



STATE OF WISCONSIN
Department of Employee Trust Funds
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 SECRETARY

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Correspondence Memorandum

Date: November 15, 2023

To: Employee Trust Funds Board

From: Tim Steiner, Director
 Bureau of Budget, Contract Administration and Procurement

Subject: Procurement, Contract, and Program Appropriation Charging Updates

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

Current Status of Active Employee Trust Funds Board (Board) Contracts

Carahsoft Contract for Master Data Management (MDM) Software

Amendment #3 to this contract extends the Department of Employee Trust Funds' (ETF's) subscription to Semarchy's MDM software from November 1, 2023, through October 31, 2024, for \$199,000. It was signed by the ETF Secretary on September 20, 2023.

Carahsoft Contract for Application Programming Interface (API) Software

Amendment #3 to this contract extends ETF's subscription to Salesforce/Mulesoft's API software from December 1, 2023, through November 30, 2024, for \$319,160.36. It was signed by the ETF Secretary on September 29, 2023.

Milliman Consulting Actuary for Wisconsin Group Insurance and Disability Programs

Contract Amendment #21 was signed by the ETF Secretary on September 29, 2023. The amendment was for "incurred but not reported" (IBNR) Experience Studies and Assumption Development for Duty Disability and Income Continuation Insurance Programs with a do-not-exceed limit of \$30,000.

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

Contract Amendment #20 was signed by the ETF Secretary on October 24, 2023. The amendment was for updating the Other Governmental Service (OGS) calculation workbook with a do-not-exceed limit of \$7,500.

Pamela L Henning

Reviewed and approved by Pam Henning, Assistant Deputy Secretary
 Electronically Signed 11/22/2023

Board	Mtg Date	Item #
ETF	12.14.23	5D

Contract Administration

ETF conducted an annual staff and Board survey regarding the 2023 performance of the WRS and Related Programs actuary, GRS and the Wisconsin Group Insurance and Disability Programs actuary, Milliman. These surveys are conducted to inform decisions on whether to extend the actuary contracts or initiate the 180-day termination notice; and if the contract is extended, what percent increase, if any, will be added to the actuary's current retainer fee for the following calendar year. Only staff who worked with one of these vendors in 2023 were asked to respond to the survey.

Wisconsin Retirement System and Related Programs Actuary

Nine ETF staff received the 2023 GRS survey and two responded. Both respondents were highly satisfied with GRS' performance. ETF staff were particularly impressed with GRS' quality and timely delivery of unscheduled requests this year.

11 Board members received the 2023 GRS survey, of which four responded. All respondents were satisfied or highly satisfied with GRS' performance. One respondent would like clear descriptions of the effects of assumption changes on contribution rates and annuity changes. Another respondent stated:

"The reports and analysis should [be] reflect the diversity of WRS participants, including women and minorities. It would be helpful to understand better how benefits and services are provided based on age, gender, and racial/ethnic differences."

Wisconsin Group Insurance and Disability Program Actuary

19 ETF staff received the 2023 Milliman survey, of which seven responded. The seven respondents were either satisfied or highly satisfied with Milliman's performance.

11 Board members received the 2023 Milliman survey, of which four responded. All respondents were satisfied or highly satisfied with Milliman's performance. One respondent stated:

"The reports reflect the lack of diversity among the actuaries - please remember that our members include women and minorities, and analyses should include breakdown of services by how they affect our sub-populations."

ETF Operational Financial Reporting

Administrative Appropriation Charges

Information on ETF administrative expenses through the Third Quarter (Q3) of Calendar Year (CY) 2023 are reported in Attachment A. ETF spent \$11.99 million on administrative expenses in Q3 CY 2023, an 8.5% increase from Q3 CY 2022, where ETF spent \$11.05 million. The total cost increase was primarily due to increases in Contractual Service and Salary/Fringe costs.

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on 9/30/23 are reported in Attachment B. 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.

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

Attachment A: Quarterly ETF Administrative Expenses (Q3 CY 2023)

Attachment B: Quarterly Non-Benefit Disbursements Charged to Benefit Program Appropriations

Attachment A: Quarterly ETF Administrative Expenses (Q3 CY 2023)

Expense Summary	Q4 CY 2022	Q1 CY 2023	Q2 CY 2023	Q3 CY 2023	Year Ending 9/30/22	Year Ending 9/30/23
Salary and Fringe (FTE)	\$7,948,310	\$7,076,370	\$7,926,949	\$6,927,685	\$28,748,996	\$29,879,314
Limited Term Employees (LTEs)	\$51,468	\$49,403	\$57,663	\$61,722	\$234,988	\$220,256
Supplies and Services						
Contractual Services	\$3,340,120	\$4,234,387	\$5,537,205	\$3,420,059	\$13,889,354	\$16,531,771
IT	\$1,710,425	\$981,481	\$1,332,072	\$918,216	\$5,148,500	\$4,942,194
Rent	\$466,850	\$466,473	\$467,682	\$381,719	\$1,960,683	\$1,782,724
Mail	\$133,453	\$620,418	\$435,482	\$94,606	\$930,002	\$1,283,959
Travel/Training	\$48,510	\$21,471	\$70,596	\$47,107	\$158,113	\$187,684
Other/Misc.	\$537,892	\$635,437	(\$203,808)	\$139,746	\$1,122,055	\$1,109,267
Subtotal	\$6,237,250	\$6,959,667	\$7,639,230	\$5,001,453	\$23,208,707	\$25,837,600
Total	\$14,237,028	\$14,085,440	\$15,623,842	\$11,990,859	\$52,192,691	\$55,937,169

Attachment B: Quarterly Non-Benefit Disbursements Charged to Benefit Program Appropriations*

Expense Summary	Q4 CY 2022	Q1 CY 2023	Q2 CY 2023	Q3 CY 2023	Year Ending 9/30/23
Third-Party Administration					
Health Insurance	\$5,168,104	\$4,626,770	\$5,879,538	\$4,118,742	\$19,793,153
Life Insurance	\$1,108,500	\$1,110,791	\$1,156,386	\$1,174,560	\$4,550,237
Income Continuation Insurance	\$664,500	\$664,500	\$664,500	\$664,500	\$2,658,000
ERA and Commuter Benefits	\$127,806	\$95,394	\$126,439	\$126,449	\$476,088
Other Administrative					
Health Data Warehouse	\$422,787 [†]	\$144,585	\$144,585	\$314,633	\$1,026,590
Total	\$7,491,697	\$6,642,039	\$7,971,447	\$6,398,883	\$28,504,067

* 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.

[†] 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).