



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
**A. John Voelker**  
 SECRETARY

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## ***Correspondence Memorandum***

**Date:** November 8, 2021

**To:** Employee Trust Funds Board (Board)

**From:** Tim Steiner, Director  
 Bureau of Budget, Contract Administration and Procurement

**Subject:** Procurement, Contract Administration, and Agency Spending

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

### **Current Status of Active ETF Board Contracts**

Carahsoft Contract for Master Data Management (MDM) Software

Amendment 1 to the contract purchasing MDM software was signed by the ETF secretary on September 10, 2021. Amendment 1 renews ETF's MDM subscription from November 1, 2021 through October 31, 2025. Over the next four years ETF will pay \$199,000 per year for a subscription to this MDM software.

Carahsoft Contract for Application Programming Interface (API) and Event Management (EM) Software

Amendment 1 to the contract purchasing API/EM software was signed by the ETF secretary on November 12, 2021. Amendment 1 renews ETF's API/EM subscription from December 1, 2021 through November 30, 2022 for \$319,153.

Benefitfocus Contract for Insurance Administration System (IAS)

The ETF secretary signed IAS contract Amendment 1 on September 14, 2021 with Benefitfocus. IAS Amendment 1 does not increase the contract price or change the scope of the contract. This amendment clarifies language in Exhibit B regarding implementation strategy. This contract is found on ETF's website: <https://etf.wi.gov/node/15551>. Implementation of IAS has begun and is expected to go through August 2023.

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary  
 Electronically Signed 11/17/21

*Pamela L Henning*

Board	Mtg Date	Item #
ETF	12.09.21	5C

Gabriel, Roeder Smith & Company (GRS) Contract for Consulting Actuary for Wisconsin Retirement System and Related Programs

Amendment #15 with GRS was signed by the ETF secretary on September 10, 2021 for a Society of Actuaries (SOA) Public Pension Mortality Study with costs not to exceed \$15,000.

Amendment #16 with GRS was signed by the ETF secretary on October 22, 2021 for Analysis of Extension of State Group Health Insurance Eligibility (and Use of Sick Leave Credits) with costs not to exceed \$7,000.

Wipfli Contract Compliance Auditor of State Life Insurance:

Amendment #1 with Wipfli was signed by the ETF secretary on November 11, 2021 for the compliance audit of State Life Insurance contract covering calendar years 2020 and 2021 with costs not to exceed \$20,250.

**Contract Administration**

ETF conducted an annual staff and Board survey regarding the 2021 performance of the Wisconsin Retirement System and Related Programs actuary, Gabriel, Roeder, Smith (GRS), and the Wisconsin Group Insurance and Disability Programs actuary, Milliman. These surveys are conducted to inform decisions on (1) whether to extend the actuary contracts or initiate the 180-day termination notice and (2) if the contract is extended, what % increase, if any, will be added to the actuary's current retainer fee for the following calendar year. Only staff who worked with one of these vendors in 2021 were asked to respond to the survey.

**Wisconsin Retirement System and Related Programs Actuary:**

Nine staff received the 2021 GRS survey and four responded; all four were highly satisfied.

All ETF Board members received the 2021 GRS survey and three responded; two were highly satisfied and one was satisfied. No suggestions for improvement were provided.

**Wisconsin Group Insurance and Disability Program Actuary:**

17 staff received the 2021 Milliman survey and 10 responded; eight were highly satisfied and two were satisfied. No suggestions were provided as areas of improvement.

Both this Board and the Group Insurance Board received the Milliman survey and 11 responded; four were highly satisfied; six were satisfied; and one was dissatisfied but did not self-identify or provide an improvement suggestion.

## ETF Operational Financial Reporting

### Administrative Appropriation Charges

Information on ETF administrative expenses through the third quarter of calendar year 2021 are reported below. ETF spent \$11.6 million on administrative expenses in the third quarter of calendar year 2021, a 9.3% increase from the third quarter of calendar year 2020, where ETF spent \$10.6 million. Growth in contractual services costs were the primary cause of the cost increase.

Year-to-year, for the year ending September 30, there was an approximately \$2.8 million increase in contractual services spending. This is the result of several IT modernization projects that are underway within ETF, including the acquisition and ongoing implementation of a new Enterprise Content Management (ECM) system and Insurance Administration System (IAS).

### Quarterly ETF Administrative Expenses (Third Quarter 2021)

Expense Summary	4th Quarter CY 2020	1st Quarter CY 2021	2nd Quarter CY 2021	3rd Quarter CY 2021	Year Ending 9/30/20	Year Ending 9/30/21
<b>Salary and Fringe (FTE)</b>	\$6,944,380	\$6,414,725	\$7,421,600	\$6,447,085	\$25,750,643	\$27,227,790
<b>Limited Term Employees (LTEs)</b>	\$63,825	\$52,591	\$66,384	\$70,034	\$239,436	\$252,834
<b>Supplies and Services</b>						
Contractual Services	\$3,158,276	\$3,865,515	\$4,569,885	\$3,157,984	\$14,112,540	\$14,751,660
IT	1,762,870	1,075,016	1,876,231	1,188,851	4,978,888	5,902,968
Rent	501,103	501,103	501,297	502,352	1,978,624	2,005,855
Mail	35,965	337,718	362,689	124,314	793,597	860,686
Travel/Training	12,312	12,031	14,953	16,068	134,394	55,364
Other/Misc.	483,670	321,155	(9,321)	100,605	1,149,645	896,109
Subtotal	\$5,954,196	\$6,112,538	\$7,315,734	\$5,090,174	\$23,147,688	\$24,472,642
<b>Total</b>	<b>\$12,962,401</b>	<b>\$12,579,854</b>	<b>\$14,803,718</b>	<b>\$11,607,293</b>	<b>\$49,137,767</b>	<b>\$51,953,266</b>

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on September 30, 2021 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.

**Quarterly Non-Benefit Disbursements Charged to Benefit Program Appropriations<sup>1</sup>**

Expense Summary	4th Quarter CY 2020	1st Quarter CY 2021	2nd Quarter CY 2021	3rd Quarter CY 2021	Year Ending 9/30/21
<b>Third-Party Administration</b>					
Health Insurance	\$4,705,813	\$2,787,985	\$5,992,964	\$4,590,599	\$18,077,362
Life Insurance	1,065,695	1,057,043	1,192,041	1,188,806	4,433,585
Income Continuation Insurance	576,404	649,551	914,832	457,416	2,598,203
ERA and Commuter Benefits	162,462	94,292	126,059	128,679	511,492
Wisconsin Retirement System	101,718	33,906	-	-	135,624
<b>Other Administrative</b>					
Health Data Warehouse	138,612	125,240	305,067	298,287	867,207
<b>Total Costs</b>	<b>\$6,750,705</b>	<b>\$4,748,017</b>	<b>\$8,530,963</b>	<b>\$6,593,787</b>	<b>\$26,623,472</b>

<sup>1</sup> Information is presented on a cash rather than accrual basis, resulting in the potential for material disbursement differences between quarters based on cash transaction timing.

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