



**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***

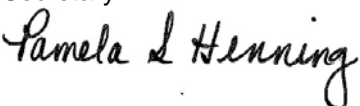
**Date:** March 20, 2017  
**To:** Employee Trust Funds Board  
**From:** Tarna Hunter, Legislative Liaison  
**Subject:** 2017-19 Biennial Budget

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

On February 8, 2017, Governor Walker presented his 2017-19 State Budget to the Legislature. This memo summarizes the status of the biennial budget request for the Department of Employee Trust Funds.

The period covered by the budget request is July 1, 2017 - June 30, 2019. The schedule for review and action by the Governor and Legislature is anticipated to be as follows:

<u>Stage</u>	<u>Anticipated Schedule</u>
Agency Budget Request Due	September 2016
Governor Issues Budget Recommendations	February 8, 2017
Review and Action by the Joint Committee on Finance (JCF)	February – June 2017
ETF's JCF Budget Briefing	March 28, 2017
Action by Full Legislature	June 2017
Final Enacted Budget	July 2017

Reviewed and approved by Pam Henning, Assistant Deputy Secretary  
  
 Electronically Signed 3/20/17

Board	Mtg Date	Item #
ETF	3.23.17	6B

**Department of Employee Trust Funds**  
**Summary of Fiscal 2017-2019 Biennial Budget Request**  
 Updated March 20, 2017

	FY 2018		FY 2019	
	FTE	Funding	FTE	Funding
<b>Base Budget (FY 2017) – SEG</b>	267.20	45,151,800	267.20	45,151,800
<b>Base Budget (FY 2017) – GPR</b>		154,300		154,300
<b>ETF Request Over Base* - SEG</b>	2.0**	1,433,400	2.0**	1,050,900
<b>ETF Request Over Base*** - GPR</b>		-57,800		-85,500
<b>Governor’s Recommendations - SEG</b>	2.0**	767,600	-3.0**	861,500
<b>Governor’s Recommendations - GPR</b>		-57,800		-85,500
<b>Joint Committee on Finance</b>				
<b>Legislature</b>				
<b>Final Enacted Budget</b>				

SEG = Segregated funding

GPR = General Purpose Revenue funding

\*Includes new initiatives and standard technical adjustments.

\*\*ETF’s original request was for five positions (two permanent positions for audits and financial reporting, two permanent positions for BAS project employer services, one project position for BAS project accounting). The Governor’s recommendations provide two permanent positions for audits and financial reporting and three project positions for employer services and accounting. The budget also transfers five positions for Shared Services to DOA in FY 2019. Additionally three current project positions expire in 2018 and are removed from 2018 and 2019 position authority.

\*\*\*GPR funding is a reduction from 2015-17 biennium.

ETF’s 2017-19 budget request consists of an overall increase of 1.6% all funds, including a 1.8% increase in SEG funds and a 46.4% decrease in GPR funds. Below is a table detailing ETF’s funding for the 2017-19 biennium.

Funding Item	FY 18 Funding	FY 19 Funding
Adjusted Base	45,306,100	45,306,100
Full Funding of Positions and Operations	485,600	425,900
Annuity Supplements	-57,800	-85,500
Continuing TIM Project Resources	44,700	175,800
Financial Reporting Requirements	237,300	259,800
<b>Total</b>	<b>46,015,900</b>	<b>46,082,100</b>

The 2017–2019 Budget Bill, **2017 AB 64** and **2017 SB 30**, were introduced by the Joint Committee on Finance on February 8, 2017 at the request of the Governor. In its review of the budget bill, ETF has identified the following budget provisions that relate to the benefit programs that ETF administers.

1. **Full Funding of Salary and Fringe Benefits** – Continued full funding of ETF’s current operations, including funding for the Transformation, Integration and Modernization (TIM) initiative. The proposed ETF 2017-19 budget consists of an overall funding increase of 1.6%.
2. **Positions for Benefits Administration System** – Provides 2.0 FTE Trust Fund Specialist four-year project positions in the Employer Services Section. These positions are essential to support employers and the implementation of BAS rollout 2, which is focused on employer reporting and administration. Provides 1.0 FTE Accountant four-year project position. This position will ensure that ETF has the necessary financial expertise to complete the TIM project and assist with post-implementation.
3. **Audits and Financial Reporting** – Provides \$90,000 annually for contracts necessary for the implementation of Governmental Accounting Standards Board (GASB) Statements 74 and 75. Additionally, provides 2.0 FTE Accountant Advanced permanent positions. These positions are essential for ETF to meet its financial reporting obligations, maintain compliance with GASB standards, and to comply with tax laws and regulations.
4. **Domestic Partnership Program** – Eliminates the Chapter 40 domestic partnership program on the effective date of the bill; however, grandfathers existing domestic partnerships for purposes of Wisconsin Retirement System benefits. Additionally, group health insurance coverage under a group health plan offered by the Group Insurance Board (GIB) would no longer be extended to an employee’s domestic partner, effective January 1, 2018. It also provides that a surviving domestic partner is not a default beneficiary for purposes of a deferred compensation plan and is not eligible to receive duty disability survivorship benefits for deaths occurring on or after January 1, 2018.
5. **Self-Insurance Savings** – The budget assumes the Group Insurance Board will transition to a self-insured group health model starting January 1, 2018. The projected savings are \$20 million GPR in Fiscal Year 2018 and \$40 million GPR in Fiscal Year 2019.
6. **Shared Services Program (Human Resources)** – Creates a human resources shared services program within the Division of Personnel Management at the Department of Administration to consolidate human resources, payroll and benefits functions of most state agencies, including ETF. The budget transfers 5.0 FTE human resources and payroll and benefit positions from ETF to DOA.

The individuals holding these positions would continue to be located at ETF but would be considered employees of DOA.

7. **General Wage Adjustments** – Provides funding for general wage adjustments of two percent on both September 30, 2018, and May 26, 2019, for state employees in the compensation reserve.

The budget did not include ETF's proposal to provide additional funding for move expenses to the Hill Farms building. The budget also did not include a number of technical statutory changes ETF submitted; however, we will look for other opportunities to accomplish the needed changes.

The Joint Committee on Finance (JCF) is currently conducting agency briefings on the budget. As noted above, ETF's budget briefing is scheduled for March 28, 2017. After the agency briefings have concluded, the JCF will hold six public hearings around the state to collect public input on the budget bill. The JCF is a 16-member standing committee of the Wisconsin Legislature. The Committee's primary responsibility is the review of all state appropriations and revenues. After the public hearings, the JCF is expected to begin deliberations on the budget. ETF will continue monitoring the budget bill as the JCF makes modifications. In late June, the Legislature will deliver an amended budget bill to Governor Walker for review, approval and/or partial veto of the budget to be effective July 1, 2017.

I will be available at the March 23, 2017, board meeting to answer questions.