



STATE OF WISCONSIN
Department of Employee Trust Funds
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Correspondence Memorandum

Date: June 7, 2023
To: Employee Trust Funds Board
From: Tim Steiner, Director
 Bureau of Budget, Contract Administration and Procurement
Subject: Procurement, Contract, and Program Appropriation Updates

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

Current Status of Active ETF Board Contracts

Identity Proofing Project

The Department of Employee Trust Funds (ETF) is in contract negotiations. 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 First Quarter (Q1) of Calendar Year (CY) 2023 are reported below. ETF spent \$14.1 million on administrative expenses in the Q1 of CY 2023, a 7.3% increase from Q1 of CY 2022, where ETF spent \$13.1 million. An increase in Contracted Services costs was the primary cause of the cost increase.

Year-to-year, for the year ending 3/31, spending increased by approximately \$1.7 million (a 3.2% increase). This was principally due to higher salary costs (\$1.0 million) and higher contracted service costs (\$0.7 million).

Pamela L Henning

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary
 Electronically Signed 06/07/23

Board	Mtg Date	Item #
ETF	06.22.23	5I

Quarterly ETF Administrative Expenses (Q1 CY 2023)

Expense Summary	Q2 CY 2022	Q3 CY 2022	Q4 CY 2022	Q1 CY 2023	Year Ending 3/31/22	Year Ending 3/31/23
Salary and Fringe (FTE)	\$7,658,785	\$6,616,666	\$7,948,310	\$7,076,370	\$28,024,206	\$29,300,131
Limited Term Employees (LTEs)	\$63,752	\$69,472	\$51,468	\$49,403	\$238,773	\$234,094
Supplies and Services						
Contractual Services	\$4,387,126	\$2,916,661	\$3,340,120	\$4,234,387	\$14,136,357	\$14,878,294
IT	\$1,445,819	\$766,232	\$1,710,425	\$981,481	\$5,830,083	\$4,903,957
Rent	\$490,065	\$466,431	\$466,850	\$466,473	\$2,004,854	\$1,889,820
Mail	\$424,689	\$61,360	\$133,453	\$620,418	\$869,371	\$1,239,920
Travel/Training	\$39,707	\$61,299	\$48,510	\$21,471	\$82,494	\$170,988
Other/Misc.	\$8,348	\$98,641	\$537,892	\$635,437	\$1,033,301	\$1,280,317
Subtotal	\$6,795,754	\$4,370,624	\$6,237,250	\$6,959,667	\$23,956,461	\$24,363,296
Total	\$14,518,291	\$11,056,762	\$14,237,028	\$14,085,440	\$52,219,440	\$53,891,521

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on 3/31/23 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	Q2 CY 2022	Q3 CY 2022	Q4 CY 2022	Q1 CY 2023	Year Ending 3/31/23
Third-Party Administration					
Health Insurance	\$5,104,312	\$4,082,729	\$5,168,104	\$4,626,770	\$18,981,915
Life Insurance	1,147,978	1,117,551	1,108,500	1,110,791	4,484,820
Income Continuation Insurance	1,107,500	664,500	664,500	664,500	3,101,000
ERA and Commuter Benefits	127,014	126,621	127,806	95,394	476,836
Other Administrative					
Health Data Warehouse	146,500	-	422,787 ²	144,585	713,872
Total	\$7,633,304	\$5,991,402	\$7,491,697	\$6,642,039	\$27,758,442

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 Third Quarter and Fourth Quarter monthly fees (\$40,500/month).

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