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Correspondence Memorandum

Date: May 30, 2018
To: Employee Trust Funds Board
From: John Voelker
Deputy Secretary
Subject: ETF Operational Metrics

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

Attached is the *ETF Operational Metrics* report. This report was first presented to the Board at the March 29, 2018, meeting. This report will be updated and provided to the Board regularly.

Based on feedback from the Board various changes were made to the presentation of the information, including the addition of call volume data to call center metrics. In addition, a measurement related to the timeliness of vendor payments was added.

A few items of note from first quarter 2018 information include the following:

- Website usage continues to trend higher. (Slide C1)
- Longer call duration in the call center increased wait times. (Slide C2)
- Higher than average retirements have increased workforce turnover. (Slide W2)
- Reduced staff availability increased appointment scheduling wait time. (Slide P3)

Staff will be available at the meeting to answer questions. Contact John Voelker at 608-266-9854 (email john.voelker@erf.wi.gov) with questions or comments.

Attachment: ETF Operational Metrics report

Board	Mtg Date	Item #
ETF	6.21.18	5B

ETF Operational Metrics

Employee Trust Funds Board Meeting
June 21, 2018

John Voelker, Deputy Secretary

Office of the Secretary



ETF Operational Metrics

We support the ETF vision by encouraging data-driven decisions for continuous improvement in the following strategic areas:

FINANCIAL

ETF Financial Stewardship

How ETF executes Financial Stewardship, achieving sustainability through responsible budgeting, accounting and spending.

CUSTOMER

ETF Customer Service

How ETF engages customers, provides products and services, and responds to member needs for insurance and financial security in retirement.

WORKFORCE

ETF Workforce Sustainability

How ETF manages learning and growth of its human resources, maintaining staffing levels and growing an engaged workforce.

PROCESS

ETF Evolving Processes

How ETF evaluates, improves, and measures how internal processes are functioning from the standpoint of security, productivity, efficiency, and customer impact.

ETF Operational Performance Metrics

Financial	1	Operational Cost Per Member	Total Operational cost per member (active and annuitant) by fiscal year. Total includes health insurance, third-party administrators, and capitalized costs. Reference lines show cost for ETF Pension Fund only; ETF and the corresponding fiscal year 2017 CEM Peer average. Breakdown by Other Overhead, TIM Initiative, IT Operations and State Personnel.
Customer	1	Website Usage	Visitors and pages viewed on etf.wi.gov by month for the last 3 calendar years.
	2	Call Center - Speed of Answer	Call Center speed of answer shown as percentage of calls answered within the 2- and 3-minute service goals. Performance is shown by month for the last calendar year and year to date with overlay of total call volumes.
	3	Call Center – Abandoned Calls	The percentage of abandoned calls by month for the previous year and current year to date with an overlay of total call volumes. Compares results to a “range” goal based on balancing cost with customer satisfaction.
Workforce	1	Workforce Makeup	Distribution of active ETF employees by position type (Permanent, Project, LTE, Contractor and Vacancies). Historic view by calendar year.
	2	Workforce Turnover	Turnover as a percent of authorized positions, by departures versus internal movement. Historic view by calendar year. Includes the distribution by departure reason (resigned, retired, terminated) for last 3 years.
Process	1	Internal Auditing	Total Internal Auditing recommendations and the current status of resolution by calendar year of audit.
	2	Retirement Estimates	Retirement estimate production and turnaround time, by month for the last calendar year and year to date.
	3	Member Appointment Scheduling	Measures how far out appointments are scheduled. This reflects how many days members must wait for a retirement (or benefit related) appointment. Shows individual, online and group appointments for the current calendar year.
	4	Vendor Payment Processing	Tracks vendor invoices payment timeliness before and after internal audit recommendations were implemented. Charts invoices paid within the 30-day no-interest period, and those that went over 30 days, by month and fiscal year for FY17-FY18. Data indicates the efficacy of process improvements made in late 2017.

How to Read This Report

- ✓ Line types used for trend lines, goals, caps, or benchmarks have meaning: solid=cap, dashed=target, dotted=trend or projection
- ✓ The colors used for data bars, lines, and pie charts match the colors in the legends, and commonly imply a meaning: **green**=desirable, **pink/red**=concern, **yellow**=neutral or unclear, **black**=external event)

Matches the area name and chart number as listed in the scorecard (p. 3)



Scorecard Area – Chart #

Overview

Why is this metric important, how measured, and outside influences.

Current Status

Current year results, historic performance, trends and specific areas of concern.

Outlook

Challenges in measurement, current environment, and prospects for meeting goals in the future.

Describes the chart and gives guidance on interpreting it



Report data is “as of” the calendar quarter end (or nearest reporting period) unless otherwise specified in the chart title.

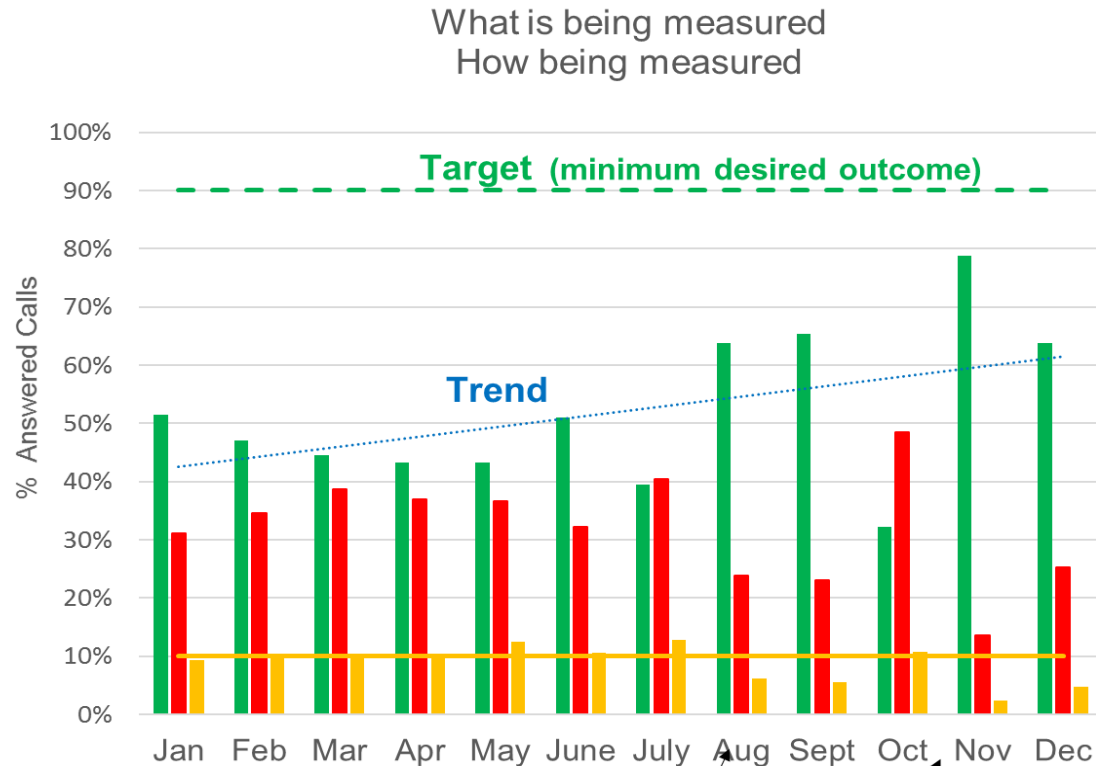


Chart Legend



- Within 3 Min
- Over 3 Min
- Abandoned
- % Answer in 3 min Goal (Target)
- % Abandoned Goal (Cap)

