



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

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***Correspondence Memorandum***

**Date:** February 25, 2022

**To:** Employee Trust Funds 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.**

**Contracts and Amendments Executed Since the December 2021 Update**

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

GRS satisfied its 2021 contract performance requirements and received satisfactory or better performance reviews by the Department of Employee Trust Funds (ETF) and the ETF Board. The GRS contract provides for an annual inflationary increase to GRS' retainer fee by the lower of the year-to-year inflationary increase or 3%. Since the November-November CPI-U inflation rate was 6.8%, GRS' retainer fee was increased by 3%. Therefore, GRS' retainer fee for services described in ETD0011 was increased from \$254,584 in calendar year (CY) 2021 to \$262,222 for CY 2022. GRS Amendment 17 was signed by the ETF secretary on December 14, 2021.

Milliman, Inc. Consulting Actuary for Wisconsin Group Insurance and Disability Programs

Milliman satisfied its 2021 contract performance requirements and received satisfactory performance reviews by ETF and the ETF Board. Consequently, the Milliman contract was amended to increase the retainer fee by the inflationary rate cap of 3%, as described above. Milliman's retainer fee for services described in RFP ETD0013 was increased from \$130,122 in calendar year (CY) 2021 to \$134,026 for CY 2022. Milliman Amendment 14 was signed by the ETF secretary on December 16, 2021.

Milliman Amendment 15 included additional work studying the impact of eliminating supplemental benefits from the state and local Income Continuation Insurance (ICI)

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary  
 Electronically Signed 3/8 /22

*Pamela L Henning*

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ETF	3.24.22	6D

Plans with costs not to exceed \$5,000 and provided services related to the Wellness & Disease Management request for proposals with costs not to exceed \$60,000. This amendment was signed by the ETF secretary on January 25, 2022.

## ETF Operational Financial Reporting

### Administrative Appropriation Charges

Information on ETF administrative expenses through the fourth quarter of calendar year 2021 are reported below. ETF spent \$13.5 million on administrative expenses in the fourth quarter of calendar year 2021, a 4.0% increase from the fourth quarter of calendar year 2020, where ETF spent \$13.0 million. Growth in salary and fringe costs were the primary cause of the cost increase.

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

Expense Summary	1st Quarter Calendar Year 2021	2nd Quarter Calendar Year 2021	3rd Quarter Calendar Year 2021	4th Quarter Calendar Year 2021	Year Ending 12/31/20	Year Ending 12/31/21
<b>Salary and Fringe (FTE)</b>	\$6,414,725	\$7,421,600	\$6,447,085	\$7,499,590	\$26,910,018	\$27,783,000
<b>Limited Term Employees (LTEs)</b>	\$52,591	\$66,384	\$70,034	\$60,603	\$233,352	\$249,612
<b>Supplies and Services</b>						
Contractual Services	\$3,865,515	\$4,569,885	\$3,157,984	\$3,152,595	\$14,364,206	\$14,745,979
IT	1,075,016	1,876,231	1,188,851	1,503,905	5,779,114	5,644,003
Rent	501,103	501,297	502,352	493,918	1,989,462	1,998,670
Mail	337,718	362,689	124,314	159,550	829,586	984,271
Travel/Training	12,031	14,953	16,068	41,636	76,838	84,688
Other/Misc.	321,155	-9,321	100,605	574,389	1,443,408	986,828
<b>Subtotal</b>	<b>\$6,112,538</b>	<b>\$7,315,734</b>	<b>\$5,090,174</b>	<b>\$5,925,993</b>	<b>\$24,482,614</b>	<b>\$24,444,439</b>
<b>Total</b>	<b>\$12,579,854</b>	<b>\$14,803,718</b>	<b>\$11,607,293</b>	<b>\$13,486,186</b>	<b>\$51,625,984</b>	<b>\$52,477,051</b>

**Program Appropriation Charges**

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on December 31, 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	1st Quarter CY 2021	2nd Quarter CY 2021	3rd Quarter CY 2021	4th Quarter CY 2021	Year Ending 12/31/21
<b>Third-Party Administration</b>					
Health Insurance	\$2,787,985	\$5,992,964	\$4,590,599	\$4,746,502	\$18,118,050
Life Insurance	1,057,043	1,192,041	1,188,806	1,099,438	4,467,328
Income Continuation Insurance	649,551	914,832	457,416	686,124	2,707,923
ERA and Commuter Benefits	94,292	126,059	128,679	129,774	478,804
Wisconsin Retirement System	33,906	-	-		33,906
<b>Other Administrative</b>					
Health Data Warehouse	125,240	305,067	298,287	118,500	847,094
<b>Total Costs</b>	<b>\$4,748,017</b>	<b>\$8,530,963</b>	<b>\$6,593,787</b>	<b>\$6,780,338</b>	<b>\$26,653,105</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.