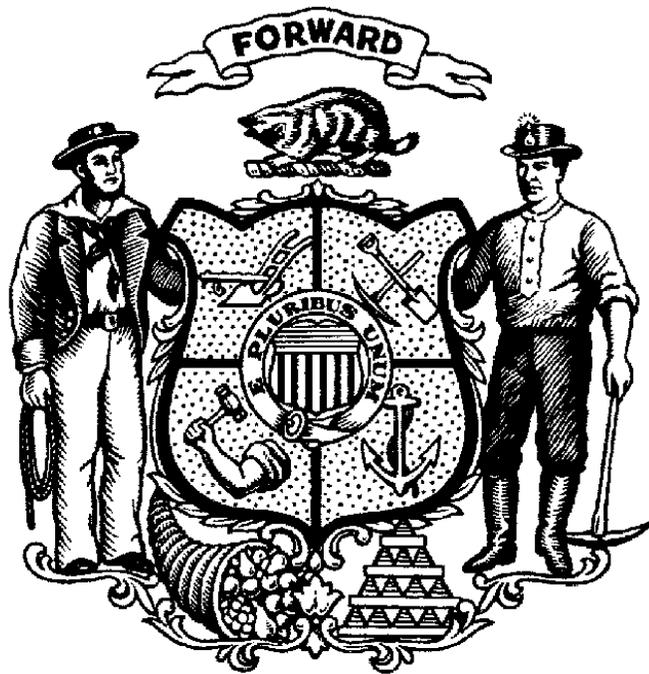


State of Wisconsin

Department of Employee Trust Funds



Agency Budget Request

2017 – 2019 Biennium

September 15, 2016

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STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

October 4, 2016

SECRETARY SCOTT NEITZEL
DEPT OF ADMINISTRATION
101 E WILSON ST 10TH FL
P O BOX 7864
MADISON WI 53707-7864

RE: 2017-19 Biennial Budget Request

Dear Secretary Neitzel:

I am pleased to submit the 2017-2019 biennial budget request for the Department of Employee Trust Funds (ETF). The Department's request has been prepared in accordance with your major budget policies for 2017-19. No general purpose revenue (GPR) is sought for operational purposes in this budget request. The ETF Board endorsed the attached budget request at its September 29, 2016 meeting.

In addition to standard budget adjustments and technical items, this request includes resources to continue ETF's major initiative of replacing its Benefits Administration System and modernizing its business processes. This effort will enable ETF to serve a growing population of retirees, as well as provide efficiencies for ETF and for public employers across the state. The request also includes funding to comply with new audit recommendations and new financial reporting requirements.

We look forward to working with you and your staff as the budget progresses. If you have any questions, please do not hesitate to contact me at (608) 266-0301 or Jason Barrett, Budget Director, at (608) 266-3598.

Sincerely,

Robert J Conlin
Secretary

cc: Waylon Hurlburt, State Budget Director, Department of Administration
Robert Lang, Director, Legislative Fiscal Bureau

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; and the 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 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.

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
Biennial Budget 2017-2019

Wisconsin Employee Trust Funds

2015 AND 2016 Goals and Outcomes

Prog. No.	Performance Measure	Goal 2015	Actual 2015	Goal 2016	Actual 2016
1.	Number of Calls Received.	196,891	182,676	202,798	192,530
	Percent of calls answered.	90%	93%	90%	89%
1.	Average speed of answer.	1 minute	3 minutes	1 minute	4 minutes
1.	Number of eligible participants counseled.	9,000	8,762	9,900	9,525
1.	Percentage of active participants that receive counseling.	3.6%	3.4%	3.9%	3.7%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	20	19	20	15
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ¹	\$65 or <100%	\$68 WRS compared to \$90 peer average	\$65 or <100%	n/a

Note: Based on fiscal year.

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

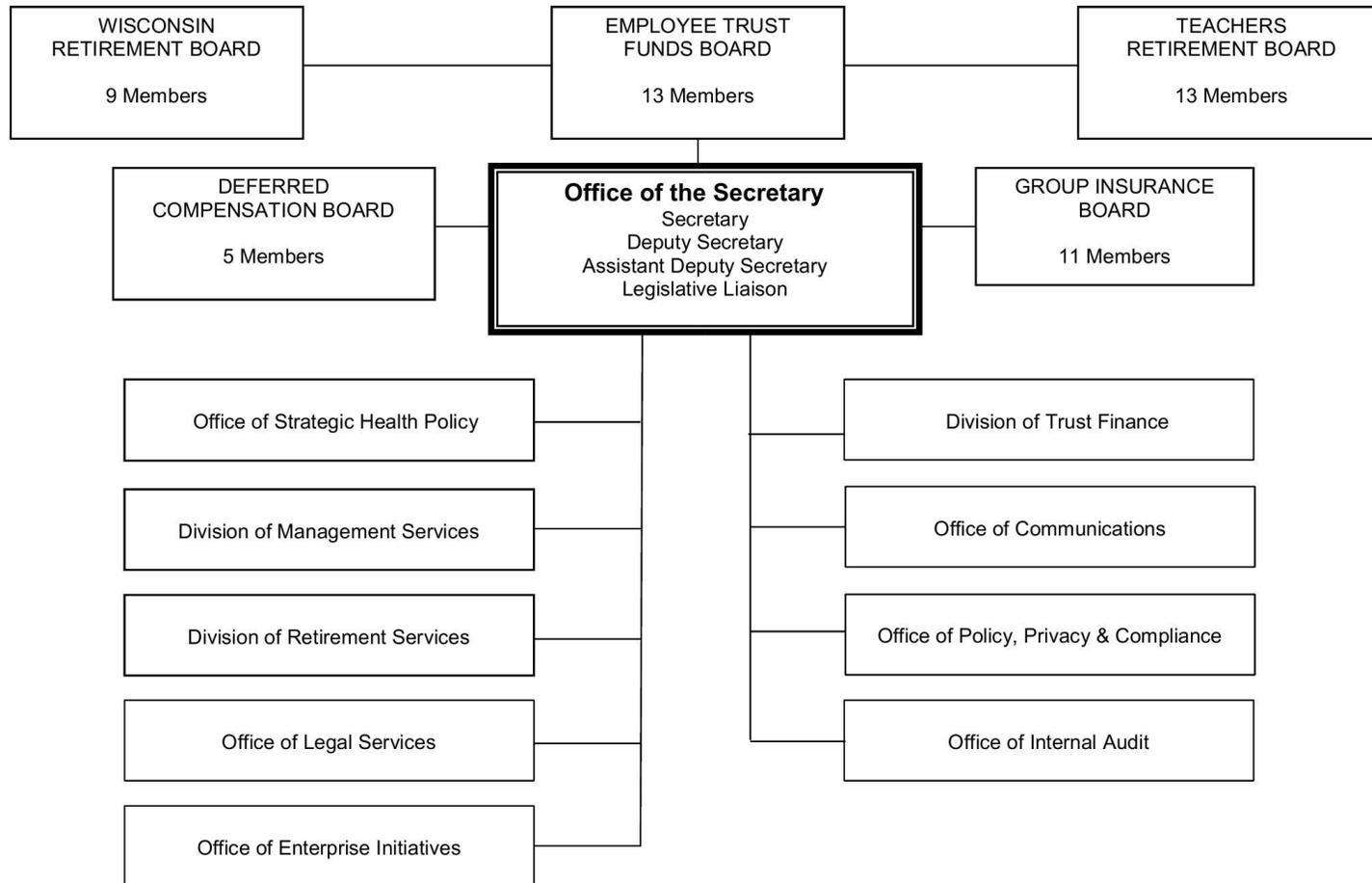
2017, 2018 AND 2019 GOALS

Prog. No.	Performance Measure	Goal 2017	Goal 2018	Goal 2019
1.	Number of Calls Received.	208,882	212,264	222,876
	Percent of calls answered.	90%	90%	90%
1.	Average speed of calls answered.	1 minute	3 minute	3 minute
1.	Number of eligible participants counseled.	10,890	11,236	11,219
1.	Percentage of active participants that receive counseling.	4.3%	4.4%	4.4%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	20	20	20
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ²	\$65 or <100%	\$65 or <100%	\$65 or <100%

Note: Based on fiscal year.