Cap (maximum desired outcome)

Events Impacting Results



5 staff vacancies

It's Your Choice

FINANCIAL – F1

Overview

Total ETF Cost includes all ETF operational and capitalized costs.

CEM values include ETF pension fund administration costs only and excludes capitalized and insurance costs.

Current Status

The increase in **Total ETF Cost** per member since 2015 is primarily due to the TIM Initiative to **Transform, Integrate and Modernize** our benefits administration system (BAS).

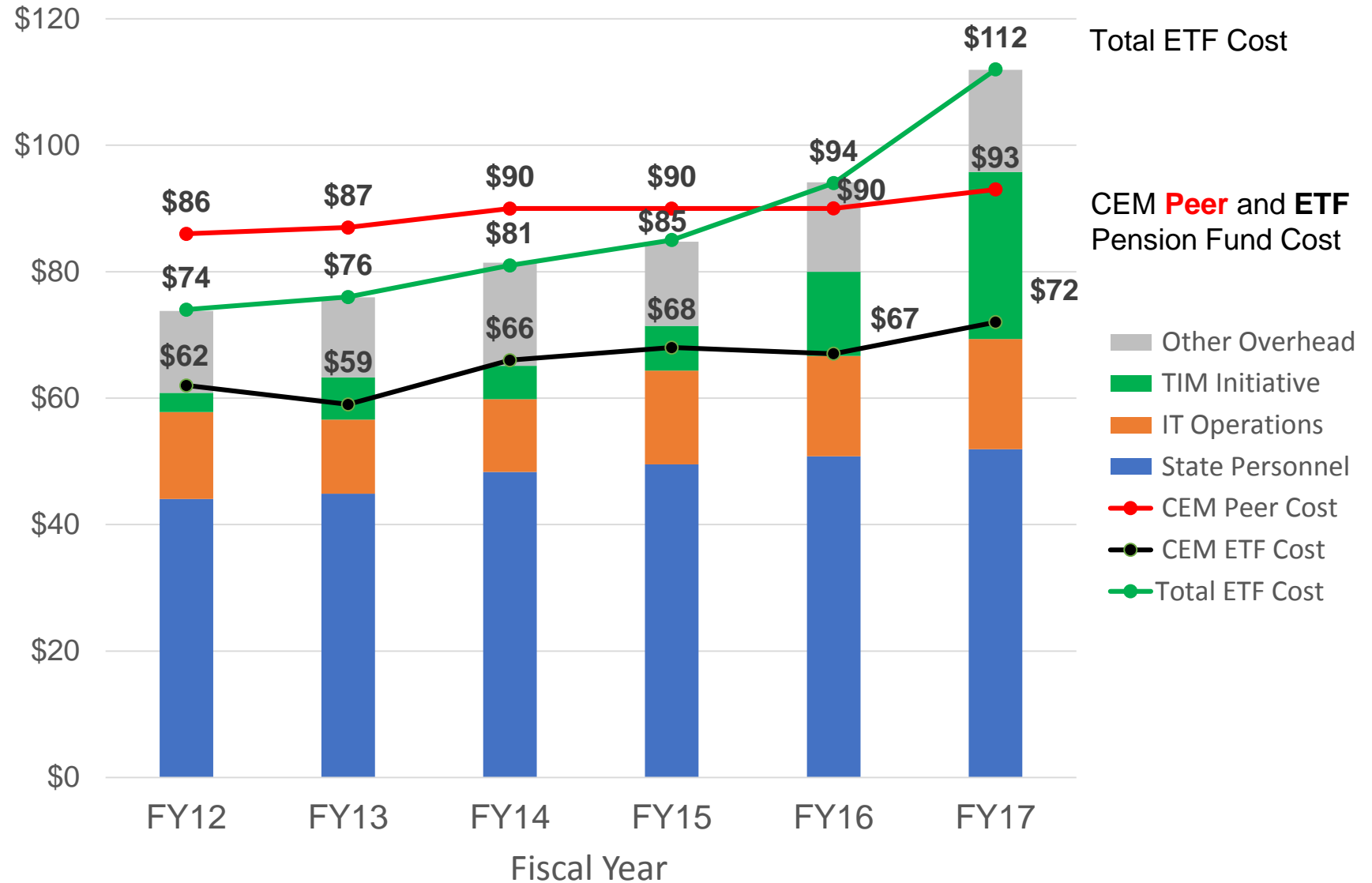
Pension administration costs per member remain below the CEM FY17 peer average.

Outlook

In FY17, ETF Pension Fund cost per member rose 7.5 % compared to 3% for our CEM Peers.

Increased costs are expected to eventually translate into better service to members.

Operational Cost Per Member (Active & Annuitant)



CUSTOMER – C1

Overview

Web traffic to etf.wi.gov is an indicator of customer engagement. The website is a key channel for ETF to communicate to members and employers. Increasing 'unique visitors' means more individuals visit at least once a month.

