



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: March 8, 2011
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.

Much has happened since the December meeting of the ETF Board. Staff reports have covered many of the wide range of issues facing the Department at this time. I would like to focus my remarks on our efforts to implement the Strategic Plan, respond to the Budget Adjustment Bill provisions and manage the crushing workload now facing the Department.

Implementing the Strategic Plan

Attached is a summary of some of the Department's major goals and accomplishments relative to the implementation of the Department's 2010-2015 Strategic Plan. It was a very successful year due to the dedication and hard work displayed by our managers and staff. The Department continues to be fully engaged in refining and implementing the Plan despite the increased level of activity surrounding the State's Budget Adjustment Bill. In fact, many of the actions we have taken under that Plan have served us very well during this first quarter of 2011 as our workload has increased dramatically.

We will remain busy during 2011 implementing more changes to improve our customer service and to become more efficient. For example, we expect to more fully develop and begin implementing a plan to expand our current online account access capabilities. In addition, we will continue to refine and improve our expanded outreach capabilities and we will further our commitment to staff training.

Improving our physical infrastructure will also continue to be a high priority. Our space at the Department of Revenue (DOR) location is proving to be very good for staff, but the increased physical separation between operating units at DOR and Badger Road is less than ideal from an operational standpoint. Opportunities may present themselves in the coming year to more permanently resolve our space issues.

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With all of state and local governments bracing for budget cuts, it will be important for the Department to carefully prioritize and protect its Strategic Plan initiatives. There will likely be difficult decisions ahead, but the changes envisioned by the Strategic Plan are too important to put off to another day.

ETF Staffing and Workloads

Workloads continue to rise rapidly as retirements and requests for retirement estimates accelerated in December, January and February. During January and early February, retirement estimate requests were coming in at a rate of 400-500 per week. However, during the week of February 14-18, the Department received 1,427 retirement estimate requests which is more than any employee at ETF can recall in our history. In December 2010, retirement estimates were up 101% over the prior December 2009. Interestingly, actual retirement applications for the first quarter of 2011 increased just shy of 5% over the first quarter of last year. This means that many members are waiting to see what happens and may file their applications quickly in response to future events.

Unfortunately, those leaving now may be acting out of fear. That is reason for concern since they may have not done the necessary financial planning to make informed decisions.

I fear the flood gates have been opened after relatively small increases in retirements over the past two years. The combination of the demographics of the baby boomers and member concerns due to budget cuts may create conditions that generate the "perfect storm" that will last for some time to come.

Budget Adjustment Bill

You have already received a copy of my letter to the Joint Survey Committee on Retirement Systems (JSCRS) and the Joint Committee on Finance (JFC) listing ETF's concerns about certain provisions in the bill. Some of the concerns are technical in nature and others have legal substance. Our efforts were to try and obtain clarification of the provisions to remedy issues that could result in legal challenges against the ETF Board and the Secretary as well as make implementation of the provisions workable for ETF and employers.

The bill was considered by the JSCRS in Executive Session, but no public hearing was held. The Committee report did not contain the probable costs involved, the effect on the actuarial soundness of the retirement system or the desirability of the proposal as a matter of public policy as required in §13.50 (6) (a) of the Wisconsin Statutes.

A motion was made and seconded to approve the report and to find that the bill, as it related to the retirement system, should be "considered by the Senate and Assembly."

I offered an amendment to the motion to include ETF's recommended amendments to the bill as part of the report of the JSCRS. While members agreed that such amendments were helpful and necessary, the motion was not amended, and passed on a 7-3 vote. I voted against adoption of the report because it failed to include ETF's recommendations.

The JFC did make several amendments to the bill, including the removal of provisions that would have eliminated coverage of state limited-term employees under the Wisconsin Retirement System and State Group Health Insurance plan. The Committee also amended provisions regarding the elimination of the Benefit Adjustment Contributions, but not in the way we suggested. The adopted change may actually complicate the administration of the provision. No other amendments that related to ETF's proposed changes were made.

The bill passed the Assembly and at the time of this report, will not receive final action in the Senate until the appropriate quorum of the members is achieved.

Attachment

Mission Statement of the Department of Employee Trust Funds

To develop and deliver quality benefits and services to our customers while safeguarding the integrity of the Trust.

