



**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:** March 4, 2024

**To:** Employee Trust Funds Board

**From:** Tim Steiner, Director  
 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 ETF Board Contracts**

Linea Solutions Strategic Partner for Pension Administration Services

The Contract with Linea was signed by Secretary Voelker on December 18, 2023, and work reviewing the modernization roadmap began in February 2024.

Milliman Consulting Actuary for Wisconsin Group Insurance and Disability Programs

Contract Amendment #22 was signed by Secretary Voelker on December 18, 2023. The amendment increased the retainer fee by 3% to \$142,188 for calendar year 2024 services described under RFP ETD0013.

Segal Consulting - Consulting Actuary for Wisconsin Group Health Insurance Programs

Contract Amendment #25 was signed by Secretary Voelker on February 26, 2024. The amendment is for preparing other postemployment benefit information (OPEB information) for programs administered by ETF in which the State participates as an employer. The cost is \$120,000 paid by the Department of Administration.

Gabriel Roeder Smith Consulting Actuary for Wisconsin Retirement System and Related Programs

Contract Amendment #21 was signed by Secretary Voelker on December 18, 2023. The amendment increased the retainer fee by 3% to \$278,191 for calendar year 2024 services described under RFP ETD0011.

*Pamela L Henning*

Reviewed and approved by Pam Henning, Assistant Deputy Secretary  
 Electronically Signed 03/12/2024

Board	Mtg Date	Item #
ETF	03.28.24	6L

## **ETF Operational Financial Reporting**

### Administrative Appropriation Charges

Information on ETF administrative expenses through the fourth quarter (Q4) of calendar year (CY) 2023 are reported in Attachment A. ETF spent \$15.57 million on administrative expenses in the Q4 of CY 2023, a 9.3% increase from Q4 of CY 2022, where ETF spent \$14.24 million. The reason for the total cost increase has remained consistent with prior reported comparisons and is 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 December 31, 2023, 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 (Q4 CY 2023)

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

**Attachment A: Quarterly ETF Administrative Expenses (Q4 CY 2023)**

<b>Expense Summary</b>	<b>Q1 CY 2023</b>	<b>Q2 CY 2023</b>	<b>Q3 CY 2023</b>	<b>Q4 CY 2023</b>	<b>Year Ending 12/31/22</b>	<b>Year Ending 12/31/23</b>
<b>Salary and Fringe (FTE)</b>	\$7,076,370	\$7,926,949	\$6,927,685	\$8,532,865	\$29,197,716	\$30,463,869
<b>Limited Term Employees (LTEs)</b>	\$49,403	\$57,663	\$61,722	\$60,820	\$225,853	\$229,606
<b>Supplies and Services</b>						
Contractual Services	\$4,234,387	\$5,537,205	\$3,420,059	\$4,021,046	\$14,076,879	\$17,212,698
IT	\$981,481	\$1,332,072	\$918,216	\$1,642,046	\$5,355,020	\$4,873,814
Rent	\$466,473	\$467,682	\$381,719	\$339,775	\$1,933,615	\$1,655,649
Mail	\$620,418	\$435,482	\$94,606	\$142,036	\$903,905	\$1,292,542
Travel/Training	\$21,471	\$70,596	\$47,107	\$61,107	\$164,987	\$200,282
Other/Misc.	\$635,437	(\$203,808)	\$139,746	\$770,513	\$1,085,558	\$1,341,888
<b>Subtotal</b>	<b>\$6,959,667</b>	<b>\$7,639,230</b>	<b>\$5,001,453</b>	<b>\$6,976,523</b>	<b>\$23,519,964</b>	<b>\$26,576,873</b>
<b>Total</b>	<b>\$14,085,440</b>	<b>\$15,623,842</b>	<b>\$11,990,859</b>	<b>\$15,570,208</b>	<b>\$52,943,533</b>	<b>\$57,270,348</b>

**Attachment B: Quarterly Non-Benefit Disbursements Charged to Benefit Program Appropriations<sup>1</sup>**

<b>Expense Summary</b>	<b>Q1 CY 2023</b>	<b>Q2 CY 2023</b>	<b>Q3 CY 2023</b>	<b>Q4 CY 2023</b>	<b>Year Ending 12/31/23</b>
<b>Third-Party Administration</b>					
Health Insurance	\$4,626,770	\$5,879,538	\$4,118,742	\$5,391,612	\$20,016,661
Life Insurance	\$1,110,791	\$1,156,386	\$1,174,560	\$1,149,539	\$4,591,276
Income Continuation Insurance	\$664,500	\$664,500	\$664,500	\$664,500	\$2,658,000
ERA and Commuter Benefits	\$95,394	\$126,439	\$126,449	\$126,655	\$474,936
<b>Other Administrative</b>					
Health Data Warehouse	\$144,585	\$144,585	\$314,633	\$240,859	\$844,662
<b>Total</b>	<b>\$6,642,039</b>	<b>\$7,971,447</b>	<b>\$6,398,883</b>	<b>\$7,573,165</b>	<b>\$28,585,534</b>

<sup>1</sup> 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.