Current Status

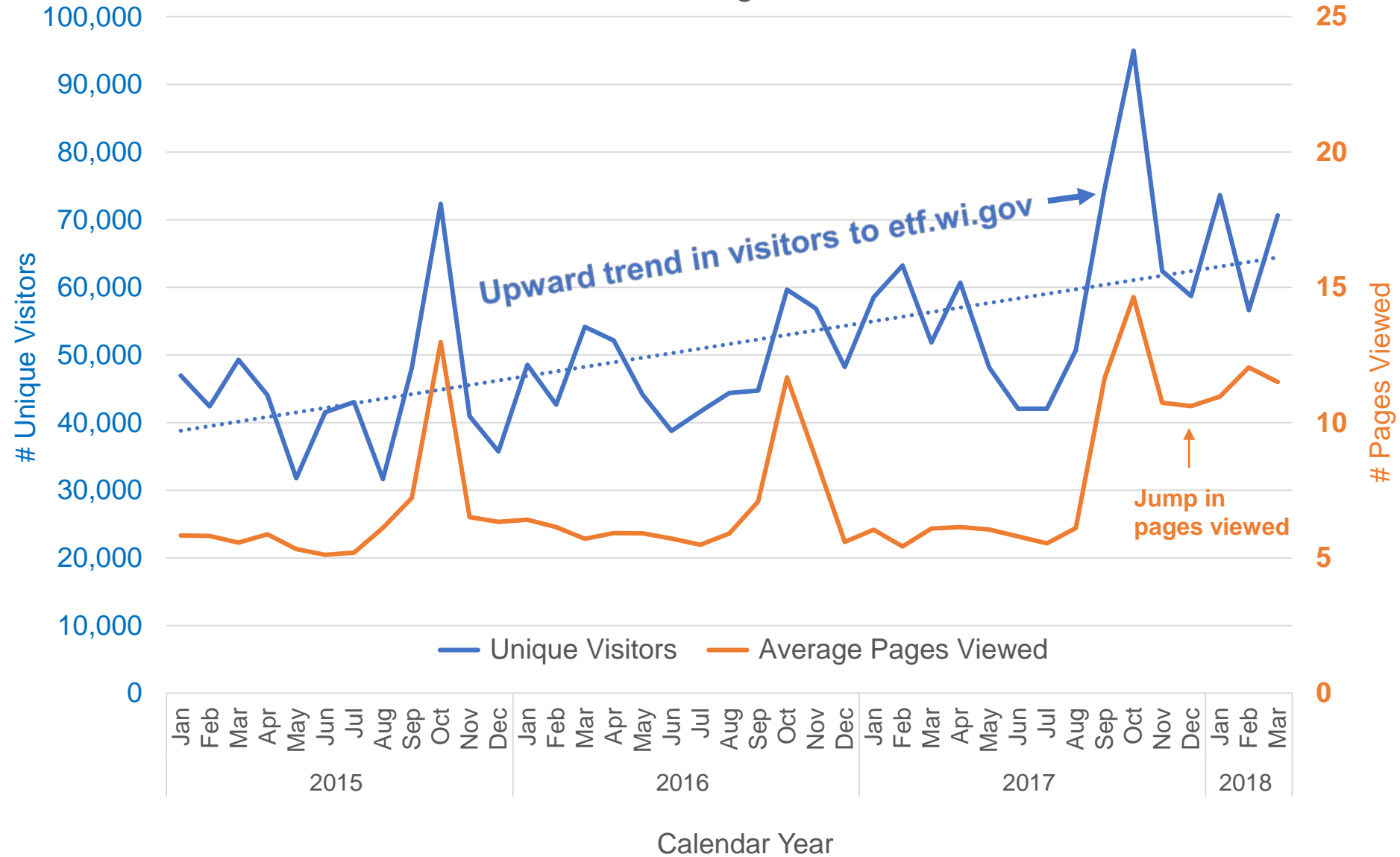
The seasonal spikes in Oct. are due to health insurance enrollment. The sharp spike in Oct. 2017 reflects members changing plans due to reduced providers.

Visitors to the website averaged 2 visits per month and 7 pages per visit.

Outlook

The upward trend in visitors to the website continued in Q1 2018 with a jump from 7 to 12 pages per visit for several months after open enrollment.

Website Usage Visitors and Pages Viewed



CUSTOMER – C2

Overview

The Call Center responds to 10K-22K calls per month, peaking in Oct. with 23K. Responsiveness is measured by the speed calls are answered.

Call center goals previously have included: Answering 90% of calls (see C3 Abandoned Calls) and answering them in an average of 3 minutes.

New service goals were added to help understand the percentage of callers having a good experience This includes:

- 50% of calls answered in 2 minutes
- 70% of calls answered within 3 minutes.

Current Status

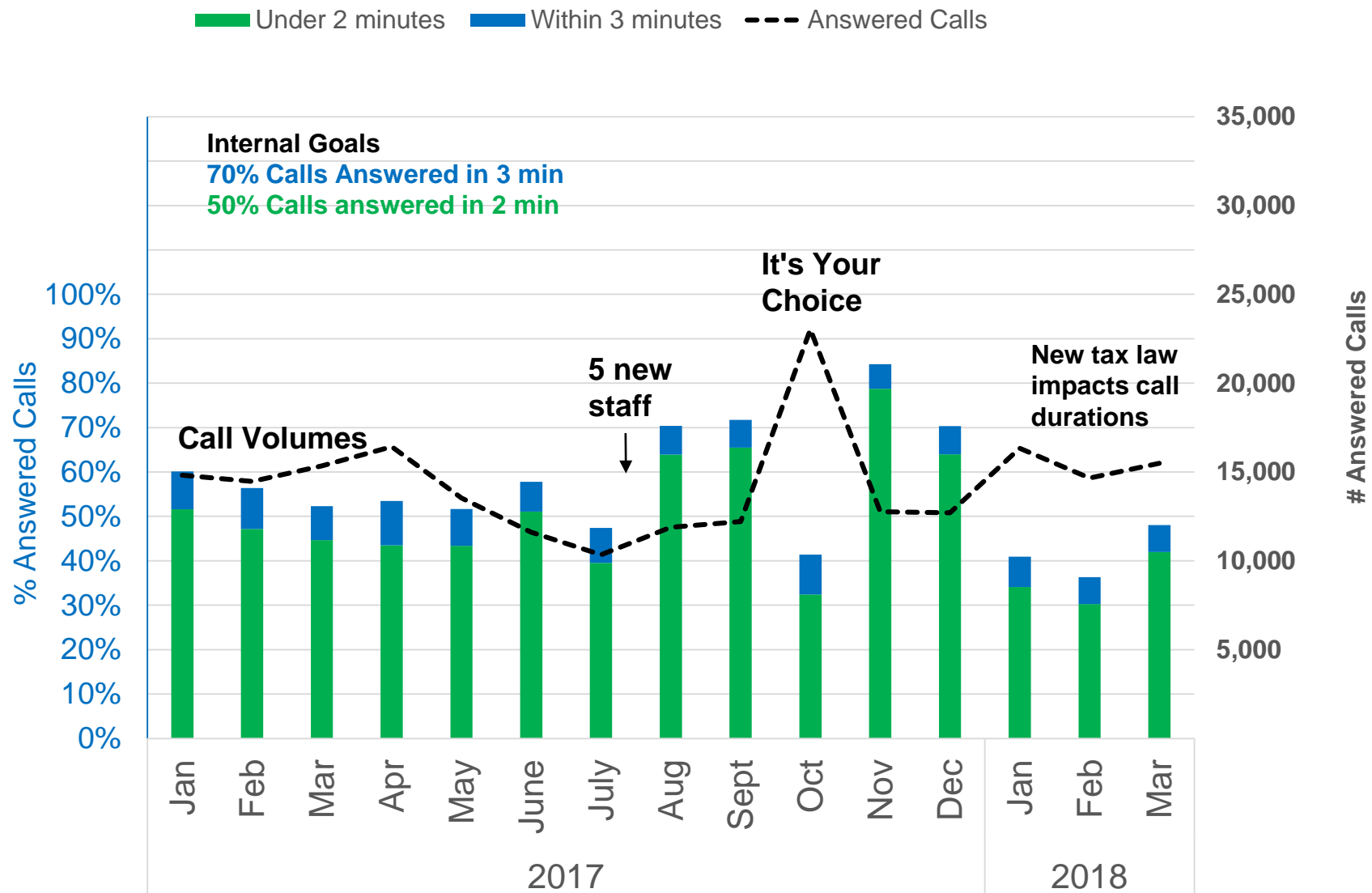
Speed of Answer continues to fluctuate primarily with call volumes and staffing. Goals in 2017 were met once fully staffed (except in Oct due to IYC).

