

## DEPARTMENT OF EMPLOYEE TRUST FUNDS

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY07 Adjusted Base	FY08 Recommended	% Change Over FY07	FY09 Recommended	% Change Over FY08
GPR	1,832,600	1,565,300	-14.6	1,331,500	-14.9
SEG-O	21,513,600	28,054,300	30.4	23,862,300	-14.9
<b>TOTAL</b>	<b>23,346,200</b>	<b>29,619,600</b>	<b>26.9</b>	<b>25,193,800</b>	<b>-14.9</b>

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY07 Adjusted Base	FY08 Recommended	FTE Change From FY07	FY09 Recommended	FTE Change From FY08
GPR	3.50	0.00	-3.50	0.00	0.00
SEG-O	193.10	207.10	14.00	211.60	4.50
<b>TOTAL</b>	<b>196.60</b>	<b>207.10</b>	<b>10.50</b>	<b>211.60</b>	<b>4.50</b>

### AGENCY DESCRIPTION

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

### 2005 AND 2006 ACTUALS

Prog. No.	Performance Measure	Goal 2005	Actual 2005	Goal 2006	Actual 2006
1.	Number of calls offered to the call center staff and percentage answered.	122,000 85%	122,000 93%	138,553 85%	133,000 91.4%
1.	Average time caller waits in queue.	1 minute	5 minutes	1 minute	5 minutes
1.	Number of eligible participants counseled.	9,164	7,536	9,238	7,787
1.	Percentage of active participants that receive counseling.	3.4%	2.8%	3.4%	3%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	50	39	40	49
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. <sup>1</sup>	N/A	N/A	N/A	N/A

Note: Based on calendar year.

<sup>1</sup>Wisconsin Retirement System only, excludes special projects and supplemental benefit plans. Data is not available because the department did not participate in a retirement system study during the period. The study, conducted by Cost Effectiveness Measurement, Inc., is the only available source for the data.

## 2007, 2008 AND 2009 GOALS

Prog. No.	Performance Measure	Goal 2007	Goal 2008	Goal 2009
1.	Number of calls offered to the call center staff and percentage answered.	155,287 85%	157,162 90%	170,992 90%
1.	Average time caller waits in queue.	1 minute	1 minute	1 minute
1.	Number of eligible participants counseled.	9,295	9,725	10,009
1.	Percentage of active participants that receive counseling.	3.4%	3.7%	3.8%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	15	40	50
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. <sup>1</sup>	N/A	N/A	N/A

Note: Based on calendar year.

<sup>1</sup>Wisconsin Retirement System only, excludes special projects and supplemental benefit plans. Data will not be available because the department is not participating in a retirement system study during this period; therefore goals have not been set. The study, conducted by Cost Effectiveness Measurement, Inc., is the only available source for the data.

## **DEPARTMENT OF EMPLOYEE TRUST FUNDS**

### **GOVERNOR'S BUDGET RECOMMENDATIONS**

#### **RECOMMENDATIONS**

1. Continuation of Critical Customer Service Functions
2. Core Processes Reengineering
3. Value-Based Health Care Purchasing Initiatives
4. Ombudsman Services
5. Health Insurance Coverage for Domestic Partners
6. Modification of Employer Health Insurance Contribution Dates
7. Sum Sufficient Reestimate
8. Attorney Consolidation
9. Standard Budget Adjustments

#### **ITEMS NOT APPROVED**

10. Manager – Medicare Part D
11. Governing Board Operational Flexibility

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

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
GENERAL PURPOSE REVENUE	\$1,824.0	\$1,832.6	\$1,565.3	\$1,331.5	\$1,565.3	\$1,331.5
State Operations	173.0	250.2	59.3	59.3	250.0	250.0
Aids to Ind. & Org.	1,651.0	1,582.4	1,506.0	1,272.2	1,315.3	1,081.5
SEGREGATED REVENUE (3)	23,548.1	21,513.6	31,358.0	26,880.4	28,054.3	23,862.3
State Operations	23,548.1	21,513.6	31,358.0	26,880.4	28,054.3	23,862.3
TOTALS-ANNUAL	25,372.1	23,346.2	32,923.3	28,211.9	29,619.6	25,193.8
State Operations	23,721.1	21,763.8	31,417.3	26,939.7	28,304.3	24,112.3
Aids to Ind. & Org.	1,651.0	1,582.4	1,506.0	1,272.2	1,315.3	1,081.5

(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 FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
GENERAL PURPOSE REVENUE	3.50				
SEGREGATED REVENUE (3)	193.10	256.10	256.10	207.10	211.60
TOTALS-ANNUAL	196.60	256.10	256.10	207.10	211.60

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

(4) All positions are State Operations unless otherwise specified

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

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
1. Employee benefit plans	\$25,372.1	\$23,346.0	\$33,114.0	\$28,402.6	\$29,619.6	\$25,193.8
2. Private employer health care coverage program		0.2	-190.7	-190.7		
TOTALS	25,372.1	23,346.2	32,923.3	28,211.9	29,619.6	25,193.8

