



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

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Correspondence Memorandum

Date: August 25, 2020
To: Employee Trust Funds Board
From: Tim Steiner, Director
 Bureau of Budget, Contract Administration and Procurement
Subject: Procurement, Contract, and Agency Spending Updates

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

Current Status of Active ETF Board Contracts and other Procurements

Consulting Actuary for the Wisconsin Retirement System and Related Programs
 Amendment #10 was signed by the ETF Secretary with Gabriel, Roeder, Smith & Company (GRS) for a sick leave conversion credit report for \$3,000.

Amendment #11 was signed by the ETF Secretary with GRS for on-going work regarding calculations connected to the benefit limitation of Internal Revenue Code Section 415(b). ETF is budgeting \$25,000 per fiscal year for this work.

Request for Proposals and Requests for Information

Federal Tax and Contract Counsel

ETF is drafting a Request for Proposals (RFP) for federal tax counsel for publication in Fall 2020 as approved by the Board at the June 2020 Board Meeting.

Insurance Administration System

Vendor responses to the Request for Proposals (RFP) to replace insurance administration legacy systems were received on May 13, 2020 and are under review by an evaluation committee.

Master Data Management (MDM) Software

A Request for Information (RFI) was released on May 4, 2020. ETF answered vendor questions until May 20, and vendor responses were due June 5, 2020. The information gathered from this RFI will be used to determine the procurement method for the best solution to meet master data management requirements for the modernization program.

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary

Pamela L Henning

Electronically Signed 9/2/20

Board	Mtg Date	Item #
ETF	9.17.20	5E

Application Programming Interface (API) and Event Management (EM) Software

A Request for Information (RFI) was released on May 11, 2020, and vendor responses were due June 12, 2020. The information gathered from this RFI will be used to determine the procurement method for the best solution to meet data integration requirements for the modernization program.

Professional Staffing Services

The goal of the RFP is to award and negotiate a contract by the end of September for hiring contractors for non-IT functions such as benefits specialists and accountants. The evaluation period has concluded. A Notice of Intent to Award is being prepared for release in late August. Additional information can be shared on the winning vendors after the Notice of Intent to Award is published.

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF’s benefit program appropriations for the one-year period ending on June 30, 2020 are reported below. Reported costs include third-party administration (TPA) expenses, as well as data warehouse and analytical service expenses. Costs reported do not include:

- indirect expenses that are charged to ETF’s operational appropriations, such as: staff salaries and fringe benefits, travel/training, rent, contract staff, and other contractual services; or
- benefit disbursements made to participants.

Non-Benefit Disbursements Charged to ETF Benefit Program Appropriations ¹

Expense Summary	3rd Quarter Calendar 2019	4th Quarter Calendar 2019	1st Quarter Calendar 2020	2nd Quarter Calendar 2020	Year Ending 6/30/20
Third-Party Administration					
Health Insurance	\$4,462,698	\$4,400,138	\$4,612,298	\$5,094,475	\$18,569,609
Life Insurance	1,042,103	1,026,879	1,017,751	1,033,048	4,119,781
Income Continuation Insurance	753,100	564,825	564,825	776,258	2,659,008
ERA and Commuter Benefits	147,722	220,737	330,716	221,095	920,270
Wisconsin Retirement System	132,900	99,675	99,675	136,987	469,237
Other Administrative					
Health Data Warehouse	\$180,765	\$103,370	\$124,670	\$138,113	\$546,918
Total Costs	\$6,719,288	\$6,415,624	\$6,749,935	\$7,399,976	\$27,284,823

¹ Information is presented on a cash rather than accrual basis.

Administrative Appropriation Charges

Information on ETF administrative expenses for the one-year period ending on June 30, 2020 are reported below. Over the last 12 months, ETF spent \$48.7 million on administrative expenses. In comparison, total administrative expenses increased year-to-year by \$4.5 million from \$44.2 million to \$48.7 million. This increase can be partly attributed to additional contractual service costs resulting from IT modernization efforts. Excluding salary and fringe benefit-related costs, contractual services is ETF's largest expense category.

ETF Administrative Expenses (Year Ending June 30)

Expense Summary	3rd Quarter Calendar 2019	4th Quarter Calendar 2019	1st Quarter Calendar 2020	2nd Quarter Calendar 2020	Year Ending 6/30/20	Year Ending 6/30/19
Salary and Fringe (FTEs)	\$5,781,984	\$5,785,004	\$7,031,819	\$6,837,316	\$25,436,124	\$24,188,214
Limited Term Employees (LTEs)	\$107,470	\$69,910	\$65,943	\$57,309	\$300,633	\$367,361
Supplies and Services						
Contractual Services	\$2,284,548	\$2,906,610	\$3,554,701	\$4,995,020	\$13,740,879	\$10,914,843
Data Processing	608,526	865,595	945,629	1,017,928	3,437,676	3,269,113
Rent	492,109	493,815	493,733	489,899	1,969,556	1,926,764
Mail	207,166	(24)	212,011	335,682	754,835	701,250
Maintenance and Repair	258,116	42,587	483,730	355,197	1,139,630	629,784
Equipment and Software	103,372	12,541	20,821	190,009	326,743	588,115
Travel and Training	61,694	66,319	52,009	(4,115)	175,607	272,524
Other/Misc.	321,798	231,829	781,883	126,465	1,461,975	1,343,849
Subtotal	\$4,337,329	\$4,619,272	\$6,544,515	\$7,505,785	\$23,006,903	\$19,646,242
Total Costs	\$10,226,783	\$10,474,186	\$13,642,279	\$14,400,410	\$48,743,658	\$44,201,817

Staff will be available at the meeting to address any questions.