



STATE OF WISCONSIN
Department of Employee Trust Funds
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SECRETARY

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Correspondence Memorandum

Date: November 25, 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 Employee Trust Funds Board (Board) Contracts

Carahsoft Contract for Master Data Management (MDM) Software

Amendment 4 to this contract extends the subscription of the Department of Employee Trust Funds (ETF) to Semarchy's MDM software from November 1, 2024, to October 31, 2025, for \$199,000. It was signed by the ETF secretary on September 12, 2024.

Carahsoft Contract for Application Programming Interface (API) Software

Amendment 4 to this contract extends ETF's subscription to Salesforce/Mulesoft's API software from December 1, 2024, to November 30, 2025, for \$362,711.43. It was signed by the ETF secretary on September 24, 2024.

Pension Administration System

A Request for Proposal (RFP) for the above system was released in October 2024. Proposals were received November 18, 2024, and are being reviewed by the evaluation committee.

IT Audits and Consulting Contract

The contract with JANUS for IT Audits and Consulting ended on June 30, 2024. ETF released an RFP for similar services on June 25, 2024. Fifteen vendor proposals were received timely and reviewed by the RFP evaluation committee. A contract was awarded to Linea Solutions on October 9, 2024. The contract was signed by ETF's Office of Internal Audit director, Yikchau Sze. The initial term of the contract extends to June 30, 2026, and there is an option for renewal for three, one-year periods.

Reviewed and approved by Tarna Hunter, Director, Budget & Management
Electronically Signed 11/26/2024

Board	Mtg Date	Item #
ETF	12.12.24	5G

ETF Operational Financial Reporting

Administrative Appropriation Charges

Information on ETF administrative expenses through the third quarter (Q3) of calendar year (CY) 2024 are reported in Attachment A. ETF spent \$13.2 million on administrative expenses in Q3 of CY 2024, a 10.1% increase from Q3 of CY 2023, where ETF spent \$12.0 million. The reason for the total cost increase has remained consistent with prior reported comparisons and is primarily due to increases in contractual services costs.

Program Appropriation Charges

Information on non-benefit disbursements charged to ETF's benefit program appropriations for the one-year period ending on September 30, 2024, 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.
- Benefit disbursements made to participants.

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

Attachment A: Quarterly ETF Administrative Expenses (Q3 CY 2024)

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

Attachment A: Quarterly ETF Administrative Expenses (Q3 CY 2024)

Expense Summary	Q4 CY 2023	Q1 CY 2024	Q2 CY 2024	Q3 CY 2024	Year Ending 9/30/23	Year Ending 9/30/24
Salary and Fringe (FTE)	\$8,532,908	\$7,594,073	\$9,583,109	\$6,545,240	\$29,879,313	\$32,255,331
Limited Term Employees (LTEs)	\$60,820	\$55,342	\$90,406	\$64,939	\$220,254	\$271,506
Supplies and Services						
Contractual Services	\$4,021,046	\$4,819,349	\$5,684,982	\$4,569,683	\$16,531,772	\$19,095,060
IT	\$1,642,046	\$1,243,508	\$1,571,134	\$1,269,925	\$4,944,812	\$5,726,614
Rent	\$339,775	\$339,651	\$341,815	\$341,121	\$1,782,722	\$1,362,362
Mail	\$142,036	\$333,574	\$465,886	\$248,900	\$1,283,959	\$1,190,396
Travel/Training	\$61,107	\$35,402	\$51,316	\$58,384	\$187,685	\$206,209
Other/Misc.	\$770,513	\$601,176	(\$218,414)	\$100,653	\$1,106,648	\$1,253,928
Subtotal	\$6,976,523	\$7,372,659	\$7,896,719	\$6,588,667	\$25,837,597	\$28,834,569
Total	\$15,570,251	\$15,022,074	\$17,570,234	\$13,198,845	\$55,937,165	\$61,361,406

Attachment B: Quarterly Non-Benefit Disbursements Charged to Benefit Program Appropriations¹

Expense Summary	Q4 CY 2023	Q1 CY 2024	Q2 CY 2024	Q3 CY 2024	Year Ending 9/30/24
Third-Party Administration					
Health Insurance	\$5,391,612	\$4,677,209	\$5,826,800	\$4,316,603	\$20,212,223
Life Insurance	\$1,149,539	\$1,138,973	\$1,284,476	\$1,223,238	\$4,796,226
Income Continuation Insurance	\$664,500	\$664,500	\$664,500	\$664,500	\$2,658,000
ERA and Commuter Benefits	\$126,655	\$88,873	\$75,452	\$167,443	\$458,423
Wisconsin Deferred Compensation	\$655,990	\$655,990	\$655,990	\$655,990	\$2,623,960
Other Administrative					
Health Data Warehouse	\$240,859	\$151,562	\$148,922	\$171,422	\$712,766
Total	\$8,229,155	\$7,377,107	\$8,656,140	\$7,199,196	\$34,461,598

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.