The drop in performance in Q1 2018 was related to a 30 second increase in call duration.

Outlook

Performance is expected to improve in Q2 since the increased call duration in Q1 was primarily due to questions on new tax laws.

Call Center - Speed of Answer



CUSTOMER – C3

Overview

The Call Center answers 10K-22K calls per month peaking in Oct. with 23K calls. However, some callers hang up before their call is answered.

Service Goals

<10% Calls abandoned

Current Status

Call Abandonment Rate in Q1 was 12% of incoming calls. However, there are many factors impacting abandonment rate, including member decision to find the answer on the website.

Analysis of 2017 abandoned calls revealed that 45% were abandoned within the 3-minute service goal, rather than due to extended wait.

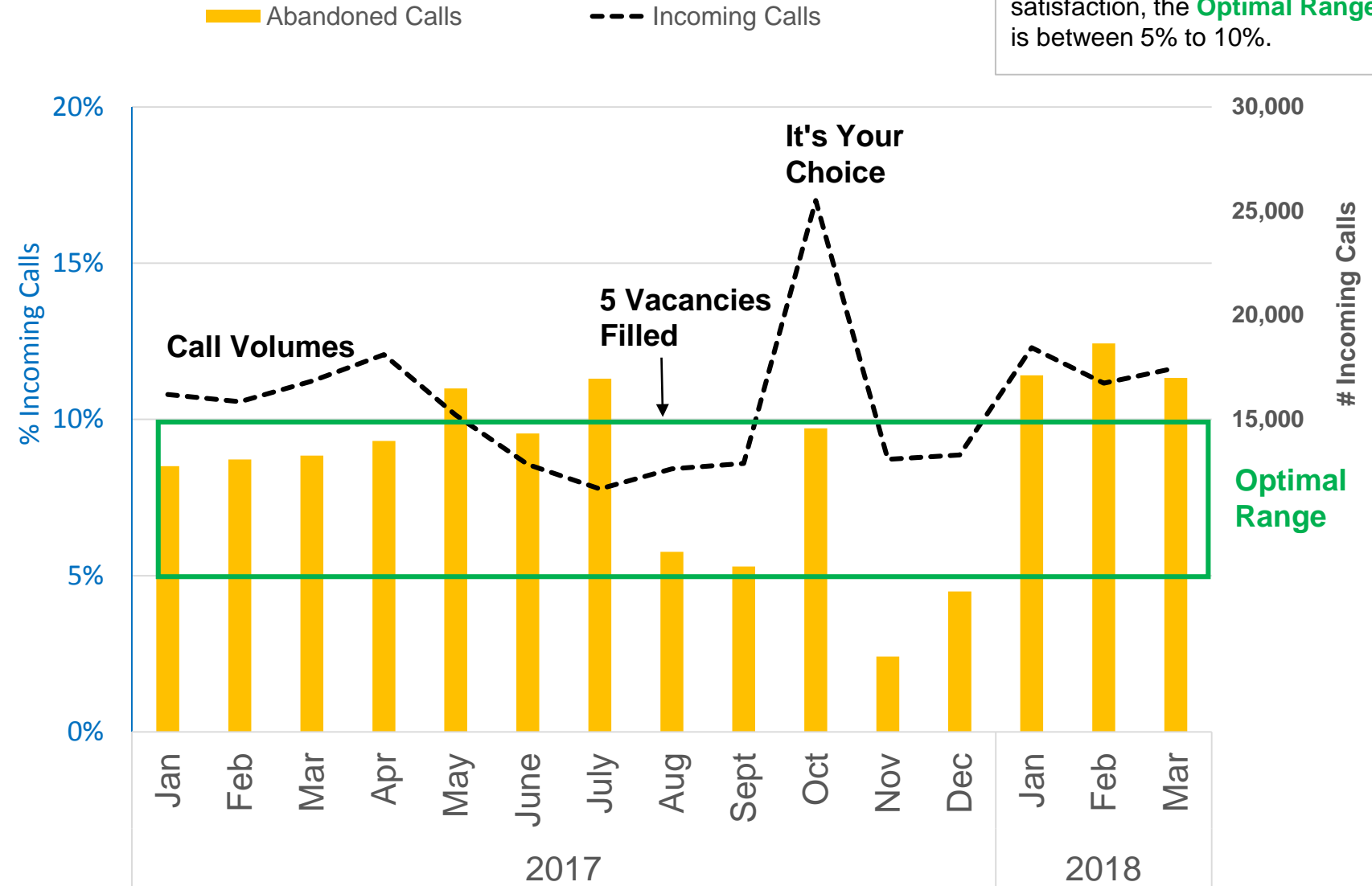
Outlook

Industry research shows call abandonment only impacts customer satisfaction when over 10%. However, achieving an abandonment rate under 5% becomes increasingly costly*. This prompted establishing a range goal for abandoned calls to fall between 5% and 10%.

*2012 MetricNet, LLC

Call Center - Abandoned Calls

Call Abandonment Goal:
To balance cost and customer satisfaction, the **Optimal Range** is between 5% to 10%.



WORKFORCE – W1

Overview

The makeup of active workforce is important for workforce planning.

Current Status

Contractors and **LTEs (Contingent Staff)** have increased while active **Permanent Staff** is flat to decreasing.

Permanent Staff **Vacancies** have grown in part due to 5 new positions in 2017 and departures due to the office move.

