250.1	321.1	250.1

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

**Table 2
Department Position Summary by Funding Source (in FTE positions) (4)**

	ADJUSTED BASE FY13	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY14	FY15	FY14	FY15
SEGREGATED REVENUE (3)	260.20	264.20	264.20	262.20	262.20
TOTALS - ANNUAL	260.20	264.20	264.20	262.20	262.20

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

(4) All positions are State Operations unless otherwise specified

Employee Trust Funds

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

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	GOVERNOR'S RECOMMENDATION FY14	GOVERNOR'S RECOMMENDATION FY15
1. Employee benefit plans	\$83,529.9	\$36,265.3	\$42,418.7	\$47,661.2	\$41,372.1	\$42,278.8
TOTALS	\$83,529.9	\$36,265.3	\$42,418.7	\$47,661.2	\$41,372.1	\$42,278.8

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

	ADJUSTED BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	GOVERNOR'S RECOMMENDATION FY14	GOVERNOR'S RECOMMENDATION FY15
1. Employee benefit plans	260.20	264.20	264.20	262.20	262.20
TOTALS	260.20	264.20	264.20	262.20	262.20

(4) All positions are State Operations unless otherwise specified

Employee Trust Funds

1. Business Process Modernization and Technology Integration Project

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	4,223,000	2.00	9,350,800	2.00	3,603,800	2.00	4,438,400	2.00
TOTAL	4,223,000	2.00	9,350,800	2.00	3,603,800	2.00	4,438,400	2.00

The Governor recommends adjusting expenditure authority to support the department's business process modernization and technology integration project. The project aims to streamline and provide enhanced, on-line services to participants in the Wisconsin Retirement System. The Governor also recommends authorizing the secretary to request positions and address funding needs via a Joint Committee on Finance 14-day passive review process. The Governor further recommends requiring the department to provide an annual report to the Governor and the Joint Committee on Finance on the status of the project.

2. Additional Health Insurance Plan Option

The Governor recommends that the Group Insurance Board be required to offer a health care coverage option that consists of a high-deductible health insurance plan and a health savings account. See Office of State Employment Relations, Item #2.

3. Wellness Initiatives

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	147,600	2.00	293,600	2.00	40,000	0.00	150,000	0.00
TOTAL	147,600	2.00	293,600	2.00	40,000	0.00	150,000	0.00

The Governor recommends that the Group Insurance Board expand the current wellness program and implement a tobacco use surcharge for state employees beginning in calendar year 2014. The Governor also recommends increasing expenditure authority for supplies and services related to these wellness initiatives.

4. Modifications to Group Insurance by the Group Insurance Board

The Governor recommends a statutory modification that will allow expansions of group insurance coverage only if deemed cost-effective by the Group Insurance Board.

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5. Rehired Annuitants

The Governor recommends increasing the break in service requirement after retirement from 30 to 75 days for new rehires. The Governor also recommends requiring new rehires that work over two-thirds of full time to stop their annuity payments, rejoin the Wisconsin Retirement System and earn additional years of service.

6. Technical Modification to the Wisconsin Retirement System Eligibility Threshold

The Governor recommends that for an employee to be exempt from the requirement to be at least two-thirds of full time to be eligible to participate in the Wisconsin Retirement System, the individual must have been a participating employee before July 1, 2011, rather than previously employed by an employer that participates in the Wisconsin Retirement System.

7. Internal Revenue Code Compliance

The Governor recommends modifications to Chapter 40, Wisconsin Statutes, in order to ensure compliance with the Internal Revenue Code.

8. Annuity Supplements

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-112,000	0.00	-183,000	0.00	-112,000	0.00	-183,000	0.00
TOTAL	-112,000	0.00	-183,000	0.00	-112,000	0.00	-183,000	0.00

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

9. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	1,575,000	0.00	1,608,100	0.00	1,575,000	0.00	1,608,100	0.00
TOTAL	1,575,000	0.00	1,608,100	0.00	1,575,000	0.00	1,608,100	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$406,800 in each year); (b) full funding of continuing position salaries and fringe benefits (\$1,220,200 in each year); (c) overtime (\$45,700 in each year); (d) night and weekend differential pay (\$72,500 in each year); and (e) full funding of lease and directed moves costs (\$643,400 in FY14 and \$676,500 in FY15).

Employee Trust Funds

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Department of Employee Trust Funds.

Decision Item	Source of Funds	FY14		FY15	
		Dollars	Positions	Dollars	Positions
10. Headquarters Facility	SEG-O	0	0.00	0	0.00
11. Miscellaneous Reestimates	SEG-O	319,800	0.00	326,400	0.00
TOTAL OF ITEMS NOT APPROVED	SEG-O	319,800	0.00	326,400	0.00

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