



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

Wisconsin Department  
of Employee Trust Funds  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## Correspondence Memorandum

**Date:** August 26, 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 June 2022 Update

#### Gabriel Roeder Smith (GRS) Consulting Actuary for Wisconsin Retirement System and Related Programs:

Amendment 18 with GRS was signed by the ETF secretary on June 9, 2022, updating the Other Governmental Service (OGS) calculation workbook with costs not to exceed \$6,000 and to be completed by October 31, 2022.

#### Compliance Audits of the Uniform Dental Benefits Contract:

Amendment #2 was signed by the ETF secretary on June 1, 2022, providing written consent for Claim Technologies Inc. (CTI) to assign Contract ETH0045 for the compliance audit of Uniform Dental Benefits to Brown and Brown of Massachusetts, LLC.

#### Application Programming Interface:

A change request was signed by the ETF secretary on June 14, 2022, with Carahsoft Technology Corporation for training courses for Mulesoft's API software for \$5,786.35.

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary  
Electronically Signed 9/7/22

Board	Mtg Date	Item #
ETF	9.22.22	6D

## ETF Operational Financial Reporting

### Administrative Appropriation Charges

Information on ETF administrative expenses through the second quarter of calendar year 2022 are reported below. ETF spent \$14.5 million on administrative expenses in the second quarter of calendar year 2022, a 1.9% decrease from the second quarter of calendar year 2021, where ETF spent \$14.8 million. Reduction in IT costs, in part due to decreases in DOA shared service costs, were the primary cause of the cost decrease.

### Quarterly ETF Administrative Expenses (Second Quarter 2022)

Expense Summary	3rd Quarter Calendar Year 2021	4th Quarter Calendar Year 2021	1st Quarter Calendar Year 2022	2nd Quarter Calendar Year 2022	Year Ending 6/30/21	Year Ending 6/30/22
<b>Salary and Fringe (FTE)</b>	\$6,447,085	\$7,499,590	\$6,973,955	\$7,658,785	\$26,877,209	\$28,579,415 <sup>1</sup>
<b>Limited Term Employees (LTEs)</b>	\$70,034	\$60,603	\$41,161	\$63,752	\$229,075	\$235,550
<b>Supplies and Services</b>						
Contractual Services	\$3,157,984	\$3,152,595	\$3,432,972	\$4,387,126	\$14,249,885	\$14,130,677
IT	1,188,851	1,503,905	1,432,544	1,445,819	5,556,961	5,571,119
Rent	502,352	493,918	510,269	490,065	2,008,230	1,996,604
Mail	124,314	159,550	284,403	424,689	982,299	992,956
Travel/Training	16,068	41,636	15,471	39,707	56,228	112,882 <sup>2</sup>
Other/Misc.	100,605	574,389	440,677	8,348	1,006,980	1,124,019
Subtotal	\$5,090,174	\$5,925,993	\$6,116,336	\$6,795,754	\$23,860,583	\$23,928,257
<b>Total</b>	<b>\$11,607,293</b>	<b>\$13,486,186</b>	<b>\$13,131,452</b>	<b>\$14,518,291</b>	<b>\$50,966,867</b>	<b>\$52,743,222</b>