² Retirement and disability programs only – other benefit programs administered by the department are excluded.

**FUNCTIONAL ORGANIZATIONAL CHART
July 2016**



Agency Total by Fund Source

Department of Employee Trust Funds

1719 Biennial Budget

		ANNUAL SUMMARY						BIENNIAL SUMMARY			
Source of Funds		Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
GPR	A	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.4%
Total		\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.4%
SEG	S	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.3%
Total		\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.3%
Grand Total		\$40,144,082	\$45,306,100	\$46,132,800	\$46,441,600	269.20	269.20	\$90,612,200	\$92,574,400	\$1,962,200	2.2%

Agency Total by Program

515 Employee Trust Funds, Department of

1719 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
01 EMPLOYEE BENEFIT PLANS										
Non Federal										
GPR	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.44%
A	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.44%
SEG	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.33%
S	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.33%
Total - Non Federal	\$40,144,082	\$45,306,100	\$46,132,800	\$46,441,600	269.20	269.20	\$90,612,200	\$92,574,400	\$1,962,200	2.17%
A	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.44%
S	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.33%
PGM 01 Total	\$40,144,082	\$45,306,100	\$46,132,800	\$46,441,600	269.20	269.20	\$90,612,200	\$92,574,400	\$1,962,200	2.17%

Agency Total by Program

515 Employee Trust Funds, Department of

1719 Biennial Budget

GPR	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.44%
A	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.44%
SEG	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.33%
S	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.33%
TOTAL 01	\$40,144,082	\$45,306,100	\$46,132,800	\$46,441,600	269.20	269.20	\$90,612,200	\$92,574,400	\$1,962,200	2.17%
A	\$186,087	\$154,300	\$96,500	\$68,800	0.00	0.00	\$308,600	\$165,300	(\$143,300)	-46.44%
S	\$39,957,995	\$45,151,800	\$46,036,300	\$46,372,800	269.20	269.20	\$90,303,600	\$92,409,100	\$2,105,500	2.33%
Agency Total	\$40,144,082	\$45,306,100	\$46,132,800	\$46,441,600	269.20	269.20	\$90,612,200	\$92,574,400	\$1,962,200	2.17%

Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

Decision Item	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
2000 Adjusted Base Funding Level	\$45,306,100	\$45,306,100	267.20	267.20
3001 Turnover Reduction	(\$488,000)	(\$488,000)	0.00	0.00
3002 Removal of Noncontinuing Elements from the Base	(\$12,600)	(\$150,700)	(3.00)	(3.00)
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$783,400	\$783,400	0.00	0.00
3007 Overtime	\$45,700	\$45,700	0.00	0.00
3008 Night and Weekend Differential Pay	\$72,500	\$72,500	0.00	0.00
3010 Full Funding of Lease and Directed Moves Costs	\$84,600	\$163,000	0.00	0.00
4000 Financial Reporting Requirements	\$237,300	\$259,800	2.00	2.00
4001 Continuing Transformation, Integration, and Modernization (TIM) Project Resources	\$161,600	\$175,800	3.00	3.00
4003 Hill Farms New Building Expenses	\$0	\$359,500	0.00	0.00
5000 Annuity Supplement Reestimate	(\$57,800)	(\$85,500)	0.00	0.00
TOTAL	\$46,132,800	\$46,441,600	269.20	269.20

Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

Segregated Funds Revenue and Balances Statement

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
NUMERIC APPROPRIATION		
PROGRAM	01	Employee benefit plans
SUBPROGRAM		
WISMART FUND	262	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$29,968,000	\$1,483,200	\$1,623,000	\$1,956,200
Investment Earnings	\$45,800	\$1,500	\$1,600	\$2,000
All Other	\$89,696,200	\$95,556,800	\$101,000,000	\$106,870,500
Adminstrative expence reimbursement	\$9,672,000	\$42,300,000	\$46,585,200	\$46,202,700
Total Revenue	\$129,382,000	\$139,341,500	\$149,209,800	\$155,031,400
Expenditures	\$127,898,800	\$137,718,500	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$45,151,800	\$45,151,800

Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

4001 Continuing Transformation, Integration, and Modernization (TIM) Project Resources	\$0	\$0	\$161,600	\$175,800
4000 Financial Reporting Requirements	\$0	\$0	\$237,300	\$259,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$972,800	\$972,800
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$84,600	\$163,000
4003 Hill Farms New Building Expenses	\$0	\$0	\$359,500	\$0
3008 Night and Weekend Differential Pay	\$0	\$0	\$72,500	\$72,500
3007 Overtime	\$0	\$0	\$45,700	\$45,700
3002 Removal of Noncontinuing Elements from the Base	\$0	\$0	(\$12,600)	(\$150,700)
3001 Turnover Reduction	\$0	\$0	(\$488,000)	(\$488,000)
Benefits	\$0	\$0	\$100,668,400	\$106,308,100
Total Expenditures	\$127,898,800	\$137,718,500	\$147,253,600	\$152,510,800
Closing Balance	\$1,483,200	\$1,623,000	\$1,956,200	\$2,520,600

Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

Segregated Funds Revenue and Balances Statement

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
NUMERIC APPROPRIATION		
PROGRAM	01	Employee benefit plans
SUBPROGRAM		
WISMA RT FUND	747	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$84,784,212,900	\$82,793,856,500	\$85,846,593,500	\$89,019,537,100
Investment Earnings	\$873,000,900	\$5,961,157,700	\$6,180,954,700	\$6,409,406,700
Premiums and Contributions	\$3,633,472,200	\$3,820,501,300	\$3,981,046,200	\$4,181,007,100
Total Revenue	\$89,290,686,000	\$92,575,515,500	\$96,008,594,400	\$99,609,950,900
Expenditures	\$6,496,829,500	\$6,728,922,000	\$0	\$0
	\$0	\$0	\$6,989,057,300	\$7,260,030,600
Total Expenditures	\$6,496,829,500	\$6,728,922,000	\$6,989,057,300	\$7,260,030,600

Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

<u>Closing Balance</u>	\$82,793,856,500	\$85,846,593,500	\$89,019,537,100	\$92,349,920,300
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Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

Segregated Funds Revenue and Balances Statement

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
NUMERIC APPROPRIATION		
PROGRAM	01	Employee benefit plans
SUBPROGRAM		
WISMA RT FUND	751	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$6,891,816,600	\$6,364,115,600	\$6,399,052,700	\$6,421,797,100
Investment Earnings	(\$120,337,400)	\$458,216,300	\$460,731,800	\$462,369,400
Variable Opt Out	(\$194,124,200)	(\$200,000,000)	(\$200,000,000)	(\$200,000,000)
Contributions	\$180,243,200	\$189,976,400	\$196,055,600	\$206,642,600
Total Revenue	\$6,757,598,200	\$6,812,308,300	\$6,855,840,100	\$6,890,809,100
Expenditures	\$393,482,600	\$413,255,600	\$0	\$0
WRS	\$0	\$0	\$434,043,000	\$455,897,100

Agency Total by Decision Item

Department of Employee Trust Funds

1719 Biennial Budget

Total Expenditures	\$393,482,600	\$413,255,600	\$434,043,000	\$455,897,100
<u>Closing Balance</u>	\$6,364,115,600	\$6,399,052,700	\$6,421,797,100	\$6,434,912,000

Decision Item (DIN) - 2000

Decision Item (DIN) Title - Adjusted Base Funding Level

NARRATIVE

Adjusted Base Funding Level

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	2000	Adjusted Base Funding Level