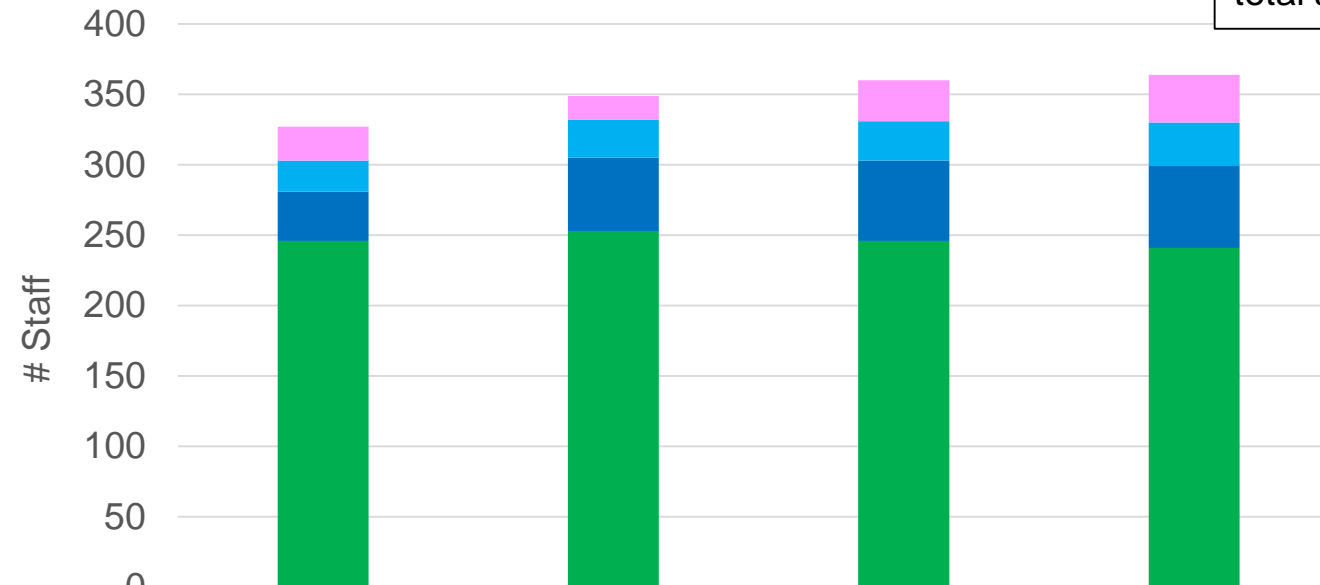
Outlook

10 FTEs hired during Q1 2018 were offset by 9 departures. The impact of the halt of the BAS project on staff levels is not yet known.

Contingent staff levels will likely slow with the redirection of BAS staff to fill other resource needs.

Workforce Makeup Active Staff by Type As of 3/31/18

Active Employees:
27% **Contingent Staff**
73% **Permanent Staff**
Vacancies are 12% of total authorized positions



	YE 2015	YE 2016	YE 2017	Q1 2018
■ Vacancies	24	17	29	34
■ LTE	22	27	28	31
■ Contractor	35	52	57	58
■ Permanent	246	253	246	241
Total Workforce	327	349	360	364

Vacancies and Contingent

Permanent Staff is decreasing

Vacancies (34)
+
Permanent Staff (241)
=
Total Positions* (275)

* Authorized + Project

Calendar Year-End

Overview

ETF facilitates internal movement to retain knowledge, improve engagement, and avoid hiring costs and loss of productivity.

Current Status

Q1 2018 turnover is at 8% of permanent positions compared to 11% for all of 2017. Unexpectedly, departures outweighed internal transfers.

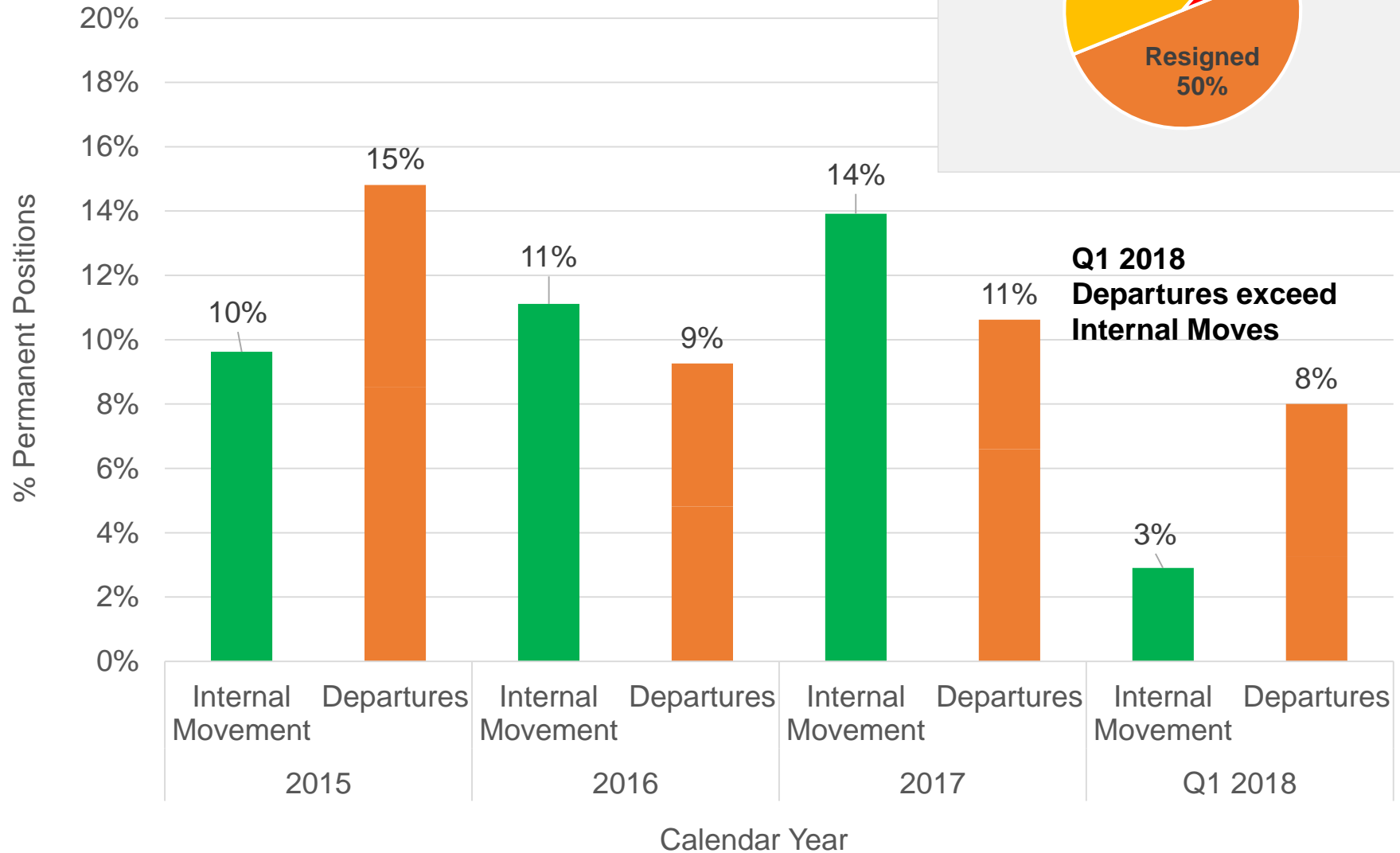
Departure reasons have been fairly consistent over the last 3 years, with the average shown in the pie chart. It is noted that Q1 2018 departures were 60% retirements versus the usual 43%.

