



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: March 2, 2005
TO: Employee Trust Funds Board
FROM: Marcia Blumer, Program Manager
Employee Reimbursement Accounts (ERA) program
SUBJECT: Employee Reimbursement Accounts (ERA) program and Commuter Benefits

The following is a brief update of the Employee Reimbursement Accounts (ERA) program and the Commuter Benefits program. **No Board action is required.**

Annual ERA Enrollment Results

Following a 15% increase in ERA program participation last year, the enrollment for the 2005 ERA plan year resulted in a slight decrease in participation. Approximately 11,671 employees enrolled in the ERA program for 2005, which is about 300 less than in 2004. Approximately 2,100 employees enrolled in dependent care reimbursement accounts with annual contributions projected at \$8,058,810. Medical expense account participation is at approximately 10,775, with annual contributions projected to be around \$13,081,260.

Contributions to the ERA program results in savings of State, Federal, and FICA taxes for participating employees. The State will also realize FICA savings on participant contributions to the reimbursement accounts of approximately \$1,617,153.

Commuter Benefits Program Update

Participation in the Commuter Benefits program currently stands at approximately 1,500 participants. Total contributions average around \$9,770 each month. Similar to the ERA program, participating employees save on State, Federal and FICA taxes while employers realize a FICA savings.

As reported to the Board in March 2004, FBMC is discontinuing their contract with WageWorks whose system FBMC used to administer the Commuter Benefits program. The transition is occurring later than originally projected, but is now taking place. The on-line Commuter Benefits enrollment system will be down from March 11 through March 17th to allow for the conversion. Participants will be contacted by e-mail and by letters to their home addresses to notify them of the change.

Request for Proposals Update

At the December 2004 meeting, ETF Board members approved the release of a Request for Proposals (RFP) for administration of the ERA and Commuter Benefits programs. The RFP was released on February 1, 2005 and proposals are due on March 15, 2005. ETF staff will have the results of the RFP proposal evaluation and a recommendation at the June 24 Board meeting. If any Board members are interested in serving on the evaluation committee, please contact me.

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