

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY19 Adjusted Base	FY20 Recommended	% Change Over FY19	FY21 Recommended	% Change Over FY20
GPR	68,000	47,900	-29.6	31,600	-34.0
SEG-O	47,901,700	48,417,700	1.1	48,331,600	-0.2
TOTAL	47,969,700	48,465,600	1.0	48,363,200	-0.2

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY19 Adjusted Base	FY20 Recommended	FTE Change Over FY19	FY21 Recommended	FTE Change Over FY20
SEG-O	272.20	274.20	2.00	274.20	0.00
TOTAL	272.20	274.20	2.00	274.20	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; 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 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 revised.

Program 1: Employee Benefit Plans

Goal: Enhance compliance with industry financial and accounting standards; federal and state laws; and agency rules, policies and procedures.

Objective/Activity: Create a common framework that will clarify compliance standards in the Internal Revenue Code and improve the accuracy and timeliness of reporting tax information.

Objective/Activity: Expand employer monitoring efforts.

Objective/Activity: Participate in the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program in 2018.

Objective/Activity: Chapter 40, Wisconsin Statutes, revisions and improvements.

Goal: Administer program benefits and services that are sustainable for our members and employees.

Objective/Activity: Hold health insurance premium increases to no more than the Consumer Price Index, on a five-year rolling average.

Objective/Activity: Reduce complexity of disability programs.

Goal: Employ business practices that incorporate documentation, testing, evaluation and risk management.

Objective/Activity: Provide risk-based and objective assurance and advice services that provide insight and improve risk mitigation.

Objective/Activity: Develop a Continuity of Operations (COOP) testing and exercise program to improve readiness and response capabilities.

Goal: Expand metric-based decision making to contain costs, maximize quality and add value for our customers.

Objective/Activity: Develop operational metrics to enhance knowledge and report to the board.

Goal: Optimize business processes and systems that must be integrated, secure and flexible.

Objective/Activity: Improve secure access to all department systems from anywhere staff work.

Objective/Activity: Increase member accessibility to counseling services.

Goal: Provide information and education, accessible services, and interactive communications to meet customers' needs.

Objective/Activity: Revise member communications for improved accessibility, readability and consistency.

Objective/Activity: Increase customer engagement on the Web site each year and develop a plan for Web site enhancement.

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Goal: Foster a diverse and skilled workforce that is adaptive, collaborative, forward-thinking, accountable and productive.

Objective/Activity: Execute a recruiting plan that recognizes agency future needs and attracts individuals with the desired skill sets to meet them.

Objective/Activity: Evaluate the organizational structure to optimize training capacity.

PERFORMANCE MEASURES

2017 AND 2018 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2017	Actual 2017	Goal 2018	Actual 2018
1.	Number of calls received.	202,882	184,374	212,264	192,884
	Percentage of calls answered.	90%	92%	90%	90%
1.	Average speed of answer.	1 minute	3 minutes	3 minutes	2 minutes
1.	Number of eligible participants counseled.	10,890	11,796	11,236	12,158
1.	Percentage of active participants that receive counseling.	4.3%	4.5%	4.4%	4.7%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	20	15	20	15
1.	Total administrative cost per active member and annuitant in the Wisconsin Retirement System (WRS) compared to the median of peer retirement systems. ¹	\$65 or <100%	\$72 WRS compared to \$93 peer median	\$65 or <100%	N/A ²

Note: Based on fiscal year.

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

²CEM benchmarking survey has yet to be performed for 2018.

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2019, 2020 AND 2021 GOALS

Prog. No.	Performance Measure ¹	Goal 2019	Goal 2020	Goal 2021
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.	Percent increase in Web site visitor traffic. ²	>15%	>15%	>15%
1.	Percentage of customer calls that are abandoned. ²	<10%	<10%	<10%
1.	Member counseling appointment wait time (one-on-one, individual appointments). ²	15 days	15 days	15 days
1.	Members expressing high-level satisfaction. ²	95%	95%	95%
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	15 days	15 days
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ²	Below peer median	Below peer median	Below peer median
1.	Pension fund operational cost per member as a percent of peer average. ³	<80%	<80%	<80%
1.	Vendor invoices paid within 30 days (no interest charges). ^{2, 3}	98%	98%	98%

Note: Based on fiscal year.

¹Certain performance measures and goals were removed or revised for the upcoming biennium.

²Reflects a new performance measure for the upcoming biennium.

³Retirement and disability programs only – other benefit programs administered by the department are excluded.

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Return to Work for Retired Teachers
2. Prescription Drug Pooling Report
3. Private Sector Retirement Security Plan Committee
4. Fixed-Dollar Employee Premium Subsidy Report
5. State Employee Health Insurance 2015 Plan Year Opt-Out Incentive
6. On-Site Employee Health Clinics
7. Oversight of Disability Program and Position Authority
8. Legislative Audit Bureau Expenditure Authority for Required Audits
9. Internal Auditor Appointment Authority
10. Appropriation Clean-Up
11. Annuity Supplement Reestimate
12. Standard Budget Adjustments

