



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

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

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: June 23, 2015
TO: Employee Trust Funds Board
FROM: Tarna Hunter, Legislative Liaison
SUBJECT: Biennial Budget Update

On February 3, 2015, Governor Walker presented his 2015-17 State Budget to the Legislature. This memo summarizes the status of the biennial budget request for the Department of Employee Trust Funds. I will be available at the June 25, 2015, board meeting to answer questions.

The period covered by the budget request is July 1, 2015 - June 30, 2017. The schedule for review and action by the Governor and Legislature is anticipated to be as follows:

Stage	Anticipated Schedule
Agency Budget Request Due	September 2014
Governor Issues Budget Recommendations	February 3, 2015
Review and Action by the Joint Committee on Finance (JCF)	February – June 2015
Action by Full Legislature	June 2015
Final Enacted Budget	July 2015

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

Pamela L Henning

Electronically Signed 6/23/15

Board	Mtg Date	Item #
ETF	6.25.15	5B

Department of Employee Trust Funds
Summary of Fiscal 2015-2017 Biennial Budget Request
 Updated June 23, 2015

*Includes new initiatives and standard technical adjustments.

**ETF's original request was for two positions for the call center. After the Group Insurance

	FY 2016		FY 2017	
	FTE	Funding	FTE	Funding
Base Budget (FY 2015) - SEG	266.2	42,637,600	266.2	42,637,600
Base Budget (FY 2015) - GPR		216,600		216,600
ETF Request Over Base* - SEG	2.0**	3,301,400	2.0**	3,347,900
ETF Request Over Base*** - GPR		-11,200		-43,400
Governor's Recommendations - SEG	1.0**	2,125,700	1.0**	2,114,700
Governor's Recommendations - GPR		-11,200		-43,400
Joint Committee on Finance				
Legislature				
Final Enacted Budget				

Board elected to assume responsibility for contracting and overseeing optional insurance plans at their November 2014 board meeting, ETF asked for an additional two positions for the administration of the optional insurance plans. The Governor's recommendations provided one position for the call center, one position for the administration of the optional plans and transferred one position to DOA.

***GPR funding is a reduction from 2013-15 biennium.

The Governor's 2015-17 budget request consists of an overall increase of 4.9% all funds, including a 5.0% increase in SEG funds and a 12.6% decrease in GPR funds. Below is a table detailing ETF's funding for the 2015-17 biennium.

Funding Item	FY 16 Funding	FY 17 Funding
Adjusted Base	\$42,854,200	\$42,854,200
Full Funding of Positions and Operations	\$1,791,200	\$1,832,000
Annuity supplements	-\$11,200	-\$43,400
Optional Insurance Plans Position	\$0	\$0
Call Center Position	\$54,000	\$58,700
Mandatory LAB and GASB Financial Reporting	\$215,000	\$150,000
Total	\$44,903,200	\$44,851,500

The 2015 – 2017 Budget Bill, **2015 AB 21** and **2015 SB 21**, were introduced by the Joint Committee on Finance on February 3, 2015 at the request of the Governor. The JCF has spent the last few months reviewing and making modifications to the budget bill. The JCF took action on ETF's budget during their May 19 executive session.

The JCF did not make changes to the following provisions impacting ETF in the budget:

- **Full Funding of Salary and Fringe** – Continued full funding of ETF's current operations, including funding for the Transformation, Integration and Modernization (TIM) initiative. The proposed ETF 2015-17 budget consists of an overall funding increase of 4.9%.
- **Customer Service Staffing** – Provides 1.0 FTE Benefits Specialist position for the Contact Management Section (call center). The position will be used to assist in meeting the escalating service requirements for members.
- **Audits and Financial Reporting** – Provides \$215,000 in FY16 and \$150,000 in FY17 so the department can contract for the audits and actuarial studies necessary for the proper administration of the Wisconsin Retirement System.
- **Health Insurance Savings** – Directs the Group Insurance Board to work with the benefits consultant to make appropriate changes in order to realize \$81 million in efficiencies and savings over the biennium. The JCF approved the Governor's recommendation to identify savings.
- **Child Support Payments** – Currently, the Department of Children and Families (DCF) may assign child support obligations to Wisconsin Retirement System (WRS) benefits. This bill extends that authority to ETF's Income Continuation Insurance program and the Duty Disability program.

The JCF made modifications to the following provisions in the budget:

- **Employee Incentive to Opt-Out of State Health Insurance Program** – Provides a \$2,000 annual incentive for employees who opt out of the state health insurance program.
 - **Motion #452** – Includes the above provision, but provides that the following state employees would not be able to receive a \$2,000 stipend: (a) any employee who opted-out in CY 2015; and (b) married state employees or state employees in a domestic partnership who are both employed by the state (the employee with no group health insurance coverage would not be eligible for the stipend).
- **Transfer of 1.0 FTE Procurement Position** – Deletes the provision transferring 1.0 FTE procurement position from the Department of Employee Trust Funds to

DOA for purchasing related functions. In addition, specifies that DOA may not require ETF to utilize DOA procurement and purchasing services.

- **Administration of Optional Insurance Plans** – Deletes the 1.0 FTE position to assist in the administration of optional employee-paid insurance plans.
- **Motion #440 (Group Insurance)** – Provides that any proposed changes to the state group health insurance program be submitted to the Joint Committee on Employment Relations (JCOER) by April 1. JCOER may approve, disapprove or approve with modifications by May 1. Recommendations must be submitted to the Governor for approval or rejection. If this provision is included in the budget, changes for 2016 would need to be submitted to JCOER within 30 calendar days after the effective date of the final budget.
- **Motion #423 (Group Insurance Board)** – Provides that the six members appointed by the Governor for two-year terms would be appointed to the Board with the advice and consent of the senate. Provide that the terms of the current gubernatorial appointees would terminate on the effective date of the bill. Current appointees would continue as board members until a successor is appointed. Additionally, expand the membership of the board from 11 to 15 to include representatives of the legislature.
- **Motion #456 (Executive\Elected WRS Category)** – Moves all current executive\electd category participants into the general category for rate setting purposes. Current members will retain the age 62 normal retirement age. Future elected officials and executives (after December 31, 2016) will have the new normal retirement age of 65.

After the JCF has finished making recommendations on the Budget Bill, it becomes a substitute amendment to the Governor's Budget Bill and is then considered by the full Legislature. The Budget Bill is usually enacted by the last day of June. We will continue to provide updates as warranted.