



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: September 16, 2010
TO: Employee Trust Funds Board
FROM: David Stella, Secretary
SUBJECT: Secretary's Report

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

I would like to focus my comments on three items in this report: (1) ETF's efforts to move forward on a new facility; (2) our progress and approach to create online access to member information and to allow members to complete certain transactions via the Web; and (3) ETF's biennial budget proposal.

Facility

Our efforts to procure a new facility have moved at a slow pace. After working with the Department of Administration (DOA) to issue a Request for Qualification (RFQ) last spring, DOA received a substantial number of proposals. As of the date of this report, DOA has neither finalized the selection of qualified developers nor issued a Request for Proposals (RFP) to those qualified developers.

In my last report to you in June, I gave you DOA's proposed schedule for the project which was included in the RFQ. We had expected that the RFPs would be received in August and a successful bidder selected in October. The goal was to go to the Building Commission in November for permission to sign a lease/purchase agreement with a developer in December. Given the substantial delays, I fear we will not be able to present a proposal to the Building Commission this year. Once the new Administration is in place in 2011, we will have to work with DOA to either proceed with the current project or start over.

It is an understatement to say that I am disappointed at the lack of progress on moving this project forward. I remain committed to this project and continue to believe that we will ultimately be successful in procuring a new facility. However, the delays we have experienced will mean that ETF will have staff working in separate facilities for

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potentially well more than three years. Despite our best efforts to mitigate the operational effects of having staff located in two separate buildings almost two miles apart, the likelihood of an extended separation of Department staff will nevertheless create challenges and additional costs for our operations until we can consolidate in one facility. One way of reducing the time our staff will be separated may be to lease or purchase an existing facility, rather than build a new one, if one exists that meets our needs.

Online Initiatives

I am pleased to report that we completed the Enrollment, Validation and Payment (EVP) project in August. This project now allows members of our Health Insurance plans to view their health insurance coverage information online and to enroll or change health insurance coverage during the *It's Your Choice* period starting in October. This is a significant milestone and represents ETF's first online, interactive capability for members.

Our approach in implementing online access to members will be a very carefully controlled phase-in of increased interactivity. We are doing extensive risk analysis and testing to be sure that our information technology system infrastructure and architecture have a high level of security and functionality. We believe that a careful and incremental approach to web-based self-service for our members is the most prudent method to assure success.

Biennial Budget Request

Finally, included in the meeting materials is the Department's 2011-2013 Biennial Budget request. This request identifies only the most essential resource needs and proposes expanded budget flexibility in the form of a passive review process for resource requests to the Joint Committee on Finance (JFC) during the biennium as an alternative to the current emergency funding, s.13.10, process. This approach is familiar to you as we made a similar request in the last biennial budget. The Governor included a portion of this proposal in his Budget for 2009-2011, but the JFC removed it during their deliberations last year. We have spent considerable time discussing our proposal with JFC members and their staff and we believe there may now be a better understanding of the need for the request.