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$16,265,300	\$16,265,300
02	Turnover	\$0	\$0
03	Project Position Salaries	\$107,600	\$107,600
04	LTE/Misc. Salaries	\$121,700	\$121,700
05	Fringe Benefits	\$6,539,000	\$6,539,000
06	Supplies and Services	\$20,457,400	\$20,457,400
07	Permanent Property	\$1,660,800	\$1,660,800
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$154,300	\$154,300
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$45,306,100	\$45,306,100
18	Project Positions Authorized	3.00	3.00
19	Classified Positions Authorized	261.20	261.20
20	Unclassified Positions Authorized	3.00	3.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	2000	Adjusted Base Funding Level			
01	Employee benefit plans				
	01 Annuity supplements and payments	\$154,300	\$154,300	0.00	0.00
	61 Automated operating system	\$8,393,600	\$8,393,600	0.00	0.00
	62 Benefit administration	\$4,900	\$4,900	0.00	0.00
	64 Health insurance data collection and analysis contracts	\$968,100	\$968,100	0.00	0.00
	76 Administration	\$32,400,800	\$32,400,800	267.20	267.20
	88 Administration	\$3,384,400	\$3,384,400	0.00	0.00
	Employee benefit plans SubTotal	\$45,306,100	\$45,306,100	267.20	267.20
	Adjusted Base Funding Level SubTotal	\$45,306,100	\$45,306,100	267.20	267.20
	Agency Total	\$45,306,100	\$45,306,100	267.20	267.20

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	
Decision Item	2000	Adjusted Base Funding Level						
	GPR	A	\$154,300	\$154,300	0.00	0.00		
	SEG	S	\$45,151,800	\$45,151,800	267.20	267.20		
	Total		\$45,306,100	\$45,306,100	267.20	267.20		
Agency Total			\$45,306,100	\$45,306,100	267.20	267.20		

Decision Item (DIN) - 3001

Decision Item (DIN) Title - Turnover Reduction

NARRATIVE

Standard Budget Adjustment - Turnover Reduction

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	3001	Turnover Reduction

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	(\$488,000)	(\$488,000)
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	(\$488,000)	(\$488,000)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3001	Turnover Reduction			
01	Employee benefit plans				
	76 Administration	(\$488,000)	(\$488,000)	0.00	0.00
	Employee benefit plans SubTotal	(\$488,000)	(\$488,000)	0.00	0.00
	Turnover Reduction SubTotal	(\$488,000)	(\$488,000)	0.00	0.00
	Agency Total	(\$488,000)	(\$488,000)	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3001	Turnover Reduction				
	SEG	S	(\$488,000)	(\$488,000)	0.00	0.00
	Total		(\$488,000)	(\$488,000)	0.00	0.00
Agency Total			(\$488,000)	(\$488,000)	0.00	0.00

Decision Item (DIN) - 3002

Decision Item (DIN) Title - Removal of Noncontinuing Elements from the Base

NARRATIVE

Standard Budget Adjustment - Removal of Noncontinuing Elements from the Base

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	3002	Removal of Noncontinuing Elements from the Base

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	(\$9,000)	(\$107,600)
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	(\$3,600)	(\$43,100)
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	(\$12,600)	(\$150,700)
18	Project Positions Authorized	-3.00	-3.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3002	Removal of Noncontinuing Elements from the Base			
01	Employee benefit plans				
	76 Administration	(\$12,600)	(\$150,700)	(3.00)	(3.00)
	Employee benefit plans SubTotal	(\$12,600)	(\$150,700)	(3.00)	(3.00)
	Removal of Noncontinuing Elements from the Base SubTotal	(\$12,600)	(\$150,700)	(3.00)	(3.00)
	Agency Total	(\$12,600)	(\$150,700)	(3.00)	(3.00)

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	
Decision Item	3002	Removal of Noncontinuing Elements from the Base						
	SEG	S	(\$12,600)	(\$150,700)	(3.00)	(3.00)		
	Total		(\$12,600)	(\$150,700)	(3.00)	(3.00)		
Agency Total			(\$12,600)	(\$150,700)	(3.00)	(3.00)		

Decision Item (DIN) - 3003

Decision Item (DIN) Title - Full Funding of Continuing Position Salaries and Fringe Benefits

NARRATIVE

Standard Budget Adjustment - Full Funding of Continuing Position Salaries and Fringe Benefits

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	3003	Full Funding of Continuing Position Salaries and Fringe Benefits

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$537,200	\$537,200
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$246,200	\$246,200
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0

16		\$0	\$0
17	Total Cost	\$783,400	\$783,400
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3003	Full Funding of Continuing Position Salaries and Fringe Benefits			
01	Employee benefit plans				
	76 Administration	\$783,400	\$783,400	0.00	0.00
	Employee benefit plans SubTotal	\$783,400	\$783,400	0.00	0.00
	Full Funding of Continuing Position Salaries and Fringe Benefits SubTotal	\$783,400	\$783,400	0.00	0.00
	Agency Total	\$783,400	\$783,400	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3003	Full Funding of Continuing Position Salaries and Fringe Benefits				
	SEG	S	\$783,400	\$783,400	0.00	0.00
	Total		\$783,400	\$783,400	0.00	0.00
Agency Total			\$783,400	\$783,400	0.00	0.00

Decision Item (DIN) - 3007

Decision Item (DIN) Title - Overtime

NARRATIVE

Standard Budget Adjustment – Overtime

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	3007	Overtime

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$39,500	\$39,500
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$6,200	\$6,200
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$45,700	\$45,700
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3007	Overtime			
01	Employee benefit plans				
	76 Administration	\$45,700	\$45,700	0.00	0.00
	Employee benefit plans SubTotal	\$45,700	\$45,700	0.00	0.00
	Overtime SubTotal	\$45,700	\$45,700	0.00	0.00
	Agency Total	\$45,700	\$45,700	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3007	Overtime					
	SEG	S		\$45,700	\$45,700	0.00	0.00
	Total			\$45,700	\$45,700	0.00	0.00
Agency Total				\$45,700	\$45,700	0.00	0.00

Decision Item (DIN) - 3008

Decision Item (DIN) Title - Night and Weekend Differential Pay

NARRATIVE

Standard Budget Adjustment - Night and Weekend Differential Pay

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	3008	Night and Weekend Differential Pay

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$62,600	\$62,600
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$9,900	\$9,900
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$72,500	\$72,500
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3008	Night and Weekend Differential Pay			
01	Employee benefit plans				
	76 Administration	\$72,500	\$72,500	0.00	0.00
	Employee benefit plans SubTotal	\$72,500	\$72,500	0.00	0.00
	Night and Weekend Differential Pay SubTotal	\$72,500	\$72,500	0.00	0.00
	Agency Total	\$72,500	\$72,500	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3008	Night and Weekend Differential Pay				
	SEG	S	\$72,500	\$72,500	0.00	0.00
	Total		\$72,500	\$72,500	0.00	0.00
Agency Total			\$72,500	\$72,500	0.00	0.00

Decision Item (DIN) - 3010

Decision Item (DIN) Title - Full Funding of Lease and Directed Moves Costs

NARRATIVE

Standard Budget Adjustment - Full Funding of Lease and Directed Moves Costs

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	3010	Full Funding of Lease and Directed Moves Costs

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$84,600	\$163,000
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$84,600	\$163,000
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3010	Full Funding of Lease and Directed Moves Costs			
01	Employee benefit plans				
	76 Administration	\$84,600	\$163,000	0.00	0.00
	Employee benefit plans SubTotal	\$84,600	\$163,000	0.00	0.00
	Full Funding of Lease and Directed Moves Costs SubTotal	\$84,600	\$163,000	0.00	0.00
	Agency Total	\$84,600	\$163,000	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	
Decision Item	3010	Full Funding of Lease and Directed Moves Costs						
	SEG	S	\$84,600	\$163,000	0.00	0.00		
	Total		\$84,600	\$163,000	0.00	0.00		
Agency Total			\$84,600	\$163,000	0.00	0.00		

Decision Item (DIN) - 4000

Decision Item (DIN) Title - Financial Reporting Requirements

NARRATIVE

The Department of Employee Trust Funds (ETF) requests \$90,000 SEG in FY18 and in FY19 for contracts necessary for the implementation of Governmental Accounting Standards Board (GASB) Statement 74 and 75. ETF also requests 2.0 FTE SEG Accountant Advanced positions (\$147,300 SEG in FY18 and \$169,800 SEG in FY19) for the Division of Trust Finance (DTF). These positions are essential for ETF to meet its financial reporting obligations, maintain compliance with GASB standards, and to comply with tax laws and regulations.

