



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

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**CORRESPONDENCE MEMORANDUM**

**DATE:** September 21, 2015  
**TO:** Employee Trust Funds Board  
**FROM:** Tarna Hunter, Legislative Liaison  
**SUBJECT:** Biennial Budget Update

On July 12, 2015, Governor Walker signed the 2015-17 biennial budget into law (2015 Act 55). The Department of Employee Trust Funds (ETF) has completed a review of the law and prepared a summary of the provisions that relate to ETF and its administration of the Wisconsin Retirement System (WRS) and other benefit programs. The period covered by the budget request is July 1, 2015 - June 30, 2017. The summary is attached.

**Department of Employee Trust Funds**  
**Summary of Fiscal 2015-2017 Biennial Budget Request**  
 Updated September 21, 2015

	FY 2016		FY 2017	
	FTE	Funding	FTE	Funding
<b>Base Budget (FY 2015) - SEG</b>	266.2	42,637,600	266.2	42,637,600
<b>Base Budget (FY 2015) - GPR</b>		216,600		216,600
<b>ETF Request Over Base* - SEG</b>	2.0**	3,301,400	2.0**	3,347,900
<b>ETF Request Over Base*** - GPR</b>		-11,200		-43,400
<b>Governor's Recommendations - SEG</b>	1.0**	2,125,700	1.0**	2,114,700
<b>Governor's Recommendations - GPR</b>		-11,200		-43,400
<b>JCF/Legislature - SEG</b>	1.0**	2,060,200	1.0*	2,040,700
<b>JCF/Legislature - GPR</b>		-11,200		-43,400
<b>Final Enacted Budget - SEG</b>	<b>1.0**</b>	<b>44,697,800</b>	<b>1.0*</b>	<b>44,678,300</b>
<b>Final Enacted Budget - GPR</b>		<b>205,400</b>		<b>173,200</b>

\*Includes new initiatives and standard technical adjustments.

\*\*ETF's original request was for two positions for the call center. After the Group Insurance 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. The JCF restored the transferred procurement position, deleted the position provided for the administration of the optional plans. The final budget provides one position for the call center.

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

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

Electronically Signed 9/21/15

Board	Mtg Date	Item #
ETF	9.24.15	5B

ETF's final budget consists of an overall increase of 4.7% all funds, including a 4.8% 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.

<b>Funding Item</b>	<b>FY 16 Funding</b>	<b>FY 17 Funding</b>
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
<b>Total</b>	<b>\$44,903,200</b>	<b>\$44,851,500</b>

### Wisconsin Retirement System

- **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 WRS.
- **Changes to the Executive\Elected WRS Category** – Allows the ETF Board to opt to move all current executive\electd category participants into the general category for contribution rate setting purposes only. Current elected officials and executives 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. (Sections 1385b and 1389h)

### Group Insurance

- **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.
- **Child or Family Support Payments** – Currently, the Department of Children and Families (DCF) may assign child or family support obligations to WRS benefits. This bill extends that authority to ETF's Income Continuation Insurance (ICI) program and the Duty Disability program. Applies to ICI and Duty Disability benefits paid on or after July 14, 2015. (Sections 1401, 9306(2))
- **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. 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) a state employee whose spouse or domestic partner is also a state employee and is covered by state group health insurance. (Section 1406)

### **STAR Changes – Effective January 1, 2016**

- Eliminate requirement that state and local government employees must be covered under the WRS for a period of 6 months in order to be eligible for life and income continuation insurance.
- Provides that employees electing to receive health care coverage or income continuation insurance within 30 days of eligibility have the coverage be effective on the first day of the month that first occurs during the 30-day election period, instead of receiving coverage effective on the first day of the month which begins on or after the date the employee's application for coverage is received by the employer. [Sections 1405d and 1409m]
- Employees would have 60 days instead of the current 30 days to elect income continuation insurance when initially eligible for a higher level of employer contribution towards premium cost. Effective the following April 1 for state employees. Effective the first day of the month following the date of eligibility instead of the first day of the month following the date the employee's application for coverage is received. [Section 1409m]

### **ETF 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.
- **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.