



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

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## ***Correspondence Memorandum***

**Date:** May 26, 2022

**To:** Employee Trust Funds Board

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

**Subject:** Operational Updates on Procurement, Contract Administration, and Agency Spending

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

### **Contracts and Amendments Executed Since the March 2022 Update**

Clifton Larson Allen (CLA) Consulting

ETF's Deputy Secretary signed an engagement letter on May 4, 2022, with CLA to research the generally accepted accounting principles (GAAP) and provide the Department with options for allocating and reporting administrative activity and capital assets among the various employee benefit program financial statements prepared by ETF and shall not exceed \$50,000. The work will be started in May, with reports due August 2022.

Ice Miller LLP Federal Tax and Contract Counsel to the State of Wisconsin Employee Trust Funds Board for the Wisconsin Retirement System and related ETF programs

Amendment 1 extended the contract term from July 1, 2022, through June 30, 2023, and was signed by the ETF Secretary on March 21, 2022. Hourly billing rates remain the same as the previous year.

Milliman Consulting Actuary for Wisconsin Group Insurance and Disability Programs:

Amendment 16 with Milliman was signed by the ETF Secretary on April 21, 2022, to analyze the impact of decoupling sick leave from the income continuation insurance program with costs not to exceed \$40,000.

JANUS contract for Information Technology Audits and Consulting

Contract Amendment 3 was signed by the ETF Office of Internal Audit Director on May 12, 2022, extending the contract term from July 1, 2022, through June 30, 2023. The Amendment includes the following projects to be completed by JANUS: IT Security Controls Assessment, Breach Response Readiness Review, System Development Life Cycle Assessment, and IT Interfaces Audit.

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary  
 Electronically Signed 06/1/22

*Pamela L Henning*

Board	Mtg Date	Item #
ETF	6.23.22	5F

**ETF Operational Financial Reporting**Administrative Appropriation Charges

Information on ETF administrative expenses through the first quarter of calendar year 2022 are reported below. ETF spent \$13.13 million on administrative expenses in the first quarter of calendar year 2022, a 4.4% increase from the first quarter of calendar year 2021, where ETF spent \$12.58 million. Growth in salary and fringe costs were the primary cause of the cost increase.

**Quarterly ETF Administrative Expenses (1st Quarter 2022)**

Expense Summary	2nd Quarter CY 2021	3rd Quarter CY 2021	4th Quarter CY 2021	1st Quarter CY 2022	Year Ending 3/31/21	Year Ending 3/31/22
<b>Salary and Fringe (FTE)</b>	\$7,421,600	\$6,447,085	\$7,499,590	\$6,973,955	\$26,292,924	\$28,342,230
<b>Limited Term Employees (LTEs)</b>	\$66,384	\$70,034	\$60,603	\$41,161	\$220,000	\$238,182
<b>Supplies and Services</b>						
Contractual Services	\$4,569,885	\$3,157,984	\$3,152,595	\$3,432,972	\$14,675,020	\$14,313,436
IT	1,876,231	1,188,851	1,503,905	1,432,544	5,293,008	6,001,531
Rent	501,297	502,352	493,918	510,269	1,996,832	2,007,836
Mail	362,689	124,314	159,550	284,403	955,292	930,956
Travel/Training	14,953	16,068	41,636	15,471	36,859	88,128
Other/Misc.	-9,321	100,605	574,389	440,677	1,093,622	1,106,350
<b>Subtotal</b>	<b>\$7,315,734</b>	<b>\$5,090,174</b>	<b>\$5,925,993</b>	<b>\$6,116,336</b>	<b>\$24,050,633</b>	<b>\$24,448,237</b>
<b>Total</b>	<b>\$14,803,718</b>	<b>\$11,607,293</b>	<b>\$13,486,186</b>	<b>\$13,131,452</b>	<b>\$50,563,557</b>	<b>\$53,028,649</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	2nd Quarter CY 2021	3rd Quarter CY 2021	4th Quarter CY 2021	1st Quarter CY 2022	Year Ending 3/31/22
<b>Third-Party Administration</b>					
Health Insurance	\$5,992,964	\$4,590,599	\$4,746,502	\$4,191,639	\$19,521,705
Life Insurance	1,192,041	1,188,806	1,099,438	1,106,001	4,516,286
Income Continuation Insurance	914,832	457,416	686,124	450,208	2,508,580
ERA and Commuter Benefits	126,059	128,679	129,774	94,258	478,770
Wisconsin Retirement System	-	-	-	-	-
<b>Other Administrative</b>					
Health Data Warehouse	305,067	298,287	118,500	132,090	853,944
<b>Total Costs</b>	<b>\$8,530,963</b>	<b>\$6,593,787</b>	<b>\$6,780,338</b>	<b>\$5,974,196</b>	<b>\$27,879,285</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.