ETF 2017-19 BIENNIAL BUDGET REQUEST

DECISION ITEM 4000 – FINANCIAL REPORTING REQUIREMENTS

176 – S. 20.515 (1)(w)

FISCAL SUMMARY		
	2017-2018 Request	2018-2019 Request
Contracts	\$90,000	\$90,000
FTE	\$147,300 2.0 SEG FTE	\$169,800 2.0 SEG FTE
Total Request	\$237,300 2.0 FTE	\$259,800 2.0 FTE

Request

The Department of Employee Trust Funds (ETF) requests \$90,000 SEG in FY18 and in FY19 for contracts necessary for the implementation of Governmental Accounting Standards Board (GASB) Statement 74 and 75. ETF also requests 2.0 FTE SEG Accountant Advanced positions (\$147,300 SEG in FY18 and \$169,800 SEG in FY19) for the Division of Trust Finance (DTF). These positions are essential for ETF to meet its financial reporting obligations, maintain compliance with GASB standards, and to comply with tax laws and regulations.

Background

The Department of Employee Trust Funds

ETF administers the Wisconsin Retirement System (WRS), the group health insurance program for state employees, and a variety of other public employee fringe benefit programs, including other postemployment benefit programs. The WRS is the 9th largest pension system in the nation and ETF's largest program, providing retirement benefits for more than 600,000 current and former state and local government employees via more than 1,500 employers. Members include current and former employees of Wisconsin's state agencies, University of Wisconsin System, most local governments other than the City of Milwaukee and Milwaukee County, and school districts across the state. The agency is overseen by an independent governing board, and WRS trust funds are managed on behalf of the WRS members.

The Department's sole statutory mission is to administer the Public Employee Trust Fund (Trust) in a manner that provides legislatively-created, employment-related benefits at the lowest reasonable cost. Chapter 40 effectively serves as the controlling document for the Trust. Funds in the Trust are not state funds – they are funds held in trust by the state to fulfill the legislatively-created benefits under Chapter 40. Administrative expenses are funded entirely from the investment earnings of the Trust and are allocated to the individual benefit programs.

Implementation of New Accounting Standards

In June 2015, the GASB issued new accounting and financial reporting standards for postemployment benefit plans other than pension plans (other postemployment benefits or OPEB) and the employers who sponsor them. ETF administers three OPEB plans: protective occupation duty disability insurance, state retiree life insurance and local government life insurance. These new standards, effective for plan fiscal years beginning after June 15, 2016, require that the OPEB liability and annual OPEB expense be actuarially determined using specific methods and assumptions defined by the standards. It further requires that the OPEB liability and expense be allocated to and reported by every government entity participating in the OPEB plans. Failure to comply with these new standards would result in governments receiving adverse audit opinions on their financial statements. The Employee Trust Fund Board is required under Wis. Stats. § 40.03 to contract for the performance of all actuarial services which are necessary for management of the benefit programs. ETF, as the plan administrator, is responsible for providing the information to over 1,200 local governments to allow them to meet their reporting requirements.

Compliance with Tax Laws and Regulations

ETF is responsible for withholding and remitting taxes on behalf of over 200,000 annuitants. In 2015, ETF paid nearly \$5 billion in annuity payments, and withheld and remitted nearly \$500 million in federal income tax to the IRS in 60 separate remittances. Over 200,000 individual 1099 tax reports were generated and issued by ETF along with plan 945 and 1042 withholding reports.

WRS annuitants reside in over 25 foreign countries, including some regulated by the Office of Foreign Assets Control (OFAC) laws. ETF must accommodate banking restrictions imposed by foreign banks. All payments directed to foreign countries must be verified against an OFAC database to determine if restrictions exist on sending funds to that country.

Additionally, the Affordable Care Act has created new taxes and reporting requirements that impact ETF. A Patient-Centered Outcomes Research Institute (PCORI) excise fee is assessed on the department's self-insured health plans, including an annual Form 720 filing. An annual Reinsurance Fee on self-insured plans is calculated and paid annually. 1095C Employer-Provided Health Insurance Offer and Coverage member statements must be distributed to over 600 health plan participants annually along with a 1094C summary return.

The increasing number of complex federal tax requirements is creating a significant compliance risk for the department. Any failure to fully and timely comply with federal requirements can subject the department to substantial financial penalties.

Analysis of Need

Two Accountant (Advanced) FTE Positions

The issuance of eight new GASB standards related to pensions and other postemployment benefits in recent years has resulted in major reporting changes which has significantly increased the workload of accounting staff within ETF. As noted above, the new standards not only require actuarial and audit work but also require complicated calculations, additional note disclosures, and extensive schedules each year. As a result, ETF staff calculate and provide the required financial entries to over 1,500 state and local government employers to ensure they have the information they need to comply with the new standards. Staff also provide substantial assistance to local governments and their auditors to help them understand the requirements of the new standards, as well as providing guidance on the materials provided by ETF to aide in their compliance.

In addition, ETF is always looking for ways to strengthen internal controls over trust fund financial processes and reporting. In August 2015, the Legislative Audit Bureau (LAB) noted a deficiency in internal control, after identifying several errors in WRS financial statements and related notes for the year ended December 31, 2014. Subsequent to that audit, ETF hired an independent audit firm, CliftonLarsonAllen (CLA), to conduct an assessment of the overall internal controls and operations of the Division of Trust Finance. CLA's observations and recommendations include the following:

- Modify manager roles/responsibilities to include more detailed review of work processes performed by staff and less performance of processes by managers. This will strengthen internal controls and increase accuracy of results. This requires delegation of duties to the staff level, however, existing staff are already at capacity.
- Allow time and invest more in staff training and development to increase the overall effectiveness of ETF and reduce operational risk.
- Improve the process for managing the preparation of financial reporting, including the separately issued WRS financial statements and related notes, as well as the Comprehensive Annual Financial Report. The process should be flexible to account for date slippages due to unforeseen delays and also incorporate time for comprehensive reviews.
- Enhance process documentation. With the substantial use and reliance on Excel, lack of this documentation has contributed to inefficient review processes and errors. To mitigate errors, each Excel workbook should be thoroughly documented to increase clarity and transparency.

The positions will focus on complying with new GASB standards and addressing the LAB and CLA deficiencies noted.

ETF is required to operate its various benefit programs in compliance with federal tax laws. In 2015, ETF engaged tax counsel Ice Miller to complete a comprehensive review of ETF practices and procedures as they relate to federal tax compliance. Ice Miller noted several areas where remedial action is needed, including the development of a comprehensive tax compliance policy as well as on-going monitoring, review and checks to be performed. ETF has since drafted a tax policy, but implementation requires adequate resources to ensure on-going compliance. The requested positions will strengthen tax compliance and related controls and address the Ice Miller recommendations.

Contract Services

Actuarial Services – The new GASB standards are effective for plan fiscal years beginning after June 15, 2016. The Net OPEB Liability, OPEB Expense and Deferred Inflows/Outflows under the GASB Statement 74 must be actuarially calculated using methods and assumptions defined by the standard. The required methods are different from the actuarial methods used in funding the OPEB plans.

Separate actuarial valuations conforming to GASB 75 standards are necessary to provide the information required by the state and local governments to meet their financial reporting requirements. These valuations will be performed by the Board's consulting actuary but are outside the scope of work of their current engagement. The estimated cost of these valuations is \$10,000 annually.

Audit Services – Over 1,200 local employers will be incorporating the results of the GASB 74 actuarial valuation into their financial statements. The local government auditors will be required to perform audit procedures to assure the reasonableness of the OPEB disclosures included in the financial statements. ETF will contract with an audit firm to provide the local governments audited data. Providing local governments audited data will offer an audit certification that the local auditors can rely upon. This process will be more efficient, while streamlining the distribution process.

ETF intends to contract with an audit firm to audit the OPEB disclosures prior to distributing the data to local governments. The estimated cost to audit all OPEB disclosures prior to distributing to local employers is \$80,000 annually.

Conclusion

These segregated positions and contract services are essential for ETF to meet its financial reporting obligations, maintain compliance with GASB standards, and to comply with federal tax laws and regulations.

