



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: October 19, 2012
TO: Group Insurance Board
FROM: Tarna Gahan-Hunter, Legislative Liaison
Office of Communications and Legislation
SUBJECT: Legislative Update

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

2013 - 2015 Biennial Budget – Pursuant to s. 40.02 (2) (c) of the Wisconsin Statutes, the Employee Trust Funds (ETF) Secretary has estimated the administrative costs to be incurred by ETF over the 2013 - 2015 fiscal biennium, based upon ETF's strategic needs and priorities. That estimate formed the basis of ETF's biennial budget request. On September 20, 2012, the ETF Board voted to support the request and on September 24, 2012, it was submitted to the Department of Administration and the Legislative Fiscal Bureau. The budget request covers the period of July 1, 2013 - June 30, 2015. In addition to providing funds for ongoing operations, ETF's budget request will support its mission and long-range strategic plan by providing 1) funding and flexibility for strategic plan implementation; 2) funding for the next phase of a statewide wellness initiative for health plan participants; and 3) statutory updates per the Internal Revenue Code.

- 1. Funding and Flexibility for Strategic Plan Implementation.** ETF requested \$5 million in Fiscal Year 2014 and \$8.5 million in 2015 to modernize its business processes and integrate its information technology systems. This funding will allow ETF to continue its Transformation, Integration and Modernization (TIM) initiative, which is a multi-year initiative to modernize ETF's business processes and systems. The outcome will be more cost-effective operations, enhanced online services, and increased capacity for the growing number of retirees. Of particular importance will be the efficiencies provided for public employers around the state.

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Signature

10/29/12
Date

Board	Mtg Date	Item #
GIB	11.13.12	7A

Anticipated modernization expenditures include business process analysis, financial management software, benefits administration software, hardware and software configuration and implementation costs, and strategic partner services.

Funding will also be used for limited-term employees to help backfill as permanent employees focus more on the TIM initiative and provide counseling services in locations outside of Dane County.

In addition to the funding request, ETF has asked for the flexibility to add positions and delete vacant positions with the approval of the Governor and Joint Finance Committee, as well as the flexibility to manage the operations budget over a two year period, as opposed to annually. These provisions will allow for more efficient management of the multi-year modernization initiative.

2. **Funding for Statewide Wellness Initiative for Health Plan Participants.** This initiative is a continuation of past efforts to increase health care quality and value. ETF will coordinate with health plans on program design and implementation, as well as work with employers to engage employees and provide them with information they need to make good decisions regarding their health. ETF is requesting two positions to support this effort.
3. **Statutory Updates per the Internal Revenue Code.** This provision is comprised of a handful of technical statutory changes to ensure that the statutes are in compliance with the Internal Revenue Code.

No significant activity has taken place on legislation reported in previous Board memos since the 2011 - 2012 legislative session adjourned in March. The 2013 - 2014 legislative session will begin on January 7, 2013.

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