

DRAFT

MINUTES

March 28, 2024

Budget and Operations Committee

Employee Trust Funds Board
State of Wisconsin



Location:

Hill Farms State Office Building – Room N112
4822 Madison Yards Way, Madison, WI 53705
7:45 a.m. – 8:53 a.m.

COMMITTEE MEMBERS PRESENT:

Jen Flogel, Chair
Chris Heller, Vice Chair
Michele Stanton, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF

Office of Enterprise Initiatives:
Michelle Baxter, Director
Office of the Secretary:
Shirley Eckes, Deputy Secretary
Pam Henning, Assistant Deputy Secretary
Office of Budget and Management:
Tarna Hunter, Government Relations
Director

OTHERS PRESENT:

Office of the Secretary:
Erin Casper, Board Liaison
Kathryn Young, ESA Supervisor
Teachers Retirement Board:
Mike Abler

Ms. Flogel, Chair, called the Budget and Operations Committee (Committee) to order at 7:45 a.m.

ANNOUNCEMENTS

Ms. Eckes announced that the Department of Employee Trust Funds (ETF) posted the open position vacated by Matt Stohr, the former Administrator of the Division of Retirement Services (DRS). To better represent the work performed within the division, ETF is changing the division name to the Division of Benefits Administration (DBA) and the Administrator’s working title to chief benefits officer (CBO).

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She also announced that ETF has held several new board member orientations as part of the board member onboarding process. In every session, the importance of fiduciary responsibility was discussed.

ELECTION OF OFFICERS ([Ref. BUD | 03.28.24 | 2](#))

Ms. Flogel announced the current officers of the Budget and Operations Committee were Jen Flogel as Chair, Chris Heller as Vice Chair, and the position of Secretary was vacant.

Ms. Flogel asked for nominations for a slate of officers of the Budget and Operations Committee.

Mr. Heller moved to nominate the following slate of officers: Jen Flogel as Chair, Chris Heller as Vice Chair, and Ms. Stanton as Secretary of the Budget and Operations Committee. Ms. Stanton seconded the motion, which passed unanimously on a voice vote.

CONSIDERATION OF OPEN MINUTES OF DECEMBER 14, 2023, COMMITTEE MEETING ([Ref. BUD | 03.28.24 | 3](#))

MOTION: Mr. Heller moved to accept the minutes of the December 14, 2023, Budget and Operations Committee meeting, as submitted by the Board Liaison. Ms. Stanton seconded the motion, which passed unanimously on a voice vote.

OPERATIONS UPDATE

Ms. Eckes provided an operational update. She said that overall, the number of member interactions is down, and ETF's capacity has increased due to the hiring and training of benefits specialists last fall ready to serve our customers. In addition, she said that ETF:

- Continues to increase focus on the voice of customers and the end-to-end processes through the work of ETF's customer experience workgroup and functional teams
- Is identifying key positions to dedicate to system modernization and management of data quality and security
- Successfully implemented changes resulting from the Jailers Law
- Onboarded the three employers affiliated with the City of Milwaukee.

LEGISLATIVE UPDATE ([Ref. BUD | 03.28.24 | 5](#))

Ms. Hunter provided a summary of the four bills passed by the Legislature that affect ETF and the benefit programs administered:

- 2023 Wisconsin Act 4
- 2023 Wisconsin Act 12
- 2023 AB 437
- 2023 AB 1098.

In addition, she discussed the bills introduced but not passed by the full Legislature. She said that these bills are likely “dead” and, barring an extraordinary or special session, will need to be reintroduced next session if the Legislature intends to act on them.

ETF MODERNIZATION PROJECTS UPDATE – INSURANCE ADMINISTRATION SYSTEM IMPLEMENTATION ([Ref. BUD | 03.28.24 | 6](#))

Ms. Baxter provided an update on ETF’s modernization project, including an overview of project highlights, health, major milestones, and issues/risks resulting in moving the go-live date for the Insurance Administration System (IAS) implementation project to 2025. She said that the new date would allow the project team more time to provide a solution for a better customer experience. Ms. Baxter provided some lessons learned and changes being put in place to ensure project success with the new 2025 go-live implementation. She stated that the Data Management (DM) program had closed, and remaining work will either be transitioned to IAS or overseen by the Data Management Bureau and/or incorporated into the Pension Administration System (PAS). In addition, due to the delay and the termination of the Segal contract for program oversight, the Office of Internal Audit (OIA) will play this oversight role.

Ms. Baxter said that the project is currently working to collect data from every employer and has collected about 25%. She mentioned that several factors had been underestimated, including insurance eligibility, enrollment for retirees and the different methods retirees may pay for their insurance. However, she said a full timeline has now been created to reflect all functional items and risks.

The Committee requested for more visibility into the project’s risks and a better understanding of how teams are feeling about items in the red.

Ms. Baxter mentioned that the project is being restructured and led by three program managers versus one program manager previously. Each program manager has an area of focus: technical and data projects, business projects and overall program management. In addition, more people have been hired to help complete the work.

The Committee asked about the financial impact related to moving the date. Ms. Baxter said she did not know the exact impact yet. She mentioned that the Group Insurance Board (GIB) would be hearing about this impact in May as it would affect their premium rates.

The Committee asked about the process taken to collect data from all 900 employers. Ms. Baxter described the process and mentioned that as a last resort they have notified employers that if data is not received, they may be removed from the program. Ms. Baxter said that originally ETF wanted a six-month delay between IAS and the Pension Administration System (PAS), but they are now happening alongside each other. The Committee asked about staff overlap between the two projects and stated this may be a large risk. Ms. Baxter acknowledged this risk and will be closely monitored.

PENSION ADMINISTRATION SYSTEM CONSULTANT AND SCOPE OF SERVICES

Ms. Baxter said that ETF is in the pre-planning stage to develop and issue a Request for Proposal (RFP). The Committee discussed the scope of services of the PAS Consultant, Linea, which included:

- System requirements
- RFP development/writing
- Proposal review and vendor selection
- PAS project oversight
- Change management/organizational readiness
- Independent verification and validation (IV&V): this is under review in light of OIA taking on an active oversight role for IAS and other factors.
- Transfer project knowledge
- Assist with the development and support of a formal budget request (biennial and/or Wis. Stat. § 13.10) for the PAS
- Other related tasks and services deemed appropriate and necessary by the Department to facilitate the selection and implementation of a PAS

A robust discussion about the previous consultant, Segal, and their overall contractual roles and responsibilities and those specific to IAS were discussed.

ETF ORGANIZATIONAL NORTH STAR METRICS REPORT ([Ref. BUD | 03.28.24 | 8](#))

Ms. Henning provided a summary of the ETF Organizational North Star Metrics Report for the period ending December 31, 2023. She said that all seven measures for which we have available data were on track. In addition, Ms. Henning said that the Customer Experience (CX) Feedback Score for FY24 Q2 remained at 88% and 24 future-state processes were documented. Ms. Henning also stated that employee performance management task(s) were completed by the end of the quarter, as expected.

FUTURE ITEMS FOR DISCUSSION

The Committee agreed that discussion and updates related to IAS and PAS needed to continue.

ADJOURNMENT

MOTION: Mr. Heller moved to adjourn the meeting. Ms. Stanton seconded the motion, which passed unanimously on a voice vote.

The Committee adjourned at 8:53 a.m.

Date Approved: _____

Signed: _____

Michele Stanton, Secretary
Budget and Operations Committee