Outlook

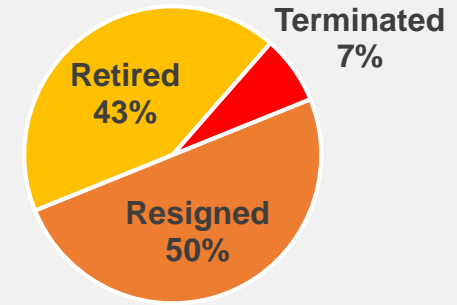
The suspected impact of the building move may have impacted Q1 2018 with more departures and uncommonly low internal transfers.

It is not yet known whether Q1 departures are “additions” to the usual volume, or if they are simply expedited occurrences.

Workforce Turnover Departures versus Internal Movement



Departure Reasons 2015-2017



**Q1 2018
Departures exceed
Internal Moves**

PROCESS – P1

Overview

Internal audits provide unbiased assessment of operations to ensure effective risk management, internal control, and governance processes.

Current Status

Internal audits in 14 business areas have been completed from 2014-2017 identifying **81 action items**.

There are currently no overdue items.

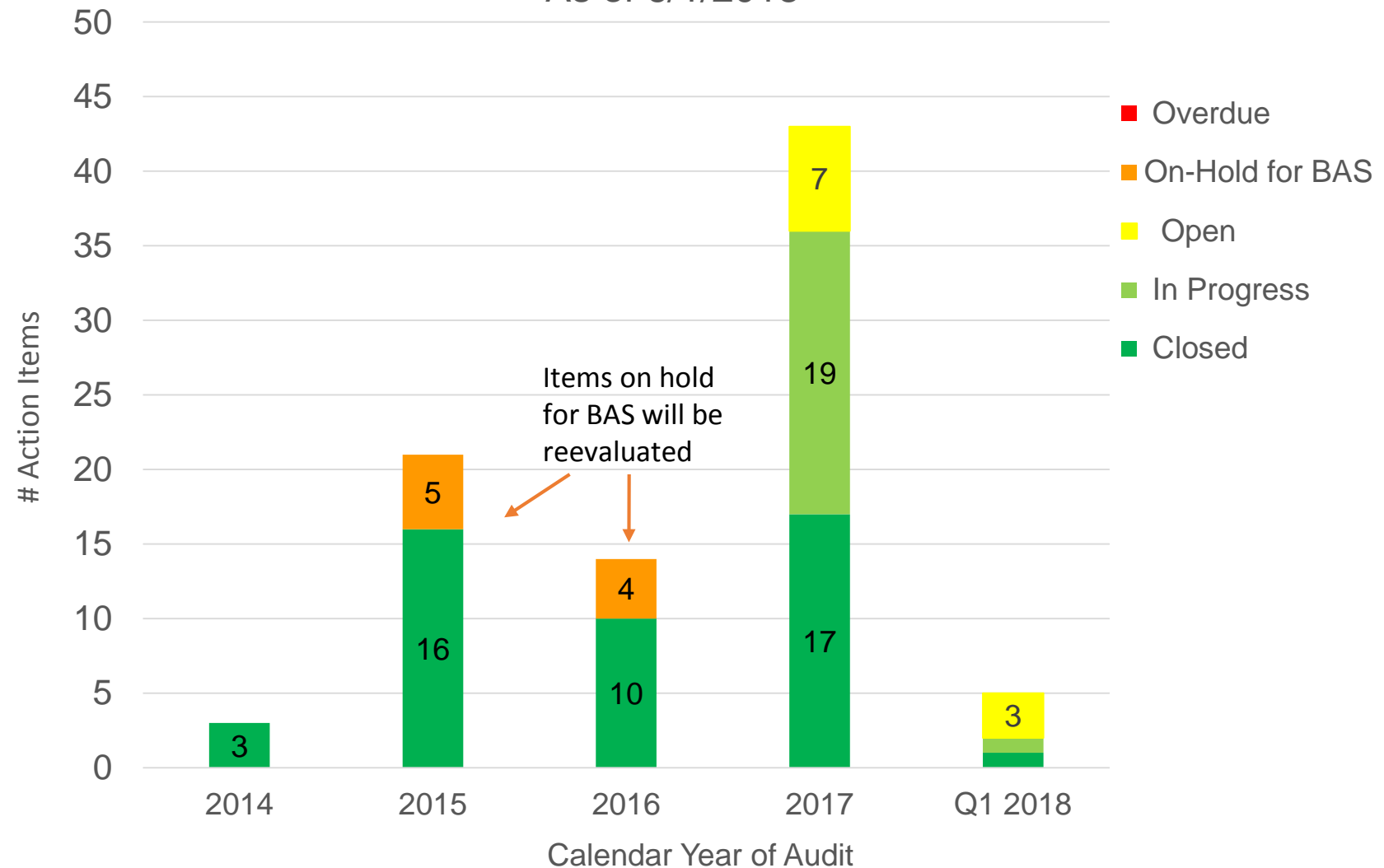
5 new action items were identified in Q1 2018.

Outlook

Follow-up audits are being scheduled in 2018 to assess solution effectiveness one year after implementation.

Items previously identified as “On-Hold” for the BAS technology project will be reviewed and modified as needed, or cancelled if no longer relevant.

Internal Auditing Recommendations by Status As of 6/1/2018



PROCESS – P2

Retirement Estimates Volumes and Turnaround Time

Overview

Retirement estimates (20K+ per year) are critical for members to make informed retirement decisions.

