



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
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 SECRETARY

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## *Correspondence Memorandum*

**Date:** March 10, 2025

**To:** Deferred Compensation Board

**From:** Tarna Hunter, Director  
 Office of Budget and Management

**Subject:** 2025-2027 Biennial Budget Update

**This memo is for informational purposes only. No Board action is required.**

### **ETF's 2025-2027 Biennial Budget Request**

On February 18, 2025, Governor Evers gave his 2025–2027 State Budget Address. The budget bill has been submitted to the Legislature, where both houses will spend the next few months analyzing the bill and making modifications. Usually, in summer, the Legislature will deliver an amended budget bill to the Governor for review, approval and/or partial veto.

Upon initial review, we have identified several provisions affecting ETF and/or Wisconsin Retirement System (WRS) benefit programs. Some of the highlights include:

#### **ETF Administration and Oversight**

- **General Wage Adjustments** – Provides general wage adjustments for most state employees of 5% on July 1, 2025, and an additional 4% on July 1, 2026.
- **Full Funding of Salary and Fringe Benefits** – Continues full funding of ETF's current operations. The proposed ETF 2025-27 budget consists of an overall funding increase of approximately 20%.
- **Pension Administration Replacement Project** – Provides a permanent increase to base funding of \$14,200,000 annually to support the replacement of ETF's antiquated Pension Administration System.
- **Critical Customer Support Needs** – Provides 2.0 FTE Trust Funds Specialist (Permanent) positions to maintain basic, critical customer service functions for members to help address increased demand for member support services.

*Pamela L Henning*

Reviewed and approved by Pam Henning, Assistant Deputy Secretary  
 Electronically Signed 03/10/2025

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- **Actuarial Compliance and Reporting** – Provides 1.0 FTE Actuarial Analyst (Permanent) position to fulfill ETF's actuarial responsibilities related to actuarial valuations and financial reporting.
- **Internal Auditor** – Provides 1.0 FTE Auditor Advanced (Permanent) position. Creates the Office of Internal Audit attached to ETF. The bill requires the ETF Board to appoint an internal auditor and internal audit staff within the classified service who report directly to the ETF Board. ETF's internal auditor and staff shall continue to serve until the ETF Board makes an appointment under this provision.

### **Retirement Services**

- **Domestic Partnerships** – Reinstates domestic partnership benefits for all state and local government employee insurance programs administered by the Department of Employee Trust Funds.
- **Return to Work Law** – Provides that retirees can return to a WRS employer if: (a) at least 30 days have passed since the employee left employment with a participating employer; (b) the employee does not have an agreement to return to work; and (c) the employee elects to not become a participating employee in the WRS.

### **Health Insurance**

- **Health Insurance** – Changes the date that an employee is eligible for health insurance to the first day of the second month for most state employees other than limited-term appointments.
- **Infertility Treatment Coverage** – Requires health insurance policies and self-insured governmental health plans cover diagnosis of and treatment for infertility and standard fertility preservation services.
- **Special Enrollment for Pregnancy** – Creates a special enrollment period for pregnant individuals, and any individual who is eligible for coverage under the plan because of a relationship to the pregnant individual.
- **Prior Authorization Exemption** – Exempts health care providers from obtaining prior authorizations when certain exemptions are met, which will be set by the Commissioner of Insurance.
- **Emergency Ambulance Services Reimbursement** – Requires health plans to directly reimburse emergency medical providers within 30 days after a claim is submitted if the ambulance is requested by an emergency medical services

practitioner, an emergency medical responder, a firefighter, a law enforcement officer, or a health care provider.

- **Application of Prescription Drug Payments** – Requires that manufacturers apply discounts received on brand-name prescription drugs to an individual's out-of-pocket maximum and deductible for the discount provided.
- **Dental Therapists, Mental Health Services Treatment Trainees, and Substance Abuse Counselors** – Provides that health plans cannot deny coverage for dental services performed by a dental therapist, coverage for mental health or behavioral health services provided by a qualified treatment trainee, or coverage for alcohol or drug abuse treatment services provided by a substance abuse counselor if those services are covered when performed by a similar provider.
- **Telehealth Coverage** – Provides that health plans cannot deny, or limit treatment or services provided through telehealth if those same services are covered in person.
- **Inpatient Mental Health Coverage** – Provides that health plans who cover inpatient mental health services may not require prior authorization for the coverage of those services.

The Budget did not approve funding or positions for agency risk management and information security functions, positions for locating WRS missing participants, nor provide increased autonomy toward managing personnel.

Staff will be at the Board meeting to answer any questions.