Vision Statement of the Department of Employee Trust Funds **2010-2015**

Within the next five years, it is our goal to become a leader among large public employee benefit systems by offering best practice customer services to our members. To achieve this goal:

- We will offer a suite of tools that will empower our customers to become better educated about their benefits, have access to meaningful, up-to-date information about those benefits, and to be able to enroll in, change critical information about, and apply for those benefits without reliance on staff resources;***
- We will be more available to more members in more parts of the state to provide critical retirement planning, problem solving and direct education;***
- We will build our infrastructure (human resources, information technology, facility, etc.) to ensure it has the capacity to support achieving our goal; and,***
- We will make the most of our resources by incorporating modern best practices into our activities, by continually evaluating all of our processes for their effectiveness in meeting the needs of our customers, by safeguarding member data, and by delivering the best value to our members not only in the benefits we offer but in the services we provide.***

Major Goals and Accomplishments of the Department of Employee Trust Funds
2010-2015

I. Offer self-service tools to Wisconsin Retirement System (WRS) members and employers.

- a. Provide WRS members with secure online access to their account, including the ability to securely update information online.

Accomplishments to-date:

- Successfully launched myETF Benefits account access tool for health insurance.
- Completed a full-scale business risk assessment that identified major business and information technology-related risks and obstacles that need to be resolved before successful deployment of a complete online account access platform and created a “road map” for how to resolve them.
- Adopted a new application development technology strategy to facilitate the reuse of existing ETF information technology resources for new online self-service tools.
- Received recommendations from an internal workgroup regarding the phased launch of additional online account access tools.

- b. Expand online retirement planning tools, including the online calculator and instructional videos.

Accomplishments to-date:

- Created and/or updated several new online training videos for employers and members, including: *Rehired Annuitants; WRS Employer Orientation; Military Leave and the WRS-USERRA; WRS Online Earnings Reports, Preliminary Rates and Adjustments-2010; Medicare and Your WRS Benefits; New Employee Orientation-Retirement Benefits; and New Employee Orientation-Life Insurance.*
- Conducted a WRS employer training session, via “webinar,” on the topic of annual reconciliation. This online web conferencing tool allows the Department to simultaneously deliver employer training throughout the state. Employers connect directly by calling a toll-free telephone number and viewing an interactive online presentation.

II. Expand outreach to more members and employers in more parts of the state.

- a. Implement more timely and efficient electronic communications with members and employers.

Accomplishments to-date:

- Implemented *ETF E-mail Updates*, an automated e-mail notification service notifying subscribers when ETF provides important information on its Internet site about the WRS and other benefits administered by the Department. (Total subscriptions as of March 8: 5608.)
- b. Serve more members and employers throughout the state by offering more retirement planning and other information sessions outside of the Madison-area.

Accomplishments to-date:

- Implemented a statewide service district plan that resulted in field staff putting on more group retirement planning and general informational presentations in more places throughout the state. In 2010, we increased our field presence through public presentations, other field events and group counseling sessions by 20% over 2009. For 2011, we anticipate doubling our field presence over 2010. We anticipate reaching over 9,000 members outside of the Madison office.
 - Launched an online interactive district map allowing members to view outreach activities in their districts.
 - Conducted a training needs assessment for WRS employers.
 - Engaged in customer satisfaction surveying of participants who attended benefits presentations in the service districts.
 - Expanded the Contact Management Section (i.e., the call center) by four full time positions.
- c. Empower members and employers by making benefit program materials more user-friendly, accessible and easily understood.

Accomplishments to-date:

- Launched a joint newsletter with the State of Wisconsin Investment Board in order to consolidate WRS-related communications.

III. Strengthen internal workforce training programs to maintain a highly skilled and knowledgeable workforce.

- a. Develop training modules, utilizing computer-based programs, for new hires.

Accomplishments to-date:

- Posted the Department's "New Employee Orientation" training slides on the Department's Intranet site to facilitate easy access for new employees at any time.
- b. Ensure adequate opportunities for "on-the-job" training are offered to new and existing employees.

Accomplishments to-date:

- Created and filled a “Training Officer” position for the Department.
- Conducted a training needs assessment survey of staff.
- Established and began implementing an agency-wide training plan.
- Chartered an agency-wide training workgroup to identify future training needs.