Current Status

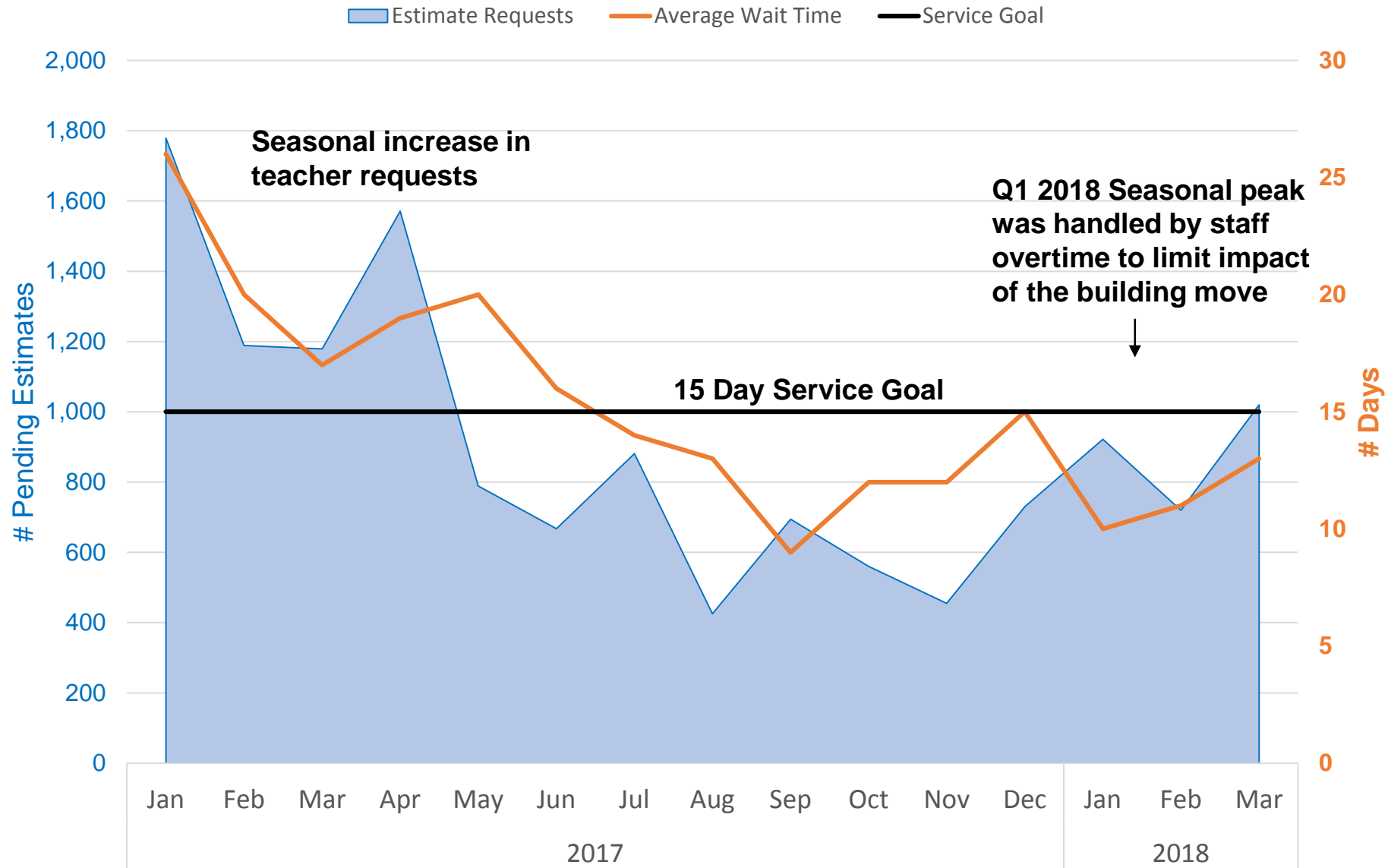
The service goal of 15-day turnaround is met on average with expected peaks early in the year for teacher requests.

Unusually fast turnaround times in Q1 2018 were due to staff overtime to clear work baskets in anticipation of the ETF building move.

Outlook

Current work basket volumes indicate the normal seasonal peak of requests will continue into April and May.

However, in Q2 with 6 new specialists focused on retirement estimates, average **Turnaround Time** is expected to be much closer to goal than Q2 2017 performance.



PROCESS – P3

Overview

Member counseling appointments (primarily retirement related) in 2017 included:

Individual face-to-face	(4,335)
Individual online	(348)
Group appointment	(2,172)

This excludes field presentations (4,379) and “Quick Service” without an appointment (4,941).

Current Status

Most appointment requests can be filled within 15 days, but are impacted by member schedules and preference for appointment type.

In Q1 2018, appointment **Wait Times** were higher due to staff vacancies, the building move, and staff allocation for retirement estimates. Online and group appointment slots were expanded to help fill the gap.

Outlook

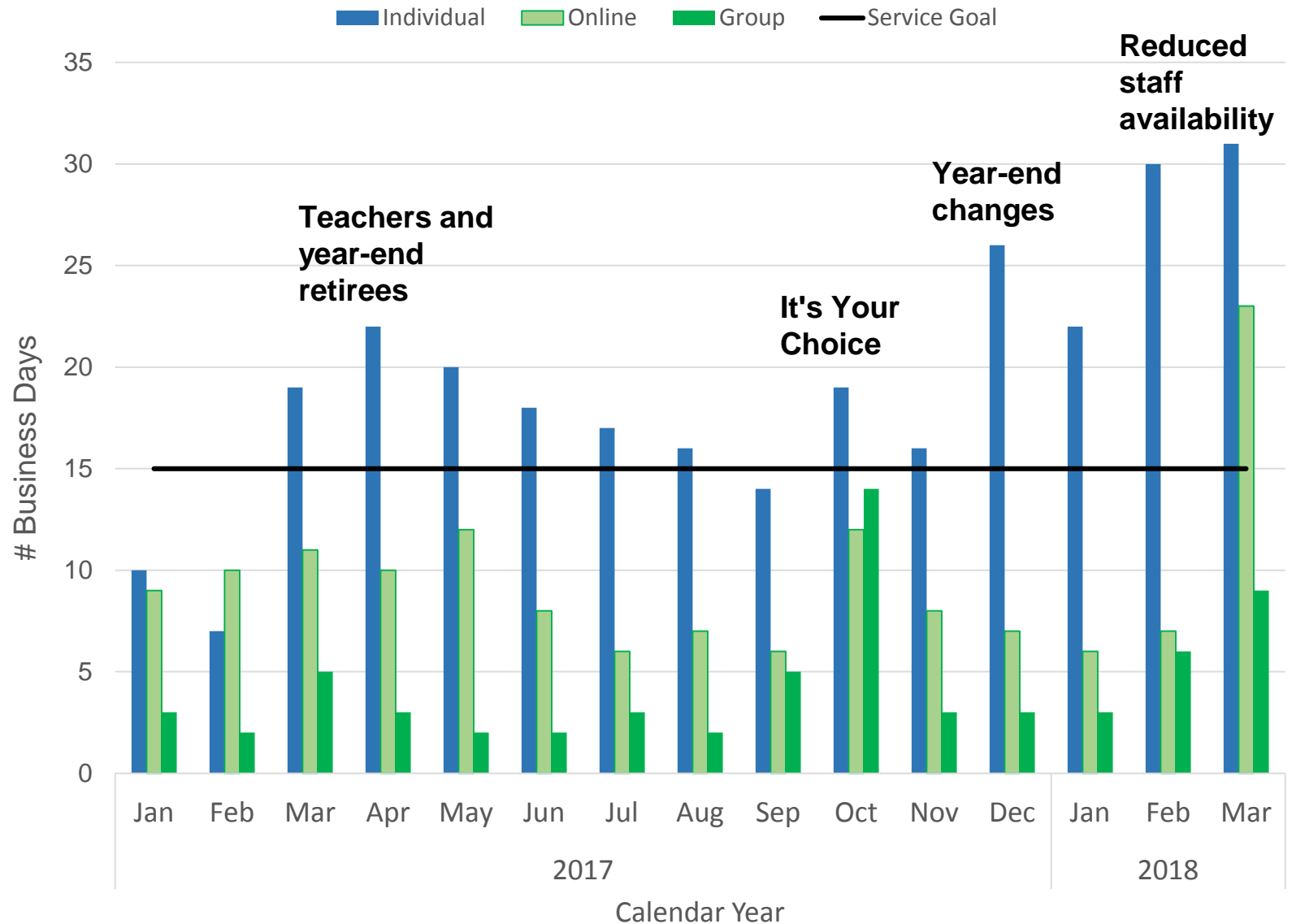
Staff training on “Online Appointments” in 2018 will expand availability of this increasingly popular option.