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	4000	Financial Reporting Requirements

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$82,000	\$109,400
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$32,900	\$43,800
06	Supplies and Services	\$102,400	\$106,600
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$20,000	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$237,300	\$259,800
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	2.00	2.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4000	Financial Reporting Requirements			
01	Employee benefit plans				
	76 Administration	\$237,300	\$259,800	2.00	2.00
	Employee benefit plans SubTotal	\$237,300	\$259,800	2.00	2.00
	Financial Reporting Requirements SubTotal	\$237,300	\$259,800	2.00	2.00
	Agency Total	\$237,300	\$259,800	2.00	2.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4000	Financial Reporting Requirements					
	SEG	S	\$237,300	\$259,800	2.00	2.00	
	Total		\$237,300	\$259,800	2.00	2.00	
Agency Total			\$237,300	\$259,800	2.00	2.00	

Decision Item (DIN) - 4001

Decision Item (DIN) Title - Continuing Transformation, Integration, and Modernization (TIM) Project Resources

NARRATIVE

The Department of Employee Trust Funds (ETF) requests 2.0 FTE SEG Trust Funds Specialist project positions and associated funding be converted from project positions to permanent positions. In addition, ETF requests 1.0 FTE SEG Accountant 4-year project position. All three of these positions are current 4-year project positions that were provided to support the Department's major initiative of replacing its Benefits Administration System (BAS) and modernizing its business processes. This request is necessary for ETF to continue successfully modernizing its outdated business processes, integrate numerous siloed IT systems, offer online access and account management, and provide timely information and communications to Wisconsin Retirement System (WRS) members and employers.

ETF 2017-2019 BIENNIAL BUDGET REQUEST

DECISION ITEM 4001 – CONTINUING TRANSFORMATION, INTEGRATION AND MODERNIZATION (TIM) PROJECT RESOURCES

176 – 20.515 (1)(w)

FISCAL SUMMARY		
	2017-2018 Request	2018-2019 Request
FTE	2.0 SEG FTE 1.0 SEG FTE project	2.0 SEG FTE 1.0 SEG FTE project
Total Request	\$161,600 3.0 FTE	\$175,800 3.0 FTE

Request

The Department of Employee Trust Funds (ETF) requests 2.0 FTE SEG Trust Funds Specialist project positions and associated funding be converted from project positions to permanent positions. In addition, ETF requests 1.0 FTE SEG Accountant 4-year project position. All three of these positions are current 4-year project positions that were provided to support the Department's major initiative of replacing its Benefits Administration System (BAS) and modernizing its business processes. This request is necessary for ETF to continue successfully modernizing its outdated business processes, integrate numerous siloed IT systems, offer online access and account management, and provide timely information and communications to Wisconsin Retirement System (WRS) members and employers.

Background

The Department of Employee Trust Funds

The Department of Employee Trust Funds administers the WRS, the group health insurance program for state employees and many local governments, and a variety of other public employee benefit programs. The WRS is the 9th largest pension system in the nation and ETF's largest program, providing retirement benefits for more than 580,000 current and former state and local government employees on behalf of more than 1,500 employers. Participants include current and former employees of Wisconsin's state agencies and most local governments other than the City of Milwaukee and Milwaukee County. The agency is overseen by an independent governing board, and WRS trust funds are held on behalf of ETF benefit program members and employers.

The Department's sole statutory mission is to administer the Public Employee Trust Fund in a way that provides legislatively-created, employment-related benefits at the lowest reasonable cost. Chapter 40 functions as the controlling document for the Trust.

Transformation, Integration and Modernization (TIM) Project

The name of this enterprise-wide initiative or “portfolio” of projects is TIM, which stands for Transformation, Integration and Modernization. The goal of the TIM initiative is to implement modern, professional benefits administration technology along with business process improvements to more efficiently and effectively serve our members and participating employers. ETF is currently in the middle of this multi-year effort which will integrate 17 siloed and outdated systems into a new benefits administration system (MyETF). Successful implementation will enable ETF to do the following: 1) meet the significant growth in demand for ETF services with limited need for additional staff; 2) meet the growing demand for online services; 3) increase operational efficiency; 4) achieve overall improvement in customer service; and 5) reduce long-term administrative costs for public employers throughout the state. The TIM project, spanning from 2012 to 2019, will enable ETF to offer enhanced online member and employer services and maximize the capacity for handling an increasing number of annuitants. This major initiative is essential for the proper administration of the WRS and the other employee fringe benefit programs ETF administers.

The implementation of the MyETF benefits administration system consists of three (3) rollouts, which are divided into logical categories and functionalities based on business processes, business areas and targeted customers.

- The first rollout, which went live in November 2015, replaced ETF’s imaging, workflow, and document management systems. These systems include technologies that will be used in the management of customer’s electronic content, for example correspondence imaging, which is the conversion of paper documents into an electronic format, and workflow, which is how customer requests are routed to different areas of ETF for processing.
- The second rollout, scheduled to go live in January of 2018 will involve “inputs” into the system, such as enrollment, contribution reporting and employer reporting. Rollout 2 will also include group insurance, including health insurance, life insurance and income continuation insurance. Work on rollout 2 is currently underway and is scheduled to spend the entire year of 2017 in testing. In the last year, the MyETF rollout 2 detailed project plan was finalized.
- The third rollout, tentatively scheduled to go live in 2019, will involve the “outputs” from the system, such as benefit estimates, annuitant payroll processing, tax reporting and member online service. At the conclusion of this rollout, MyETF will be live for all member-related data, pension, benefits, and refund processing. Member online capabilities will have been fully implemented, enabling full decommissioning of the 17 legacy systems.

ETF has 17 staff working exclusively on the TIM project. In addition to these core team members, ETF also commits, on average, 20 full-time employees and 17 part-time

employees to the project. In 2016, ETF staff have recorded over 13,000 person hours worked year-to-date. Committing the necessary resources and staff is essential to the successful deployment of the MyETF benefits administration system.

The FY 2013-15 biennial budget (2013 Wisconsin Act 20) provided ETF funding to assist in this project. The Act also included non-statutory provisions that allow the Department to request that the Governor supplement any sum certain appropriation from the public employee trust fund or create or abolish positions that are funded from revenues deposited in the public employee trust fund for the purpose of modernizing business processes or integrating information technology systems of the Department. ETF utilized this provision in 2014 to obtain the three project positions (seeking to continue in this request) necessary to successfully implement the project.

Analysis of Need

Employer Services – 2.0 FTE Trust Funds Specialists (Permanent)

The Department of Employee Trust Funds requests the 2.0 FTE Trust Fund Specialist project positions, which were approved in 2014, be converted to permanent positions in the Employer Services Section. These positions are essential to support a centralized Employer Services Section, as well as the implementation of rollout 2, which is focused on employer reporting and administration.

As noted above, in addition to the implementation of MyETF, the Department is also focused on modernizing its benefit administration processes. This includes the creation of a centralized Employer Services Section, which began on January 1, 2015. The new section provides a case manager to each employer, which focuses on all retirement and insurance benefits administered by ETF. This streamlines the process for the employer, but creates a need for additional staff to provide the level of service needed.

The current case manager to employer ratio averages 1:127 (including the project case managers). The case managers indirectly support an average of 21,530 employees employed by their assigned employers. In addition to responding to WRS benefit inquiries, the case managers also act as a resource to their assigned employers who carry ETF administered health, life or Income Continuation insurance. As a result of this process improvement, the need for the project positions requested in 2014 is continual. The case managers have an assigned set of employers and responsibilities that require permanent, ongoing management.

In addition, the Employer Services Section is critical to the successful implementation of MyETF. The positions will address daily operational needs and case management responsibilities, which are likely to increase post rollout 2 as employers adjust to online services, real-time transaction processing, payroll based reporting cycles, and immediate system validations. The case manager will play a vital role in helping employers adapt to a significant amount of change over the next several years.

Furthermore, after rollout 2, employers will be reporting information to ETF more frequently. This will result in accurate, timely data and will automate a lot of processes across the agency. Post-implementation will also require a more robust Employer Services function, which will be responsible for training and aiding employers in reporting the data, which is being reported more frequently, with greater detail and complexity.

As indicated previously, it is expected that the Employer Services Section will see an increase in workload post rollout 2 and thereafter. In an environment of increasing service demands, growing operational needs, program complexity, and project involvement, the Employer Services Section is essential for ETF to provide the support and customer service that the 1,500 local and state public employers expect.

Financial Expertise – 1.0 FTE Accountant (Four-Year Project)

The Division of Trust Finance (DTF) currently has one project position that ends in May 2018. The request is for a new 1.0 FTE 4-year project position. This will ensure that ETF has the necessary financial expertise to complete the project and assist with post-implementation, based on the tentatively planned MyETF rollout of phase 3 in mid-2019.

