



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](http://etf.wi.gov)

## Correspondence Memorandum

**Date:** March 24, 2025

**To:** Budget and Operations Committee  
Employee Trust Funds Board

**From:** Tarna Hunter, Budget and Management Director  
Office of Budget and Management

**Subject:** 2025-2027 Biennial Budget Update

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

On February 18, 2025, Governor Evers gave his 2025–2027 State Budget Address. The budget bill has been submitted to the Legislature, where both houses will spend the next few months analyzing the bill and making modifications. Usually, in summer, the Legislature will deliver an amended budget bill to the Governor for review, approval and/or partial veto. The period covered by the budget request is July 1, 2025 – June 30, 2027. The schedule for review and action by the Governor and Legislature is anticipated to be as follows:

<u>Stage</u>	<u>Anticipated Schedule</u>
Agency Budget Request Due	September 2024
Governor Issues Budget Recommendations	January – February 2025
Review and Action by the Joint Committee on Finance (JCF)	February – June 2025
Action by Full Legislature	June 2025
Final Enacted Budget	July 2025

*Pamela L Henning*

Reviewed and approved by Pam Henning, Assistant Deputy Secretary  
Electronically Signed 03/24/2025

Board	Mtg Date	Item #
BUD	03.27.25	5
ETF	03.27.25	6A

## Department of Employee Trust Funds Summary of Fiscal 2025-2027 Biennial Budget Request

(Updated March 23, 2025)

	FY 2026 FTE	FY 2026 Funding	FY 2027 FTE	FY 2027 Funding
<b>Adjusted Base – SEG<sup>i</sup></b>	287.20	\$64,117,200	287.20	\$64,117,200
<b>Adjusted Base – GPR<sup>ii</sup></b>	0.00	\$12,900	0.00	\$12,900
<b>ETF Request Over Base<sup>iii</sup> - SEG</b>	9.00	\$17,143,200	9.00	\$16,985,400
<b>ETF Request Over Base<sup>iv</sup> - GPR</b>	0.00	(\$700)	0.00	(\$4,900)
<b>Governor's Recommendations</b>	4.00	\$14,832,900	4.00	\$14,938,600
<b>Joint Committee on Finance</b>				
<b>Legislature</b>				
<b>Final Enacted Budget</b>				

<sup>i</sup> SEG = Segregated funding

<sup>ii</sup> GPR = General Purpose Revenue funding

<sup>iii</sup> Includes new initiatives and standard technical adjustments.

<sup>iv</sup> GPR funding is a reduction from 2023-2025 biennium.

Over the 2025-2027 biennium, ETF's budget marks an increase from the adjusted base of approximately 23.2% all funds. Below is a table detailing ETF's funding request for the 2025-2027 biennium by funding item.

Funding Item	FY 2026		FY 2027	
	Funding (\$)	FTE (#)	Funding (\$)	FTE (#)
<b>Adjusted Base</b>	<b>\$64,130,100</b>	<b>287.20</b>	<b>\$64,130,100</b>	<b>287.20</b>
<b>Standard Budget Adjustments<sup>v</sup></b>	<b>\$248,600</b>	<b>-</b>	<b>\$248,600</b>	<b>-</b>
<b>New Budget Requests</b>	<b>\$14,584,300</b>	<b>4.0</b>	<b>\$14,690,000</b>	<b>4.0</b>
Pension Admin. System Replacement	\$14,200,000	-	\$14,200,000	-
Risk Management & IT Security Non-Staff	\$0	-	\$0	-
Risk Management & IT Security Staff	\$0	0.0	\$0	0.0
Actuarial Reporting	\$114,200	1.0	\$147,700	1.0
Locating Missing WRS Participants	\$0	0.0	\$0	0.0
Critical Customer Support	\$155,500	2.0	\$198,100	2.0
Office of Internal Audit	\$115,300	1.0	\$149,100	1.0
Annuity Supplements (Adjustment)	(\$700)	-	(\$4,900)	-
<b>Total</b>	<b>\$78,963,000</b>	<b>291.20</b>	<b>\$79,068,700</b>	<b>291.20</b>

<sup>v</sup> Includes full funding of positions, turnover reduction, overtime, night, and weekend differential pay, and agency space use.

