



STATE OF WISCONSIN
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Correspondence Memorandum

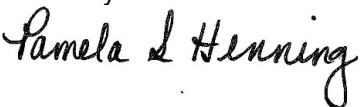
Date: September 17, 2019
To: Employee Trust Funds Board
From: Tarna Hunter, Government Relations Director
Subject: 2019-21 Biennial Budget and Legislative Update

On July 3, 2019, Governor Evers signed the 2019-21 biennial budget into law ([2019 Act 9](#)). The Department of Employee Trust Funds (ETF) has completed a review of the law and prepared a summary of the provisions that relate to the benefit programs that the board oversees.

Department of Employee Trust Funds
Summary of Fiscal 2019-2021 Biennial Budget
 Updated September 17, 2019

	FY 2020		FY 2021	
	FTE	Funding	FTE	Funding
Base Budget (FY 2019) – SEG	272.20	\$47,901,700	272.20	\$47,901,700
Base Budget (FY 2019) – GPR	0.00	\$68,000	0.00	\$68,000
ETF Request Over Base* - SEG	4.00	\$516,000	4.00	\$429,900
ETF Request Over Base** - GPR	0.00	(\$20,100)	0.00	(\$36,400)
Governor’s Recommendations	2.00	\$495,900	2.00	\$393,500
Joint Committee on Finance	2.00	\$495,900	2.00	\$393,500
Legislature	2.00	\$495,900	2.00	\$393,500
Final Enacted Budget	274.20	\$48,465,600	274.20	\$48,363,200

SEG = Segregated funding
 GPR = General Purpose Revenue funding
 *Includes new initiatives and standard technical adjustments.
 **GPR funding is a reduction from 2017-19 biennium.

Reviewed and approved by Pam Henning, Assistant Deputy Secretary

 Electronically Signed 9/17/19

Board	Mtg Date	Item #
ETF	9.19.19	5B

ETF's final budget consists of an overall increase of 0.9% all funds, including a 1.0% increase in SEG funds and a 41.5% decrease in GPR funds. Below is a table detailing ETF's funding for the 2019-21 biennium.

Department of Employee Trust Funds
Summary of Fiscal 2019-2021 Biennial Budget
 Updated September 17, 2019

Funding Item	FY 2020 Funding	FY 2021 Funding
Adjusted Base	\$47,969,700	\$47,969,700
Full Funding of Positions and Operations	\$633,700	\$633,700
Turnover Reduction	(\$537,400)	(\$537,400)
Annuity Supplements	(\$20,100)	(\$36,400)
Overtime + Night & Weekend	\$117,800	\$117,800
DOA Lease & Directed Moves	\$118,900	\$167,800
LAB 5-Year Actuarial Audit	\$183,000	\$48,000
Disability Programs Positions – 2.0 FTE	\$0	\$0
Total	\$48,465,600	\$48,363,200

The 2019-21 biennial budget (2019 Act 9) included the following provisions impacting ETF:

- **General Wage Adjustments** – provides general wage adjustments for most state employees of 2% on January 1, 2020, and an additional 2% on January 1, 2021.
- **Full Funding of Salary and Fringe Benefits** – Continued full funding of ETF's current operations. ETF's 2019-21 budget consists of an overall funding increase of 1%.
- **Positions for Disability Programs Administration** – Provides 2.0 FTE Trust Fund Specialist Advanced positions for the effective administration of ETF's disability programs. The budget did not include statutory changes necessary to complete ETF's disability redesign project.
- **Mandatory LAB Actuarial Audits** – Provides \$183,000 SEG in FY20 and \$48,000 SEG in FY21 to contract with the Legislative Audit Bureau (LAB) for the

statutorily required actuarial audit of the Wisconsin Retirement System and for contracts necessary for the implementation of Governmental Accounting Standards Board (GASB) Statements 67, 68, 74, and 75. Of the amounts requested, \$175,000 is one-time funding for the LAB actuarial audit.

- **Appropriation Clean-up** – Included ETF’s proposal to transfer expenditure authority between alpha appropriations and eliminate several alpha appropriations to better reflect current practice and administration.
- **Compensation Reserves Appropriation Reduction** – Assumes Group Health Insurance Program savings of \$14,691,500 (all funds) in 2019-20 and \$19,855,100 (all funds) in 2020-21.

2017 Extraordinary Session – Act 369

2017 Act 369 included a provision that modified state law to require that the Joint Committee on Finance (JCF) approve any of the Attorney General’s settlement agreements. Under the law, a settlement agreement for ETF’s pending court case would require the approval of the JCF.

On August 1, 2019, various legislators filed a lawsuit in the Supreme Court of Wisconsin against the Attorney General contending he was not following the provisions of the December extraordinary session laws that require him to get permission from JCF to settle lawsuits. Additionally, the lawsuit states that the Attorney General is not giving up control of how to spend settlement money when he should. At the time of writing, the Wisconsin Supreme Court has not specified whether it will take the case.

According to media reports there are several pending court cases that require JCF’s approval before a settlement can be finalized. The Attorney General has requested that members of the JCF sign confidentiality agreements before reviewing proposed resolutions of the court cases. As of this writing, negotiations between the Attorney General and JCF regarding a process for approving settlement agreements are continuing.

Because the Department of Justice represents the various boards, including the ETF Board, ETF will continue to monitor this situation and provide updates as necessary.

I will be at the September 19, 2019, Board meeting to answer any questions.