Currently, ETF employs 15 accountant positions, including the requested project position. Five accountants are primarily responsible for coordinating actuarial valuations of the benefit plans, preparing all financial reports for the trust funds, and maintaining the subsystems needed for financial reporting. The other nine accountants are charged with the day-to-day accounting for the group insurance and retirement programs. The MyETF project requires two to three FTE finance staff to assist in design and testing related to employer reporting of service, earnings and contributions, employer insurance invoice processing, WRS participant account updates, WRS benefit payments, third-party administrator interfaces and financial system integration. A project position is required to support these efforts.

At this time, ETF lacks the capacity to adequately support the financial and data integrity aspects of the MyETF implementation while maintaining current operations. The project accountant position will be used to backfill for existing accountants who are assigned to the MyETF project team. The MyETF is a comprehensive financial processing system, including contribution, premium billing, certain collection functions, benefit payments, and participant account maintenance. All of these functions will require an interface to create corresponding transactions in the state's STAR and ETF's financial system. Currently, ETF financial services has approximately two positions dedicated to the project and will be dedicating approximately three more positions to the project, depending on the functions under development. Backfilling for one position will assure continuity for essential financial services.

Conclusion

With the support of the Governor and Legislature, ETF has embarked on a critical project to significantly refocus the way the agency does business with its customers as well as upgrade its benefit administration technology. The requested positions are essential to the continued success of this project and the ongoing administration of the benefits ETF administers.

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	4001	Continuing Transformation, Integration, and Modernization (TIM) Project Resources

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$53,800	\$71,800
02	Turnover	\$0	\$0
03	Project Position Salaries	\$26,900	\$35,900
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$32,300	\$43,200
06	Supplies and Services	\$18,600	\$24,900
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$30,000	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0

16		\$0	\$0
17	Total Cost	\$161,600	\$175,800
18	Project Positions Authorized	1.00	1.00
19	Classified Positions Authorized	2.00	2.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4001	Continuing Transformation, Integration, and Modernization (TIM) Project Resources			
01	Employee benefit plans				
	76 Administration	\$161,600	\$175,800	3.00	3.00
	Employee benefit plans SubTotal	\$161,600	\$175,800	3.00	3.00
	Continuing Transformation, Integration, and Modernization (TIM) Project Resources SubTotal	\$161,600	\$175,800	3.00	3.00
	Agency Total	\$161,600	\$175,800	3.00	3.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	
Decision Item	4001	Continuing Transformation, Integration, and Modernization (TIM) Project Resources						
	SEG	S	\$161,600	\$175,800	3.00	3.00		
	Total		\$161,600	\$175,800	3.00	3.00		
Agency Total			\$161,600	\$175,800	3.00	3.00		

Decision Item (DIN) - 4003

Decision Item (DIN) Title - Hill Farms New Building Expenses

NARRATIVE

The Department of Employee Trust Funds (ETF) requests \$359,500 SEG in FY18 for one-time costs associated with the agency's move to the new Hill Farms State Office Building.

ETF 2017-19 BIENNIAL BUDGET REQUEST

DECISION ITEM 4003 – HILL FARMS NEW BUILDING EXPENSES

176 – S. 20.515 (1)(w)

FISCAL SUMMARY		
	2017-2018 Request	2018-2019 Request
Total Request	\$359,500 SEG	\$0

Request

The Department of Employee Trust Funds (ETF) requests \$359,500 SEG in FY18 for one-time costs associated with the agency's move to the new Hill Farms State Office Building.

Background

ETF is one of nine agencies that will be moving as a tenant to the new Hill Farms State Office Building currently scheduled for the summer of 2018. ETF will be occupying approximately 50,410 square feet of space on three floors in the new office building and moving 387 staff.

Analysis of Need

The Department of Administration Division of Facilities Management (DOA/DFM) oversees the Hill Farms redevelopment project and coordinates with state agencies to determine needs for the future move to the new Hill Farms facility. DOA/DFM will be budgeting for most of the cost of the actual move of ETF's current building contents including staff files, storage, chairs, computers and common space furniture such as conference room tables and chairs, etc. However, there are many items that DOA/DFM has determined will be the responsibility of ETF to move and/or purchase. These move costs and additional items not covered in the Hill Farms project are not budgeted in ETF's annual operating budget. The items include copiers and other multi-functional devices (copy, print, scan, and Fax services), AV equipment such as Smartboards, TVs, projectors, side chairs, white boards, recycling bins, art work, and incidentals.

In addition, the new facility will be equipped with Voice over Internet Protocol (VoIP) technology. As a result, ETF is responsible for costs associated with this upgrade of our voice and data technology and services including the purchase of all new phones, headsets, routers and vendor service charges. Equipping conference rooms and providing VoIP technology account for 76% of this request.

Also, ETF requested to add an additional unisex restroom on the 8th floor to meet the needs of our members and other public members visiting the agency for counseling and

other information or services. This is a critical feature to meet the needs of the diverse and aging population we serve.

Additionally, the move will require our agency to increase communications (web and print) on the new location to Wisconsin Retirement System (WRS) members leading up to, during and immediately after the move. Since our agency has over 10,000 visitors annually to our building, it will take increased efforts to educate our members and the public to this new location.

Conclusion

ETF is seeking these additional one-time resources to meet the needs of the move to the new Hill Farms State Office Building and to prepare a smooth transition for our employees and all the WRS members we serve.

Attachment A

ETF Proposed Budget Costs for HF New Facility	Total	Notes
Technical Product & Services		
Conference Room services	\$152,140.00	TV's, Smartboards, Projector & Screens, AV Systems, Ceiling Mic's & Speakers, Hearing Loop Technology Services, Computers, Printers, Accessories to support these services and Labor for installation of these services.
VoIP Voice Services	\$123,417.00	VoIP Line, VoIP Phones, VoIP Headsets, VoIP Polycom Conf Phones, Gateway router, Gateway Maintenance, Per Seat Installation and Vender Service Charge.
Total	\$275,557.00	
Facility Products & Services		
Move	\$7,000.00	<p>Costs associated with moving and installation of copiers, multifunctional devices, AV equipment, etc. that are NOT covered by DOA-DFM. This data is based on past move conducted with Graebel rates plus inflation rates.</p> <p>STAFFING:</p> <ul style="list-style-type: none"> 1 Site Supervisor/Inst. @ \$36.00 1 Driver @ \$35.00 2 Movers @ \$34.00 1 Truck @ \$29.00 Estimated 40 hours @ \$152.00 \$6080.00 <p>Grand Total = \$6,214.00</p>
Fixtures, Furniture & Equipment	\$7,798.25	Costs associated with coffee makers, sanitizer devices, bulletin/white boards, etc.
Whiteboard paint installation service	\$2,400.00	<p>7th Floor locations: N715 BITS ConfRm and N729 Innovation Rm</p> <p>8th Floor locations: N802 Group Counseling Rm and N828 ConfRm</p> <p>9th Floor locations: N904 & N905 ConfRm's, N906 & N952 HR Training Rooms, and N911 Trust ConfRm</p> <p>https://www.fuzewall.com/order Recommendation by developer as an alternative. Total square footage for rooms was based on 4' high by the width of the wall in the conference room. Total aquare footage = 888; Two 400 kits and One 100 kit = \$1,200 (includes tax/shipping) (09/19/16) times 2 for two coats.</p>

Whiteboard paint installation service	\$2,700.00	Prep and apply two coats of whiteboard paint. Based on 4 hours per room (9) at \$75/hour
Safety	\$3,500.00	Stryker Emergency Evacuation Chair
8th Floor Restroom	\$35,000.00	The addition of a unisex bathroom
9th Floor Secretary Suite Sink (N932)	\$9,500.00	
Total	\$67,898.25	
Other		
Art Work	\$10,000.00	
Communications/Marketing	\$6,000.00	Printing, newspaper, etc.
Total	\$16,000.00	
Grand Total of one time costs	\$359,455.25	

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	4003	Hill Farms New Building Expenses

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$359,500
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$0	\$359,500
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4003	Hill Farms New Building Expenses			
01	Employee benefit plans				
	76 Administration	\$0	\$359,500	0.00	0.00
	Employee benefit plans SubTotal	\$0	\$359,500	0.00	0.00
	Hill Farms New Building Expenses SubTotal	\$0	\$359,500	0.00	0.00
	Agency Total	\$0	\$359,500	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4003	Hill Farms New Building Expenses				
	SEG	S	\$0	\$359,500	0.00	0.00
	Total		\$0	\$359,500	0.00	0.00
Agency Total			\$0	\$359,500	0.00	0.00

Decision Item (DIN) - 5000

Decision Item (DIN) Title - Annuity Supplement Reestimate

NARRATIVE

The Department of Employee Trust Funds (ETF) requests a reduced base funding of -\$57,800 GPR in FY18 and -\$85,500 GPR in FY19 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974.