With 6 new Trust Fund Specialists now delivering retirement estimates, the more tenured staff will have more capacity for individual counseling appointments.

Therefore, the 2018 outlook for appointment availability and shorter **Wait Times** is positive.

Member Appointment Scheduling

Wait Times



PROCESS – P4

Vendor Payment Timeliness FY17 - FY18 (YTD)

Annual Volume (2017)
985 invoices
\$17 million
116 vendors

Overview

Timely Vendor Payment

- *Promotes good vendor relationships
- *Reduces workload of vendor inquiries
- *Avoids interest payments (>30 days)

Current Status

FY17 staffing and process challenges restricted delivery of payments within 30 days. New process and backlog processing in Oct 2017 resolved preventable causes.

Invoices processed within 30 days:

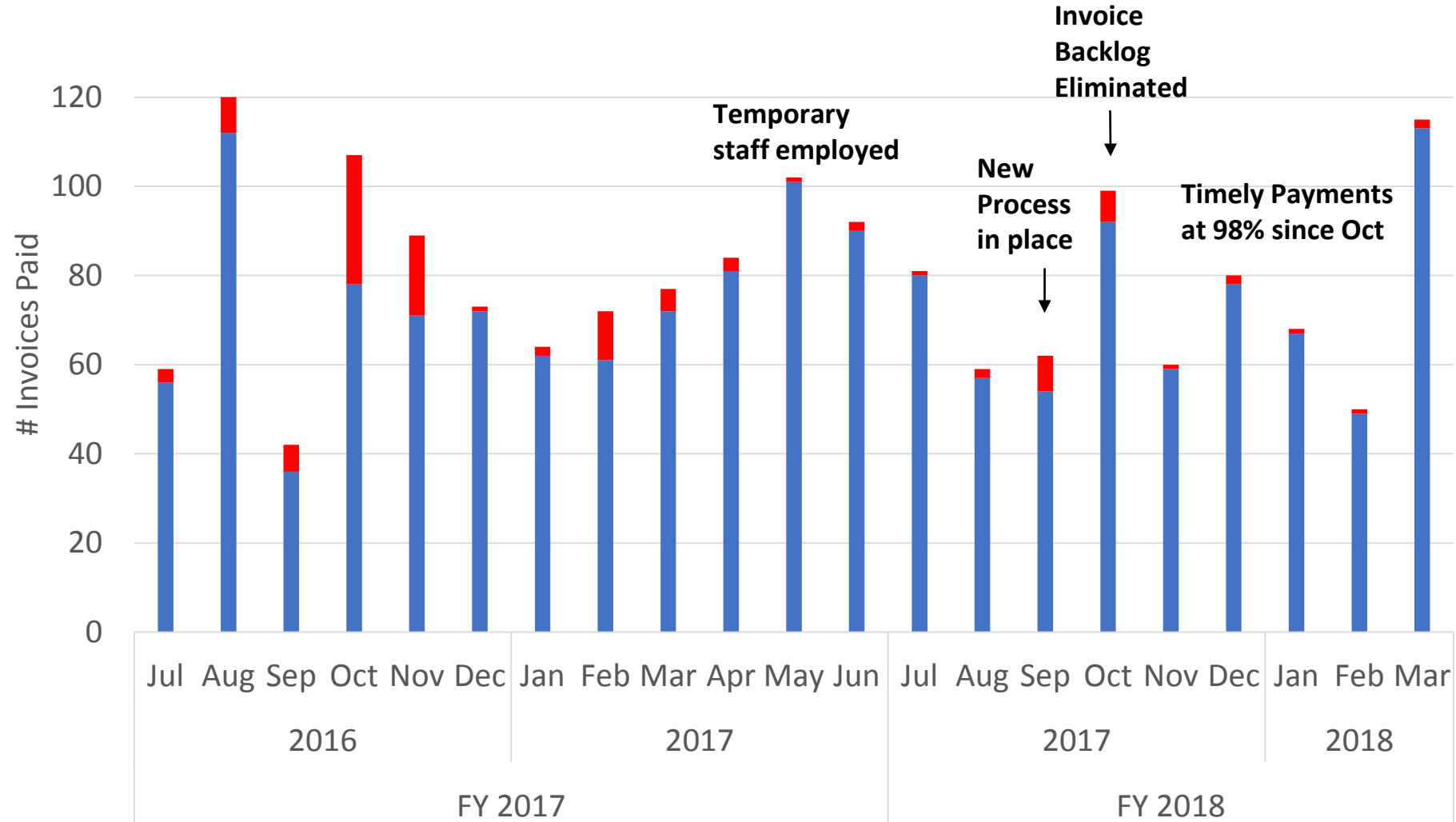
FY17	FY18 YTD	Since Oct 2017
90%	96%	98%

Outlook

While there will always be situations that cause delays, payments beyond 30 days should continue to be isolated.

An internal goal of 18-day turnaround is waiting on changes to payment systems to allow early payment without an override.

March 2018 volumes were timing/calendar related, not due to increased purchases.





Questions?

Thank you



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