

Draft

MINUTES

December 8, 2022

Employee Trust Funds Board

State of Wisconsin



Location:

Hill Farms State Office Building – Room N134
4822 Madison Yards Way, Madison WI 53705

ETF BOARD MEMBERS PRESENT:

William Ford, Chair
Steve Wilding, Secretary
Jen Flogel
Chris Heller
Angela Miller

Amy Mizialko *
Leilani Paul
Roberta Rasmus
David Schalow

BOARD MEMBERS NOT PRESENT:

Stephen Arnold
John David

Wayne Koessl
Katy Lounsbury

PARTICIPATING EMPLOYEE TRUST FUNDS STAFF:

Office of the Secretary:
John Voelker, Secretary
Shirley Eckes, Deputy Secretary
Pam Henning, Assistant Deputy
Secretary
Cheryllynn Wilkins, Board Liaison
Office of Policy, Privacy & Compliance:
Laura Patterson, Policy Analyst
Division of Retirement Services:

Matt Stohr, Administrator
Anne Boudreau, Deputy
Administrator
Office of Enterprise Initiatives:
Michelle Baxter, Director
Katherine Fitzgerald, Transition
Manager

OTHERS PRESENT:

ETF Budget, Contract Administration &
Procurement: Tim Steiner *
ETF Division of Management Services:
Taylor DeBroux, Victor Dupuy *,
Patrick Hughes *
ETF Division of Retirement Services:
Jim Guidry

ETF Office of Communications:
Mark Lamkins *
ETF Office of Internal Audit (OIA):
Shellee Bauknecht *, Michelle
Hoehne *, Kurt Petrie, Yikchau Sze,
Amanda Williams

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ETF Office of Legal Services (OLS):
Laura Brauer, Diana Felsmann, Dan
Hayes, Peter Rank

ETF Office of Policy, Privacy &
Compliance: Steve Hurley

ETF Office of the Secretary: Tarna
Hunter, Kimberly Schnurr, Kathryn
Young

Legislative Audit Bureau (LAB):
Erin Scharlau *
WisconsinEye *

* Attended via teleconference

Bill Ford, Chair, called the meeting of the Employee Trust Funds Board (Board) to order at 12:30 p.m.

ANNOUNCEMENT

Mr. Stohr made the following announcements:

- An opinion survey was sent to board members about the actuaries for the Wisconsin Retirement System (WRS) and the disability programs – thank you for completing the survey. Both actuaries received high marks and ETF will continue their contracts.
- The ETF Board has two terms that are set to expire in 2023 and those vacating seats are up for election. The two seats are the WRS Annuitant member and Educational Support Personnel member. The WRS Annuitant member election received four self-nominations. The ballots will be sent the week of January 9, 2023. There were three calls for nominations for the Educational Support Personnel member seat; these did not attract any candidates. Effective May 1, 2023, this seat will remain vacant until the 2024 election cycle.

The Board asked why Ms. Paul, who is the Educational Support Personnel member on the Board, could not continue to serve in the seat after her term expired, while other seat holders could continue to serve. Mr. Hayes provided information regarding elected versus appointed seats. Mr. Hayes affirmed that the statutes state elected seat holders cannot continue to serve after their term expires. In addition, Ms. Paul no longer meets the eligibility requirements of the seat.

CONSIDERATION OF MEETING MINUTES

MOTION: Mr. Heller moved to approve the open and closed session minutes of the September 22, 2022, meeting of the Employee Trust Funds Board, as submitted by the Board Liaison. Ms. Rasmus seconded the motion, which passed unanimously on a voice vote.

COMMITTEE REPORTS

Executive Committee

Mr. Ford noted that the Executive Committee met via teleconference on December 7, 2022. The committee approved minutes, reviewed the Board's agenda, and discussed the actions that need to be acted upon. Ms. Eckes provided the committee with some of the Department's highest-value strategic/objective accomplishments from the past quarter. Ms. Henning provided the quarterly Human Resource report including key staff vacancies, and other workforce-related activities. ETF continues to be able to hire from within. The three key hires were promotions from within the agency.