ITEMS NOT APPROVED

13. Business Intelligence to Support Decision Making

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

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY20	FY21	FY20	FY21
GENERAL PURPOSE REVENUE	\$95.1	\$68.0	\$47.9	\$31.6	\$47.9	\$31.6
Aids to Ind. & Org.	95.1	68.0	47.9	31.6	47.9	31.6
SEGREGATED REVENUE (3)	\$43,279.7	\$47,901.7	\$48,417.7	\$48,331.6	\$48,417.7	\$48,331.6
State Operations	43,279.7	47,901.7	48,417.7	48,331.6	48,417.7	48,331.6
TOTALS - ANNUAL	\$43,374.8	\$47,969.7	\$48,465.6	\$48,363.2	\$48,465.6	\$48,363.2
State Operations	43,279.7	47,901.7	48,417.7	48,331.6	48,417.7	48,331.6
Aids to Ind. & Org.	95.1	68.0	47.9	31.6	47.9	31.6

(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 FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY20	FY21	FY20	FY21
SEGREGATED REVENUE (3)	272.20	276.20	276.20	274.20	274.20
TOTALS - ANNUAL	272.20	276.20	276.20	274.20	274.20

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

(4) All positions are State Operations unless otherwise specified

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

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY20	FY21	FY20	FY21
1. Employee benefit plans	\$43,374.8	\$47,969.7	\$48,465.6	\$48,363.2	\$48,465.6	\$48,363.2
TOTALS	\$43,374.8	\$47,969.7	\$48,465.6	\$48,363.2	\$48,465.6	\$48,363.2

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

	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY20	FY21	FY20	FY21
1. Employee benefit plans	272.20	276.20	276.20	274.20	274.20
TOTALS	272.20	276.20	276.20	274.20	274.20

(4) All positions are State Operations unless otherwise specified

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1. Return to Work for Retired Teachers

The Governor recommends allowing districts to rehire a retired annuitant teacher if: (a) at least 30 days have passed since the teacher left employment with a district; (b) at the time of retirement, the teacher does not have an agreement with any school district to return to employment; and (c) upon returning to work, the teacher elects to not become a participating employee and to continue receiving his or her annuity. See Department of Public Instruction, Item #45.

2. Prescription Drug Pooling Report

The Governor recommends that the department submit a report by January 1, 2020, to the Governor and Legislature studying prescription drug pool options and savings opportunities across state government.

3. Private Sector Retirement Security Plan Committee

The Governor recommends the department establish a private sector retirement security plan committee, responsible for conducting a feasibility study on developing a private sector retirement security plan administered by the department to provide retirement benefits for state residents that elect to participate. Membership on the committee is comprised of a member of the Employee Trust Funds Board, a member of the Investment Board, other gubernatorial appointees, legislative appointees and the State Treasurer. The committee would be required to submit a report on its findings to the Governor and Joint Survey Committee on Retirement Systems no later than September 30, 2020. See State Treasurer, Item #1.

4. Fixed-Dollar Employee Premium Subsidy Report

The Governor recommends that the Group Insurance Board, in consultation with the board's consulting actuary, submit a report no later than June 30, 2020, to the Governor and Joint Committee on Finance studying the feasibility and potential cost savings associated with transitioning the state employee group health insurance plan to a fixed-dollar premium subsidy model.

5. State Employee Health Insurance 2015 Plan Year Opt-Out Incentive

The Governor recommends modifying state statutes to allow state employees that declined coverage under the group health insurance program during the 2015 plan year to receive the \$2,000 annual incentive, if they elected coverage under the program in a subsequent plan year and meet all other eligibility criteria.

6. On-Site Employee Health Clinics

The Governor recommends modifying current law to provide the Group Insurance Board with the authority to enter into a contract to establish on-site health clinics for state employees.

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7. Oversight of Disability Program and Position Authority

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	2.00	0	2.00	0	2.00	0	2.00
TOTAL	0	2.00	0	2.00	0	2.00	0	2.00

The Governor recommends transferring oversight of disability programs from the Group Insurance Board to the Employee Trust Funds Board. The Governor also recommends providing position authority to reflect the additional workload in the department's disability programs section.

8. Legislative Audit Bureau Expenditure Authority for Required Audits

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	183,000	0.00	48,000	0.00	183,000	0.00	48,000	0.00
TOTAL	183,000	0.00	48,000	0.00	183,000	0.00	48,000	0.00

The Governor recommends 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 #3.

9. Internal Auditor Appointment Authority

The Governor recommends authorizing the Employee Trust Funds Board to appoint an internal auditor.

10. Appropriation Clean-Up

The Governor recommends the transfer of expenditure authority between alpha appropriations and the elimination of several alpha appropriations to better reflect current department practice and administration.

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11. Annuity Supplement Reestimate

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-20,100	0.00	-36,400	0.00	-20,100	0.00	-36,400	0.00
TOTAL	-20,100	0.00	-36,400	0.00	-20,100	0.00	-36,400	0.00

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

12. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	333,000	0.00	381,900	0.00	333,000	0.00	381,900	0.00
TOTAL	333,000	0.00	381,900	0.00	333,000	0.00	381,900	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$537,400 in each year); (b) full funding of continuing position salaries and fringe benefits (\$633,700 in each year); (c) overtime (\$45,600 in each year); (d) night and weekend differential pay (\$72,200 in each year); (e) full funding of lease and directed moves costs (\$118,900 in FY20 and \$167,800 in FY21); and (f) minor transfers within the same alpha appropriation.

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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	FY20		FY21	
		Dollars	Positions	Dollars	Positions
13. Business Intelligence to Support Decision Making	SEG-O	0	2.00	0	2.00
TOTAL OF ITEMS NOT APPROVED	SEG-O	0	2.00	0	2.00

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