



STATE OF WISCONSIN
Department of Employee Trust Funds
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SECRETARY

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Correspondence Memorandum

Date: February 24, 2023
To: Employee Trust Funds Board
From: Tim Steiner, Director
Bureau of Budget, Contract Administration and Procurement
Subject: Procurement and Contract Administration

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

Current Status of Active ETF Board Contracts

Milliman Consulting Actuary for Wisconsin Group Insurance and Disability Programs
Amendment #18 with Milliman was signed by the ETF secretary on December 14, 2022. This amendment increased Milliman's retainer fee by 3% for calendar year 2023, to \$138,047, for services described under request for proposals ETD0013.

Amendment #19 with Milliman was signed by the ETF secretary on December 15, 2022. This amendment was for additional analysis on the standard/supplemental coverage changes that were approved by the GIB in November for \$1,079.44.

Amendment #20 with Milliman was signed by the ETF secretary on January 13, 2023. This amendment was for income continuation insurance (ICI) age discrimination in employment act (ADEA) benefit schedule analysis for \$20,000.

Gabriel Roeder Smith Actuary for Wisconsin Retirement System and Related Programs
Amendment #19 with GRS was signed by the ETF secretary on December 14, 2022. This amendment increased GRS' retainer fee by 3% for calendar year 2023 to \$270,089 for services described under request for proposals ETD0011.

Pamela L Henning

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary
Electronically Signed 03/06/23

Board	Mtg Date	Item #
ETF	3.23.23	7L

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 #2 extended the contract term from July 1, 2023 through June 30, 2024 and was signed by the ETF secretary on January 27, 2023. Hourly billing rates remain the same as the previous year.

Identity Proofing Project

ETF is conducting proof-of-concept testing in preparation for negotiating a contract. Establishing an identity proofing vendor will ensure ETF's planned expansion of online service offerings to members will be fully secure and is a critical component of ETF's modernization initiative.

ETF Operational Financial Reporting

Administrative Appropriation Charges

Information on ETF administrative expenses through the 4th Quarter of Calendar Year 2022 are reported below. ETF spent \$14.2 million on administrative expenses in the 4th quarter of calendar year 2022, a 5.2% increase from the 4th Quarter of Calendar Year 2021, where ETF spent \$13.5 million. An increase in Salary and Fringe costs was the primary cause of the cost increase.

Year-to-year, for the year ending 12/31, spending was equivalent, with only a \$466,000 increase from the year ending 12/31/21 to the year ending 12/31/22 (less than a 1% increase).

Quarterly ETF Administrative Expenses (4th Quarter 2022)

Expense Summary	1st Quarter CY 2022	2nd Quarter CY 2022	3rd Quarter CY 2022	4th Quarter CY 2022	Year Ending 12/31/21	Year Ending 12/31/22
Salary and Fringe (FTE)	\$6,973,955	\$7,658,785	\$6,616,666	\$7,948,310	\$27,783,000	\$29,197,716
Limited Term Employees (LTEs)	\$41,161	\$63,752	\$69,472	\$51,468	\$249,612	\$225,853
Supplies and Services						
Contractual Services	\$3,432,972	\$4,387,126	\$2,916,661	\$3,340,120	\$14,745,979	\$14,076,879
IT	1,432,544	1,445,819	766,232	1,710,425	5,644,002	5,355,020
Rent	510,269	490,065	466,431	466,850	1,998,670	1,933,615
Mail	284,403	424,689	61,360	133,453	984,270	903,905
Travel/Training	15,471	39,707	61,299	48,510	84,688	164,987
Other/Misc.	440,677	8,348	98,641	537,892	986,829	1,085,558
Subtotal	\$6,116,336	\$6,795,754	\$4,370,624	\$6,237,250	\$24,444,438	\$23,519,964
Total	\$13,131,452	\$14,518,291	\$11,056,762	\$14,237,028	\$52,477,050	\$52,943,533

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on December 31, 2022 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 Appropriations¹

Expense Summary	1st Quarter CY 2022	2nd Quarter CY 2022	3rd Quarter CY 2022	4th Quarter CY 2022	Year Ending 12/31/22
Third-Party Administration					
Health Insurance	\$4,191,639	\$5,104,312	\$4,082,729	\$5,168,104	\$18,546,784
Life Insurance	1,106,001	1,147,978	1,117,551	1,108,500	4,480,030
Income Continuation Insurance	450,208	1,107,500	664,500	664,500	2,886,708
ERA and Commuter Benefits	94,258	127,014	126,621	127,806	475,700
Other Administrative					
Health Data Warehouse	132,090	146,500	-	422,787 ²	701,377
Total	\$5,974,196	\$7,633,304	\$5,991,402	\$7,491,697	\$27,090,599

¹ 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.

² Fourth Quarter Health Data Warehouse administrative fees include a Benefits Mentor milestone charge of \$179,897 in addition to 3rd Quarter and 4th Quarter monthly fees (\$40,500/month).

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