

DRAFT

MINUTES

December 12, 2024

Budget and Operations Committee

Employee Trust Funds Board
State of Wisconsin



Location:

Hill Farms State Office Building – Room N107
4822 Madison Yards Way, Madison, WI 53705
7:45 a.m. – 8:41 a.m.

COMMITTEE MEMBERS PRESENT:

Jen Fogel, Chair
Chris Heller, Vice Chair*
Michele Stanton, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary:
Shirley Eckes, Deputy Secretary*
Pam Henning, Assistant Deputy Secretary
Erin Casper, Board Liaison
Kimberly Schnurr, Board Liaison

Office of Legal Services:
Diana Felsmann, incoming Deputy Secretary

Division of Benefits Administration:
Patti Epstein, Chief Benefits Officer

Office of Budget and Management:
Tarna Hunter, Director

Office of Enterprise Initiatives:
Michelle Baxter, Director*

OTHERS PRESENT:

ETF Staff:
Shellee Bauknecht*, Michelle Hoehne*, Cindy Klimke, Renee Walk*, Kathryn Young*

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

* Attended virtually.

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BUD	03.27.25	2

ANNOUNCEMENTS

Ms. Felsmann shared a brief overview of her professional background working at ETF. Afterwards, she made the final announcement:

- Erin Casper will be leaving ETF to study occupational therapy. Her last day will be January 3, 2025.

The Committee thanked Ms. Eckes and Ms. Casper for their work to support ETF and service to the Employee Trust Funds Board (ETF Board) members and wished them well in their future endeavors.

CONSIDERATION OF OPEN MINUTES OF SEPTEMBER 19, 2024, COMMITTEE MEETING ([Ref. BUD | 12.12.24 | 2](#))

MOTION: Ms. Stanton moved to accept the minutes of the September 19, 2024, meeting, as submitted by the Board Liaison. Mr. Heller seconded the motion, which passed unanimously on a voice vote.

OPERATIONS UPDATE

Ms. Epstein provided several operational updates. She shared that ETF staff are currently analyzing the potential implications of the Act 10 court case. In addition, open enrollment concluded on October 25 and, overall, went as expected. Modernization efforts continued, and there were several key challenges that will require attention to ensure successful readiness for go-live. She stated that Ms. Baxter will provide greater detail in her modernization projects update later in the meeting. Ms. Epstein added that the Pension Administration System (PAS) Request for Proposal (RFP) evaluation is underway.

Ms. Epstein also said that the Group Insurance Board approved a two-year contract extension for the Income Continuation Insurance program with The Hartford and another with Delta Dental for Uniform Dental benefits. She said that the Group Insurance Board would issue intent to award contracts on three RFPs (Pharmacy, Medicare, and Pre-Tax Savings) in January and February.

2025-2027 BIENNIAL BUDGET UPDATE ([Ref. BUD | 12.12.24 | 4](#))

Ms. Hunter summarized ETF's 2025-2027 biennial budget request submitted to the Department of Administration on September 27, after approval from the ETF Board during its September meeting. She said that the budget request covered July 1, 2025, through June 30, 2027.

Ms. Hunter also provided an overview of the schedule for review and action by the Governor and Legislature. She highlighted updates made in November to ETF's budget request, which included an increase from the adjusted base of approximately 26.6% of

all funds. She said that this was due to ETF's continued commitment to modernization efforts and projects, such as the Insurance Administration System (IAS) program.

SUMMARY OF INSURANCE ADMINISTRATION SYSTEM COSTS ([Ref. BUD | 12.12.24 | 5](#))

Ms. Hunter and Ms. Baxter provided a summary of the IAS costs. They highlighted key project milestones and the corresponding costs since the purchase of an IAS in State Fiscal Year 2020. They reported that ETF spent an estimated \$15.7 million on IAS-related staffing and vendor costs from project inception through September 2024. Estimated staffing costs were approximately \$13.8 million, which was comprised of salary and fringe expenses for permanent staff and vendor payments for contractors.

Ms. Hunter and Ms. Baxter explained that vendor costs reflected payments made to ETF's IAS vendor, Benefitfocus. They said that payments were specified in the contract according to milestones tied to the completion of specific requirements. Ms. Baxter reported that end-to-end testing had started that week and would run through February 2025.

ETF MODERNIZATION PROJECTS UPDATE ([Ref. BUD | 12.12.24 | 6](#))

Ms. Baxter provided the Committee with an overview of the IAS and PAS projects, which included highlights, health, major milestones, and key issues and risks.

Ms. Baxter shared that the IAS program was progressing, but several key challenges required continued attention to ensure successful execution and readiness for go-live. These included BenefitPlace required enhancements, retiree testing delays, retiree experience, billing solutions, local employer data collection, reporting, carrier integration, COBRA platform delay, end-to-end testing, and operational readiness.

Ms. Flogel requested that the IAS project reports that were shared at the Audit Committee as part of the Office of Internal Audit's "FY24 – FY25 Biennial Audit Plan Update" ([Ref. AUD | 12.12.24 | 4B](#)) also be provided to the Budget and Operations Committee. Rather than including these reports as links in the body of the "ETF Modernization Projects Update" memo, Ms. Flogel requested that the IAS project reports be submitted as separate attachments for the Budget and Operation Committee to review going forward.

ETF ORGANIZATIONAL NORTH STAR METRCIS REPORT ([Ref. BUD | 12.12.24 | 7](#))

Ms. Henning provided a summary of ETF's scorecard for the period ending September 30, 2024. She said that of the seven measurements for which data is available, all measurements were on track.

Ms. Henning then highlighted the new FY2025 Scorecard measurements. One of the new measurements was under “Goal 2: Implement outcome-driven performance management and process management” and would measure the “Percent of milestones completed on schedule, as defined in the Initiative Operationalize process management for all IAS-impacted process owners.”

The other new measurement was under “Goal 3: Build a talented and agile workforce” and would measure the “Percent of IAS-impacted positions indicating their competency level for critical non-technical skills is at least a “Meets,” as determined by the bi-quarterly assessment tool.” Both of the new measurements would begin reporting during the second quarter of FY2025.

FUTURE ITEMS FOR DISCUSSION

Ms. Flogel asked if Committee members had any topics they wanted to discuss at future Committee meetings. Hearing none, she moved onto the next item on the agenda.

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 8:41 a.m.

Date Approved: _____

Signed: _____

Michele Stanton, Secretary
Budget and Operations Committee