Audit Committee

Ms. Paul noted that the Audit Committee met this morning. The committee discussed the results of an internal audit of Department Terms and Conditions (DTC). The audit was to determine whether ETF has processes in place to ensure DTCs are appropriately maintained and applied. The audit did not identify significant concerns with the maintenance and application of ETF's DTCs but provided two process improvement considerations. Another internal audit was the Interest Crediting audit that found no concerns with the internal controls over the process. The committee also discussed ETF's Third-Party Administrator (TPA) Contract Compliance Oversight for calendar year 2022. They conducted its annual review of the Audit Committee Charter and Internal Audit Charter and approved minor revisions. Following the Internal Audit Standards, the OIA Director confirmed to the Committee the independence of the internal audit function at ETF and reported to the Committee the quality assurance and improvement program of the OIA. After receiving the FY2022-FY2023 Audit Plan update, the committee met in closed session to discuss Janus' assessment of the security controls on ETF's Enterprise Content Management system and Master Data Management system.

Budget and Operations Committee

Ms. Rasmus noted the Budget and Operations Committee met this morning. The committee discussed the following matters:

- Mr. Stohr provided an operations update and shared two important recent successes for ETF.
 - 1) The completion of the project to update tax forms and ETF's publications to comply with the state and federal tax changes that go into effect in 2023.
 - 2) Closure of the health insurance open enrollment period in late October. This year ETF's Call Center answered 21% more calls compared to last year. The primary reason for the increase in calls from members was that many people needed to switch from WEA Trust to a new health insurance provider.
- Ms. Baxter provided an update on the ETF's modernization projects. Currently, the key focus is the Insurance Administration System (IAS). A presentation will be provided to the full Board today.
- Ms. Hunter covered ETF's 2023-2025 state budget request that was submitted to the Department of Administration (DOA) in October. Ms. Hunter also talked about the make-up of the 2023-24 state legislature.
- Ms. Henning presented ETF's Organizational North Star Metrics report.

Discussion / Consideration

Board Policies and Format Update

Ms. Patterson (Ref. ETF | 12.08.22 | 4A) reminded the Board of the presentation at the Joint Meeting this morning.

MOTION: Mr. Heller moved to replace the current Board policies with a unified Board Policies and Procedures document. Ms. Fogel seconded the motion, which passed on the following roll call vote.

Members Voting Aye: Fogel, Ford, Heller, Miller, Mizialko, Paul, Rasmus, Schalow, Wilding

Members Absent: Arnold, David, Koessl, Lounsbury

Operational Updates

Insurance Administration System (IAS) Update

Ms. Baxter and Ms. Fitzgerald (Ref. ETF | 12.08.22 | 5A) provided an overview of the IAS project thus far.

Ms. Baxter talked about ETF's modernization strategy. The IAS will be a secure way to provide online tools for ETF members. ETF wants to create an effortless customer experience by optimizing its processes.

ETF is partnering with Benefitfocus to provide the IAS solution, referred to as Benefitplace. Ms. Fitzgerald stated that IAS would assist with eligibility and enrollment, data management, reporting and analytics, COBRA administration, billing and payments, communication and engagement, and web-based services. Benefitplace is a commercial off-the-shelf solution allowing ETF to adopt best practices inherent in the system but requires significant process changes. Ms. Fitzgerald provided an updated project timeline, with the planned go-live date of June 2024.

Some of the key accomplishments to date:

- Established standard base configuration.
- Completed testing with no critical errors outstanding.
- Kicked off the first employer phase with University of Wisconsin.
- Initiated local employer outreach including obtaining intake information for discovery.

Ms. Baxter discussed project risks, including timeline, resources, and budget as well as employer and third-party administrator readiness.

Mr. Stohr reviewed which ETF-administered benefit programs will be covered by the IAS. Currently, all of them are under the purview of the Group Insurance Board. He also explained ETF's approach to modernization and IT system replacement.

Secretary's Report

Mr. Voelker stated he continues to look for signs that ETF can be successful in fulfilling its strategic direction. Organizational agility is one key indicator and Mr. Voelker provided two examples of ETF's ability to be agile.