ETF 2017-19 BIENNIAL BUDGET REQUEST

DECISION ITEM 5000 – ANNUITY SUPPLEMENT REESTIMATE

101 – S. 20.515 (1)(a)

FISCAL SUMMARY		
	2017-2018 Request	2018-2019 Request
Total Request	(\$57,800)	(\$85,500)

Request

The Department of Employee Trust Funds (ETF) requests a reduced base funding of -\$57,800 GPR in FY18 and -\$85,500 GPR in FY19 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974.

Background

These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394 and 1997 Wisconsin Act 26. The re-estimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base funding for the appropriation is \$154,300.

Decision Item by Line

1719 Biennial Budget

	CODES	TITLES
DEPARTMENT	515	Department of Employee Trust Funds
	CODES	TITLES
DECISION ITEM	5000	Annuity Supplement Reestimate

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Annuity Supplements	(\$57,800)	(\$85,500)
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	(\$57,800)	(\$85,500)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Department of Employee Trust Funds

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5000	Annuity Supplement Reestimate			
01	Employee benefit plans				
	01 Annuity supplements and payments	(\$57,800)	(\$85,500)	0.00	0.00
	Employee benefit plans SubTotal	(\$57,800)	(\$85,500)	0.00	0.00
	Annuity Supplement Reestimate SubTotal	(\$57,800)	(\$85,500)	0.00	0.00
	Agency Total	(\$57,800)	(\$85,500)	0.00	0.00

Decision Item by Fund Source

Department of Employee Trust Funds

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	5000	Annuity Supplement Reestimate				
	GPR	A	(\$57,800)	(\$85,500)	0.00	0.00
	Total		(\$57,800)	(\$85,500)	0.00	0.00
Agency Total			(\$57,800)	(\$85,500)	0.00	0.00

Decision Item (DIN) - 7000

Decision Item (DIN) Title - Statutory Changes

NARRATIVE

The following two statutory changes are requested: 1) Overpayment Recovery - ETF may Retain Payments from Trusts, and Death Benefits are Subject to Retention for Overpayments. Statutory Change Requested: Amend 40.08(4) to add trusts to the entities from which ETF can recover amounts for overpayments, and create 40.73(3) to clarify that death benefits are subject to retention for overpayments under 40.08(4). 2) Disability 40.63 – Termination Instead of Suspension for Exceeding Annual Earnings Limit in Certain Situations. Statutory Change Requested: Require that disability benefits be terminated, not just suspended, for violation of the earnings limit in a second calendar year, and no termination if the last violation of the earnings limit was over five calendar years prior.

ETF 2017-2019 BIENNIAL BUDGET REQUEST

DECISION ITEM 7000 – STATUTORY CHANGES

Overpayment Recovery - ETF may Retain Payments from Trusts, and Death Benefits are Subject to Retention for Overpayments.

- 1. Statutory Change Requested:** Amend 40.08(4) to add trusts to the entities from which ETF can recover amounts for overpayments, and create 40.73(3) to clarify that death benefits are subject to retention for overpayments under 40.08(4).
- 2. Problem and Rationale for Change:** 'Trust' is not listed amongst the entities from which ETF can recover overpayments under 40.08(4). In addition, it is not clear in 40.73 that death benefits are subject to recovery of overpayments under 40.08(4). Under current law, ETF can withhold amounts out of an annuity or benefit for any balance due resulting from reinstatement of employment or for any money paid from the WRS to a person or estate through misrepresentation, fraud, or error. However, trusts are not listed in the provision. It is not uncommon for trusts to be designated for payment of WRS benefits, and therefore it is possible that ETF could at some point need to recover an overpayment to a trust made through misrepresentation, fraud or error. The proposed amendment will make clear that ETF can recover overpayments from trusts in these situations. In addition, the proposed change creates language to make it clear that death benefits are subject to recovery under 40.08(4) if paid through misrepresentation, fraud, or error.

Disability 40.63 – Termination Instead of Suspension for Exceeding Annual Earnings Limit in Certain Situations

- 1. Statutory Change Requested:** Require that disability benefits be terminated, not just suspended, for violation of the earnings limit in a second calendar year, and no termination if the last violation of the earnings limit was over five calendar years prior.
- 2. Problem and Rationale for Change:** There is an earnings limit that applies to any person who is receiving a regular disability annuity under the WRS. If the person exceeds the earnings limit, the law requires suspension of the disability benefit for the calendar year, and reinstatement of the benefit in January of the following year. The earnings limit requirement is used to determine eligibility for the disability benefit, but under current law one can exceed the earnings limit and remain eligible for future benefits. This continual suspension-and-reinstatement requirement is in conflict with the basic philosophy for providing disability benefits. The disability retirement benefit is intended to provide income to those who are unable to engage

in any substantial gainful activity by reason of a medically determinable physical or mental impairment.

Under the proposed change, disability benefits are terminated after the disability recipient has exceeded the earnings limit in a second calendar year within a five-year period.

ACT 201

Proposal under s. 16.42(4)(b)2.: 0% change in each fiscal year

FY: **FY18**

Agency: **ETF - 515**

Exclusions: Federal
Debt Service

Columns A-G were prepopulated for agencies to reflect state operations adjusted base and reductions agreed to by DOA and LFB. See Appendix H for instructions on how to complete these templates.

Proposed \$ and Proposed FTE columns reflect total agency proposed spending and positions for indicated fiscal year. These amounts should include standard budget adjustments (SBAs), any proposed reallocations or reductions to meet the target, and any other requests that the agency would want considered under this proposal.

Appropriations with zero dollars and zero FTEs are not loaded into the template. If you have any questions, contact your SBO analyst.

IF YOUR AGENCY PLANS TO TAKE THE SAME CUTS OVER BOTH YEARS, YOU SHOULD ONLY FILL OUT ONE GRID FOR 0% GROWTH AND ONE GRID FOR 5% REDUCTION, THEN CHANGE FY18 TO FY18 AND 19.

Agency	Appropriation		Fund Source	Adjusted Base		(See Note 1)	Proposed Budget 2017-18			Change from Adj Base		(See Note 2)		Change from Adjusted Base after Removal of SBAs	
	Alpha	Numeric		\$	FTE	0% Change Target	Proposed \$	Proposed FTE	Item Ref.	\$	FTE	\$	FTE	\$	FTE
515	1t	161	SEG	8,393,600	0.00	0	8,393,600	0.00		0	0.00	0	0.00	0	0.00
515	1um	162	SEG	4,900	0.00	0	4,900	0.00		0	0.00	0	0.00	0	0.00
515	1ut	164	SEG	968,100	0.00	0	968,100	0.00		0	0.00	0	0.00	0	0.00
515	1v	179	SEG	-	0.00	0	0	0.00		0	0.00	0	0.00	0	0.00
515	1w	176	SEG	32,400,800	267.20	0	33,075,800	264.20	1	675,000	(3.00)	(675,000)	3.00	0	0.00
515	1w	188	SEG	3,384,400	0.00	0	3,384,400	0.00		0	0.00	0	0.00	0	0.00
Totals				45,151,800	267.20	0	45,826,800	264.20		675,000	(3.00)	(675,000)	3.00	0	0.00

Note 1: Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.

Note 2: Amounts should be SBAs (DINs 3001 - 3011) from agency request multiplied by -1.