Upon initial review, we have identified several provisions affecting ETF and/or Wisconsin Retirement System (WRS) benefit programs. Some of the highlights include:

### **ETF Administration and Oversight**

- **General Wage Adjustments** – Provides general wage adjustments for most state employees of 5% on July 1, 2025, and an additional 4% on July 1, 2026.
- **Full Funding of Salary and Fringe Benefits** – Continues full funding of ETF's current operations. The proposed ETF 2025-27 budget consists of an overall funding increase of approximately 20%.
- **Pension Administration Replacement Project** – Provides a permanent increase to base funding of \$14,200,000 annually to support the replacement of ETF's antiquated Pension Administration System.
- **ETF Modernization Report** – Repeals a provision that requires ETF to submit an annual report on its modernization effort to the Joint Committee on Finance and the Secretary of the Department of Administration. Instead, require ETF submit a report on its progress modernizing its business processes and integrating its information technology systems, including various fiscal information, with ETF's biennial budget request.
- **Critical Customer Support Needs** – Provides 2.0 FTE Trust Funds Specialist (Permanent) positions to maintain basic, critical customer service functions for members to help address increased demand for member support services.
- **Actuarial Compliance and Reporting** – Provides 1.0 FTE Actuarial Analyst (Permanent) position to fulfill ETF's actuarial responsibilities related to actuarial valuations and financial reporting.
- **Internal Auditor** – Provides 1.0 FTE Auditor Advanced (Permanent) position. Creates the Office of Internal Audit attached to ETF. The bill requires the ETF Board to appoint an internal auditor and internal audit staff within the classified service who report directly to the ETF Board. ETF's internal auditor and staff shall continue to serve until the ETF Board makes an appointment under this provision.

### **Retirement Services**

- **Domestic Partnerships** – Reinstates domestic partnership benefits for all state and local government employee insurance programs administered by the Department of Employee Trust Funds.

- **Return to Work Law** – Provides that retirees can return to a WRS employer if: (a) at least 30 days have passed since the employee left employment with a participating employer; (b) the employee does not have an agreement to return to work; and (c) the employee elects to not become a participating employee in the WRS.

### **Health Insurance**

- **Health Insurance** – Changes the date that an employee is eligible for health insurance to the first day of the second month for most state employees other than limited-term appointments.
- **Infertility Treatment Coverage** – Requires health insurance policies and self-insured governmental health plans cover diagnosis of and treatment for infertility and standard fertility preservation services.
- **Special Enrollment for Pregnancy** – Creates a special enrollment period for pregnant individuals, and any individual who is eligible for coverage under the plan because of a relationship to the pregnant individual.
- **Prior Authorization Exemption** – Exempts health care providers from obtaining prior authorizations when certain exemptions are met, which will be set by the Commissioner of Insurance.
- **Emergency Ambulance Services Reimbursement** – Requires health plans to directly reimburse emergency medical providers within 30 days after a claim is submitted if the ambulance is requested by an emergency medical services practitioner, an emergency medical responder, a firefighter, a law enforcement officer, or a health care provider.
- **Application of Prescription Drug Payments** – Requires that manufacturers apply discounts received on brand-name prescription drugs to an individual's out-of-pocket maximum and deductible for the discount provided.
- **Dental Therapists, Mental Health Services Treatment Trainees, and Substance Abuse Counselors** – Provides that health plans cannot deny coverage for dental services performed by a dental therapist, coverage for mental health or behavioral health services provided by a qualified treatment trainee, or coverage for alcohol or drug abuse treatment services provided by a substance abuse counselor if those services are covered when performed by a similar provider.
- **Telehealth Coverage** – Provides that health plans cannot deny, or limit treatment or services provided through telehealth if those same services are covered in person.

- **Inpatient Mental Health Coverage** – Provides that health plans who cover inpatient mental health services may not require prior authorization for the coverage of those services.

The Budget did not approve funding or positions for agency risk management and information security functions, positions for locating WRS missing participants, nor provide increased autonomy toward managing personnel.

Staff will be at the Board and Committee meetings to answer any questions.