- Group Health Insurance Program - Early in 2022, ETF had no idea that one of its health care providers would drop out of the program. With WEA Trust's departure and the disruption for 52,000 participants, this had significant impact across ETF. During the Its Your Choice (IYC) open enrollment period, the Call Center was hit the hardest. Staff worked overtime and staff outside of the Call Center were reassigned to assist. The average speed of answers exceeded 10 minutes when last year's IYC period average speed of answer was less than two minutes.
- W4-P form change – the IRS mandated a form and process change with relatively little advanced notice and time to implement. It took ETF 12 months and 54 people, requiring almost 8,000 IT hours to update three legacy systems.

Mr. Voelker noted two other indicators - employee engagement and their confidence in the organization as a whole. ETF had a good response rate from its annual staff engagement survey. 85% of staff see themselves working with ETF a year from now. The things they appreciate are flexibility, remote work, people, and culture. 83% feel they have proper work/life balance. 86% know how their individual work supports the strategic plan, which is excellent.

Mr. Voelker also highlighted that during a transformation like the one ETF is undergoing, surveying staff annually is not enough. Mr. Voelker explained how the executive team meets with every area of ETF each quarter to pose "pulse" questions to regularly assess staff engagement and to have good discussions with staff throughout the organization. A recent pulse question posed to staff related to their confidence in ETF's ability to implement and operationalize IAS. The results were good with the majority of staff being confident or highly confident in ETF's ability to implement IAS by June 2024 and operationalize the new system.

ETF Organizational North Star Metrics

Ms. Henning (Ref. ETF | 12.08.22 | 5C) discussed the ETF Organizational North Star Metrics report ending November 2022 and highlighted the following:

- Of 10 targets – one is completed, seven are on track, and two are significantly off-track.
- The Customer Experience (CX) roadmap was developed, and milestones met. This sets the stage for FY23 and beyond to enhance the CX. The first initiative focuses on setting up a governance structure.

- The two measures off-track this quarter are:
 - 1) Percent of Group Insurance Board-approved projects on schedule – The delay was largely due to staff needing to focus on the unanticipated departure of WEA Trust from the Group Health Insurance Program. Starting in December 2022, this measure will resume “active” status.
 - 2) IAS processes documented under Goal 2. The current state is well documented, but the future state is unknown. An adjustment has been made extending the future state documentation through 2024.

Ms. Henning highlighted the accomplishments under Goal 3: Build a talented and agile workforce. Most of the new employee performance management processes were rolled out. There are 17 functional competencies that cover all the jobs throughout the agency.

Mr. Ford referred the Board to the additional operational update memos (Ref. ETF | 12.08.22| 5D through 5E) included in the Board packets.

FUTURE ITEMS FOR DISCUSSION

Mr. Stohr referred the Board to the March 23, 2023 Agenda Topics memo (Ref. ETF | 12.08.22 | 6A).

ETF INFORMATIONAL SECURITY MANAGEMENT

Mr. Ford announced that the Board is going into closed session to discuss ETF’s Information and Security Management program and will be getting an update on security measures in place to protect information at ETF.

MOTION: Mr. Heller moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (d) to consider strategy for crime detection or prevention. Ms. Rasmus seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Flogel, Ford, Heller, Miller, Mizialko, Paul, Rasmus, Schalow, Wilding

Members Absent: Arnold, David, Koessl, Lounsbury

Limited ETF staff were invited to remain for closed session. The Board convened in closed session at 1:46 p.m. and reconvened in open session at 2:38 p.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Ford announced the Board received an update from ETF’s Chief Information Security Officer on the agency’s IT security management program and various initiatives to protect member and employer information. No action was taken.

ADJOURNMENT

Motion: Ms. Miller moved to adjourn the meeting. Ms. Flugel seconded the motion, which passed unanimously on a voice vote.

The Board adjourned at 2:47 p.m.

Date Approved: _____

Signed: _____

Steve Wilding, Secretary
Employee Trust Funds Board