Target Reduction = 0

Difference = 0

Should equal \$0

Items - Describe proposed changes (excl. SBAs) to reach target or other priorities of agency

- 1 No growth scenario could result in state and local compliance issues and a delay in our modernization efforts to replace 17 antiquated legacy systems which could result in additional cost and operational risk.
- 2
- 3

ACT 201

Proposal under s. 16.42(4)(b)1.: 5% change in each fiscal year

FY: **FY18**

Agency: **ETF - 515**

Exclusions: Federal
Debt Service

Columns A-G were prepopulated for agencies to reflect state operations adjusted base and reductions agreed to by DOA and LFB. See Appendix H for instructions on how to complete these templates.

Proposed \$ and Proposed FTE columns reflect total agency proposed spending and positions for indicated fiscal year. These amounts should include standard budget adjustments (SBAs), any proposed reallocations or reductions to meet the target, and any other requests that the agency would want considered under this proposal.

Appropriations with zero dollars and zero FTEs are not loaded into the template. If you have any questions, contact your SBO analyst.

IF YOUR AGENCY PLANS TO TAKE THE SAME CUTS OVER BOTH YEARS, YOU SHOULD ONLY FILL OUT ONE GRID FOR 0% GROWTH AND ONE GRID FOR 5% REDUCTION, THEN CHANGE FY18 TO FY18 AND 19.

Agency	Appropriation		Fund Source	Adjusted Base		(See Note 1)	Proposed Budget 2017-18		Item Ref.	Change from Adj Base		(See Note 2)		Change from Adjusted Base after Removal of SBAs	
	Alpha	Numeric		\$	FTE	5% Reduction Target	Proposed \$	Proposed FTE		\$	FTE	\$	FTE	\$	FTE
515	1t	161	SEG	8,393,600	0.00	(419,700)	6,809,900	0.00	1, 2	(1,583,700)	0.00	0	0.00	(1,583,700)	0.00
515	1um	162	SEG	4,900	0.00	(200)	0	0.00	3	(4,900)	0.00	0	0.00	(4,900)	0.00
515	1ut	164	SEG	968,100	0.00	(48,400)	600,000	0.00	1, 4	(368,100)	0.00	0	0.00	(368,100)	0.00
515	1v	179	SEG	-	0.00	0	0	0.00		0	0.00	0	0.00	0	0.00
515	1w	176	SEG	32,400,800	267.20	(1,620,000)	32,775,000	264.20	1, 5	374,200	(3.00)	(675,000)	3.00	(300,800)	0.00
515	1w	188	SEG	3,384,400	0.00	(169,200)	3,384,400	0.00	1	0	0.00	0	0.00	0	0.00
Totals				45,151,800	267.20	(2,257,500)	43,569,300	264.20		(1,582,500)	(3.00)	(675,000)	3.00	(2,257,500)	0.00

Note 1: Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.

Note 2: Amounts should be SBAs (DINs 3001 - 3011) from agency request multiplied by -1.

Target Reduction = (2,257,500)

Difference = **0**
Should equal \$0

Items - Describe proposed changes (excl. SBAs) to reach target or other priorities of agency

- 1 Because the fund source for all ETF appropriations is SEG, a 5% cut yields no GPR benefits.
- 2 Reduces funding for resources that would delay modernization efforts to replace 17 antiquated legacy systems thereby increasing costs and risks in the long term.
- 3 Eliminates funding of independent medical evaluations for disability programs.
- 4 Reduces funding for health insurance data collection and analysis.
- 5 Reduces funding for WRS employer and member training, outreach travel, and other supplies and services.

ACT 201

Proposal under s. 16.42(4)(b)2.: 0% change in each fiscal year

FY: **FY19**

Agency: **ETF - 515**

IF YOUR AGENCY PLANS TO TAKE THE SAME CUTS OVER BOTH YEARS, YOU SHOULD ONLY FILL OUT ONE GRID FOR 0% GROWTH AND ONE GRID FOR 5% REDUCTION, THEN CHANGE FY18 TO FY18 AND 19.

Agency	Appropriation		Fund Source	Adjusted Base		(See Note 1)	Proposed Budget 2018-19		Item Ref.	Change from Adj Base		(See Note 2)		Change from Adjusted Base after Removal of SBAs	
	Alpha	Numeric		\$	FTE	0% Change Target	Proposed \$	Proposed FTE		\$	FTE	Remove SBAs \$	FTE	\$	FTE
515	1t	161	SEG	8,393,600	0.00	0	8,393,600	0.00		0	0.00	0	0.00	0	0.00
515	1um	162	SEG	4,900	0.00	0	4,900	0.00		0	0.00	0	0.00	0	0.00
515	1ut	164	SEG	968,100	0.00	0	968,100	0.00		0	0.00	0	0.00	0	0.00
515	1v	179	SEG	-	0.00	0	0	0.00		0	0.00	0	0.00	0	0.00
515	1w	176	SEG	32,400,800	267.20	0	33,016,100	264.20	1	615,300	(3.00)	(615,300)	3.00	0	0.00
515	1w	188	SEG	3,384,400	0.00	0	3,384,400	0.00		0	0.00	0	0.00	0	0.00
Totals				45,151,800	267.20	0	45,767,100	264.20		615,300	(3.00)	(615,300)	3.00	0	0.00

Note 1: Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.

Note 2: Amounts should be SBAs (DINs 3001 - 3011) from agency request multiplied by -1.

Target Reduction = 0

Difference = **0**
Should equal \$0

Items - Describe proposed changes (excl. SBAs) to reach target or other priorities of agency

- 1 No growth scenario could result in state and local compliance issues and a delay in our modernization efforts to replace 17 antiquated legacy systems which could result in additional cost and operational risk.
- 2
- 3

ACT 201

Proposal under s. 16.42(4)(b)1.: 5% change in each fiscal year

FY: **FY19**

Agency: **ETF - 515**

IF YOUR AGENCY PLANS TO TAKE THE SAME CUTS OVER BOTH YEARS, YOU SHOULD ONLY FILL OUT ONE GRID FOR 0% GROWTH AND ONE GRID FOR 5% REDUCTION, THEN CHANGE FY18 TO FY18 AND 19.

Agency	Appropriation Alpha	Numeric	Fund Source	Adjusted Base		(See Note 1)	Proposed Budget 2018-19			Change from Adj Base		(See Note 2)		Change from Adjusted Base after Removal of SBAs	
				\$	FTE	5% Reduction Target	Proposed \$	Proposed FTE	Item Ref.	\$	FTE	\$	FTE	\$	FTE
515	1t	161	SEG	8,393,600	0.00	(419,700)	6,809,900	0.00	1,2	(1,583,700)	0.00	0	0.00	(1,583,700)	0.00
515	1um	162	SEG	4,900	0.00	(200)	0	0.00	3	(4,900)	0.00	0	0.00	(4,900)	0.00
515	1ut	164	SEG	968,100	0.00	(48,400)	600,000	0.00	1,4	(368,100)	0.00	0	0.00	(368,100)	0.00
515	1v	179	SEG	-	0.00	0	0	0.00		0	0.00	0	0.00	0	0.00
515	1w	176	SEG	32,400,800	267.20	(1,620,000)	32,715,300	264.20	1,5	314,500	(3.00)	(615,300)	3.00	(300,800)	0.00
515	1w	188	SEG	3,384,400	0.00	(169,200)	3,384,400	0.00	1	0	0.00	0	0.00	0	0.00
Totals				45,151,800	267.20	(2,257,500)	43,509,600	264.20		(1,642,200)	(3.00)	(615,300)	3.00	(2,257,500)	0.00

Note 1: Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.

Note 2: Amounts should be SBAs (DINs 3001 - 3011) from agency request multiplied by -1.

Target Reduction = (2,257,500)

Difference = **0**
Should equal \$0

Items - Describe proposed changes (excl. SBAs) to reach target or other priorities of agency

- 1 Because the fund source for all ETF appropriations is SEG, a 5% cut yields no GPR benefits.
- 2 Reduces funding for resources that would delay modernization efforts to replace 17 antiquated legacy systems thereby increasing costs and risks in the long term.
- 3 Eliminates funding of independent medical evaluations for disability programs.
- 4 Reduces funding for health insurance data collection and analysis.
- 5 Reduces funding for WRS employer and member training, outreach travel, and other supplies and services.