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

	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
1. Employee benefit plans	193.10	256.10	256.10	207.10	211.60
2. Private employer health care coverage program	3.50				
TOTALS	196.60	256.10	256.10	207.10	211.60

(4) All positions are State Operations unless otherwise specified

**1. Continuation of Critical Customer Service Functions**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-190,900	-3.50	-190,900	-3.50	-190,900	-3.50	-190,900	-3.50
SEG-O	4,535,900	51.00	4,222,800	51.00	1,351,000	4.00	1,331,200	9.50
TOTAL	4,345,000	47.50	4,031,900	47.50	1,160,100	0.50	1,140,300	6.00

The Governor recommends providing funding and position authority for the Division of Retirement Services to accommodate additional work load related to increased numbers of retirement-eligible employees. This includes \$339,500 SEG in unallotted reserve, which will be released, along with related position authority, by the Department of Administration upon approval of a detailed project implementation plan submitted by the department. The Governor also recommends deleting 3.5 FTE GPR positions in each year.

**2. Core Processes Reengineering**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	4,936,800	9.00	760,700	9.00	4,936,800	9.00	760,700	9.00
TOTAL	4,936,800	9.00	760,700	9.00	4,936,800	9.00	760,700	9.00

The Governor recommends providing funding and position authority for completion of the annuity benefit payment system and the health insurance enrollment, eligibility and processing system. The funding will be placed in unallotted reserve, to be released, along with related position authority, by the Department of Administration upon approval of a plan submitted by the department which presents the goals and services to be delivered.

**3. Value-Based Health Care Purchasing Initiatives**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	425,000	0.00	425,000	0.00	425,000	0.00	425,000	0.00
TOTAL	425,000	0.00	425,000	0.00	425,000	0.00	425,000	0.00

The Governor recommends providing funding for data collection and collaborative private-public partnerships related to the analysis of value-based health care purchasing initiatives that evaluate the long-term utility, effectiveness and quality of health care cost containment alternatives for state and local government.

**4. Ombudsman Services**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	118,800	2.00	126,500	2.00	59,400	1.00	63,300	1.00
TOTAL	118,800	2.00	126,500	2.00	59,400	1.00	63,300	1.00

The Governor recommends providing funding and position authority for an ombudsman to manage health insurance coverage concerns.

**5. Health Insurance Coverage for Domestic Partners**

The Governor recommends extending domestic partner benefits to all state employees, including University of Wisconsin faculty and academic staff.

**6. Modification of Employer Health Insurance Contribution Dates**

The Governor recommends modifying the effective date of the employer-required health insurance contributions to the first day of the third month of employment for eligible state employees insured under the state group insurance plan. The existing statute requires that the employer-required health insurance contributions begin on the first day of the seventh month. Currently, eligible employees may elect health insurance to begin in their second month of employment; however, they are required to pay 100 percent of the premium until the seventh month.

**7. Sum Sufficient Reestimate**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-267,100	0.00	-500,900	0.00	-267,100	0.00	-500,900	0.00
TOTAL	-267,100	0.00	-500,900	0.00	-267,100	0.00	-500,900	0.00

The Governor recommends adjusting the level of funding needed for annuity supplements and payments to reflect an anticipated decline in the number of eligible recipients.

**8. Attorney Consolidation**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	0	0.00	0	-1.00
TOTAL	0	0.00	0	0.00	0	0.00	0	-1.00

The Governor recommends improving the provision of state legal services by consolidating attorneys and legal support staff under the secretary of the Department of Administration on July 1, 2008. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. To achieve this, the Governor recommends transferring 1.0 FTE position to the Department of Administration. The Governor further recommends retaining the funding associated with this position in the department to purchase legal services from the Department of Administration. See Department of Administration, Item #1.

**9. Standard Budget Adjustments**

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	190,700	0.00	190,700	0.00	190,700	0.00	190,700	0.00
SEG-O	-231,500	0.00	-231,500	0.00	-231,500	0.00	-231,500	0.00
TOTAL	-40,800	0.00	-40,800	0.00	-40,800	0.00	-40,800	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$293,800 in each year); (b) removal of noncontinuing elements from the base (-\$300,000 in each year); (c) full funding of continuing position salaries and fringe benefits (\$430,300 in each year); (d) overtime (\$47,200 in each year); (e) night and weekend differential pay (\$74,800 in each year); and (f) full funding of lease and directed moves costs (\$700 in each year).

**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	FY08		FY09	
		Dollars	Positions	Dollars	Positions
10. Manager – Medicare Part D	SEG-O	59,400	1.00	63,300	1.00
11. Governing Board Operational Flexibility	SEG-O	0	0.00	0	0.00
TOTAL OF ITEMS NOT APPROVED	SEG-O	59,400	1.00	63,300	1.00