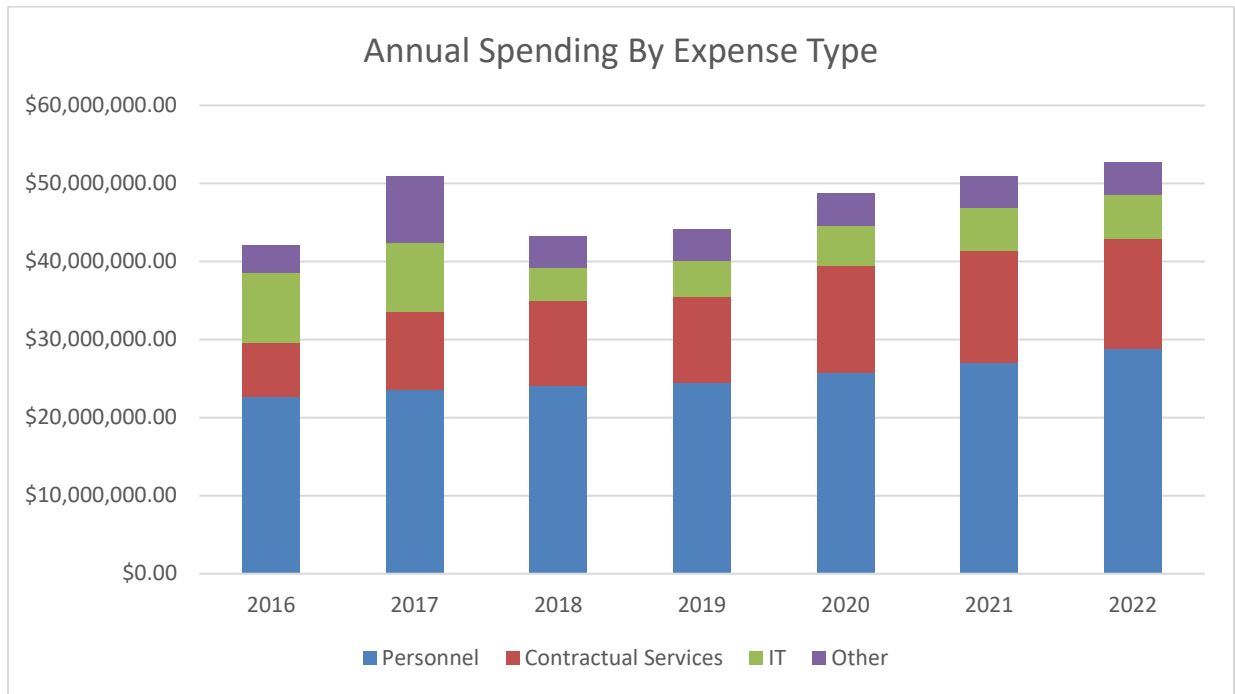
<sup>1</sup> Salary and Fringe expenses increased by approximately 6.0% between 6/30/21 and 6/30/22. This is primarily due to an increase in staff wages that resulted from a General Wage Adjustment in the Biennial Budget and lower vacancy rates.

<sup>2</sup> With the relaxation of COVID restrictions, travel and training expenses increased as ETF staff traveled to more conferences, trainings, and customer-related outreach events.

The State Fiscal Year (SFY) 2022 closed on June 30, 2022. ETF spent \$52.7 million in SFY 2022, a \$1.8 million (3.5%) increase from SFY 2021.

- Though spending increased in SFY 2022, it was below ETF's approved \$58.1 million operating budget. Total spending and encumbrances (i.e., the amount of money in the budget set-aside for future spending/obligations) totaled \$56.0 million, which was \$2.1 million less than budgeted.
- Spending increases were largely driven by a \$1.7 million increase in Salary and Fringe expenses, which resulted from lower vacancy rates and general wage adjustments.

**Annual ETF Expenses by Expense Type**  
(SFY 2016 – SFY 2022)



**SFY 2023 - ETF Operating Budget**

For SFY 2023, ETF approved a \$61.0 million operating budget, which includes \$55.2 million in new spending authority and \$5.8 million in continuing (carryover) spending authority (out of \$13.5 million total continuing spending authority at the start of SFY 2023).

- Agency spending is expected to increase in SFY 2023 as modernization efforts continue.
- Modernization-related IT expenses anticipated in SFY 2023 include (but are not limited to) implementation costs of an insurance administration system, an identify proofing solution part of the Technology Program and address validation software needed to continue to build ETF's data management program.

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on June 30, 2022, are reported below. Reported costs include third-party administration 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	Qtr 3 Calendar 2021	Qtr 4 Calendar 2021	Qtr 1 Calendar 2022	Qtr 2 Calendar 2022	Year Ending 6/30/22
<b>Third-Party Administration</b>					
Health Insurance	\$4,590,599	\$4,746,502	\$4,191,639	\$4,941,133	\$18,469,874
Life Insurance	1,118,806	1,099,438	1,106,001	1,147,978	4,472,223
Income Continuation Insurance	457,416	686,124	450,208	1,107,500 <sup>2</sup>	2,701,248
ERA and Commuter Benefits	128,679	129,774	94,258	127,014	479,725
Wisconsin Retirement System	-	-	-	-	-
<b>Other Administrative</b>					
Health Data Warehouse	298,287	118,500	132,090	146,500	695,377
<b>Total Costs</b>	<b>\$6,593,787</b>	<b>\$6,780,338</b>	<b>\$5,974,196</b>	<b>\$7,470,125</b>	<b>\$26,818,447</b>

<sup>1</sup> Information is presented on a cash rather than accrual basis.

<sup>2</sup> ICI reported 2 months of fees in 1Q compared to 5 months in 2Q. Like prior years, in 2Q there are 4 payments made in order to record expenses in the correct fiscal year. In 1Q 2022, there was a delay in receiving the invoice from the Hartford, so the expense was not paid until 2Q.

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