



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: February 24, 2023

To: Employee Trust Funds Board

From: Joanne Klaas, Contract Specialist
Bureau of Budget, Contract Administration & Procurement

Subject: Delegation of authority to solicit proposals from qualified firms for a strategic partner for the search, selection, implementation, and oversight of a pension administration system

Staff request the Employee Trust Funds Board (Board) delegate its authority under Wis. Stat. § [40.03 \(1\)\(c\)](#) to the Secretary or designee of the Department of Employee Trust Funds (Department) to solicit proposals from qualified firms to be a strategic partner for the search, selection, implementation, and oversight of a pension administration system.

The Department's modernization initiative is a continuing effort that addresses the Department's outdated systems and processes using modern technology solutions and industry best practices. As part of its strategy, the Department will implement multiple commercial-off-the-shelf (COTS) solutions, each with a specific function to assist with the Department's modernization efforts, including imaging, data, technology, insurance administration, pension administration and customer relationship management.

Several of the COTS solutions have been implemented by the Department already, including Enterprise Content Management, which functions to capture images, store, retrieve, share, manage, and integrate information, as well as case (workflow) creation and management. The Data Management Program includes a master data management tool that standardizes, cleanses and stores member data and the application programming interface that allows all of the COTS solutions to communicate with each other. The Department is in the process of implementing the insurance administration system.

Pamela L Henning

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary
Electronically Signed 03/03/23

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Procurement of a Strategic Partner for the search, selection, implementation, and oversight of a pension administration system.

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The Pension Administration System (PAS) is the next and largest solution to be procured. The Department believes that partnering with a consultant will provide the necessary benefits administration industry and COTS vendor expertise while leveraging the skills and knowledge of Department staff. Procuring consultant services via the Board's authority under Wis. Stat. § 40.03 (1)(c) provides the Board and the Department with the necessary flexibility while ensuring that appropriate oversight is maintained.

In 2011, staff received permission to procure a consultant to assist the Department with modernization and hired LRWL (now Segal) to provide those services under contract ETB0033. The term of that contract, including its extensions, ends December 31, 2023. To reevaluate the experience, qualifications, and cost of vendors in this field, staff recommend the Department conduct a new Request for Proposals (RFP) for a consultant to assist with the PAS project.

Should the Board agree with this recommendation, Department staff would complete the necessary research and release an RFP for a consultant in early 2023. Staff will provide updates to the Board on this procurement at subsequent Board meetings.

The Board is authorized by law to employ or select contractors as required for the effective administration of the Trust. The Board may delegate its powers and duties as deemed necessary and desirable. The Department believes that delegating this task is appropriate, as it provides the flexibility to acquire critical resources while ensuring the necessary oversight to meet the Board's fiduciary duty.

Staff will be available at the Board meeting to answer any questions.