

EMPLOYEE TRUST FUNDS

Budget Summary							
Fund	2022-23 Base Year Doubled	2023-25 Governor	2023-25 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$65,000	\$49,300	\$49,300	\$0	0.0%	- \$15,700	- 24.2%
SEG	<u>105,424,600</u>	<u>120,010,600</u>	<u>118,555,900</u>	<u>- 1,454,700</u>	- 1.2	<u>13,131,300</u>	12.5
TOTAL	\$105,489,600	\$120,059,900	\$118,605,200	- \$1,454,700	- 1.2%	\$13,115,600	12.4%

FTE Position Summary					
Fund	2022-23 Base	2024-25 Governor	2024-25 Jt. Finance	Joint Finance Change to:	
				Governor	2022-23 Base
SEG	275.20	291.20	287.20	- 4.00	12.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$1,342,800	- \$846,000	\$496,800

Governor: Provide adjustments to the base totaling \$671,400 annually for: (a) turnover reduction, -\$634,600 annually; (b) full funding of continuing position salaries and fringe benefits, \$1,306,700 annually; (c) overtime, \$45,600 annually; (d) night and weekend differential pay, \$72,300 annually; and (e) full funding of lease and directed moves costs, -\$118,600 annually.

Joint Finance: Increase the rate used to calculate turnover reduction from 3% to 5% for all appropriations subject to a 3% turnover rate. Reduce funding under the turnover reduction standard budget adjustment by -\$423,000 annually.

2. RETIRED EMPLOYEES BENEFIT SUPPLEMENT RE-ESTIMATE [LFB Paper 106]

GPR	-\$15,700
-----	-----------

Governor/Joint Finance: Reduce estimated expenditures by \$4,600 in 2023-24 and \$11,100 in 2024-25 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is \$32,500.

3. INSURANCE ADMINISTRATION SYSTEM AND DATA MANAGEMENT [LFB Paper 335]

	Funding	Positions
SEG	\$11,736,800	7.00

Governor: Provide \$3,626,300 in 2023-24, \$8,110,500 in 2024-25, and 7.0 positions annually (4.0 permanent and 3.0 project) for the following: (a) insurance administration system ongoing costs (\$4,344,100 in 2024-25); (b) consulting services to assist with implementation of pension and insurance administration systems (\$2,160,000 annually); (c) data management expenses (\$950,400 annually); and (d) \$515,900 in 2023-24 and \$656,000 in 2024-25 for positions to assist with data management (2.0 permanent positions annually), IT development and quality assurance (2.0 permanent positions annually), and temporary trust fund specialist position coverage while existing subject matter experts participate in IT systems implementation and improvement (3.0 four-year project positions annually).

The insurance administration system, currently in development under contract, will replace the Department's current health insurance administration system as well as provide support for administration for other insurance programs, including life insurance, income continuation insurance, and supplemental benefits.

Funding for consulting services would be for planning and project oversight, business process reengineering, and organization change management. Data management expenses include costs for data integration, data quality improvement, and data governance.

Joint Finance: Include provision. In addition, specify that ETF may request that the Governor create or abolish a position that is funded from the Public Employee Trust Fund if the position would perform duties relating to modernizing business processes or integrating information technology systems of ETF. The Governor may approve or modify the request. If the Governor approves or modifies the request, require the Governor to notify the Joint Committee on Finance of his or her proposed action. Specify that the Committee would review the request under a 14-day passive review process. If a position is created, the salaries and fringe benefits of the position would be supported by monies from the trust fund.

Further, specify that, for the purpose of modernizing business processes or integrating information technology systems, EFT may request that the Governor supplement any sum certain appropriation funded from the trust fund. As with positions, specify that the Governor may request that the Committee approve the recommended supplement. The review would be conducted under a 14-day passive review process.

For both the recommended position and funding modifications, specify that if the Committee objects to the Governor's recommendation, the Committee would schedule a meeting to review the matter. Such meetings would be conducted under the provisions of s. 13.10 of the statutes.

The position and funding supplementation process would apply to requests submitted before July 1, 2029.

4. SERVICE LEVELS TO MEET EMPLOYER AND MEMBER GROWTH [LFB Paper 336]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$989,600	7.00	-\$282,900	-2.00	\$706,700	5.00

Governor: Provide \$437,800 in 2023-24 and \$551,800 in 2024-25 and 7.0 trust fund specialist positions annually to expand the service capacity of ETF to meet growth over the past 10 years in the number of employers and members (retirees and inactive members in particular). The Department would assign the positions to the following areas of responsibility: (a) call center, 2.0 positions, to manage increase volume and length of calls; (b) member services, 2.0 positions, to provide retirement estimates and appointments; (c) employer services, 2.0 positions, to support employers and retirees with matters relating to health insurance and supplemental programs; and (d) benefit services, 1.0 position, to address workload relating to retirement services, such as processing retirement applications and transactions.

Joint Finance: Modify funding and position authority by -\$125,200 in 2023-24, -\$157,700 in 2024-25, and -2.0 positions annually.

5. SUPPORT FOR FINANCIAL AND ACTUARIAL FUNCTIONS [LFB Paper 336]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$325,800	2.00	-\$325,800	-2.00	\$0	0.00

Governor: Provide \$143,600 in 2023-24, \$182,200 in 2024-25, and 2.0 positions annually (1.0 actuarial analyst and 1.0 accountant-advanced) to address increased workload in financial and actuarial duties relating to retirement and insurance programs administered by the Department for state and local employees. The actuarial analyst would be responsible for: ensuring accurate data is maintained and utilized for actuarial valuations; providing leadership in actuarial functions and projects; managing the work of consulting actuaries; providing support for actuarial research and analysis; and overseeing data quality of financial data in support of the Department's data management program. The accountant-advanced position would be responsible for: processing

annuity payments, vendor payments, qualified domestic relations orders, service purchase requests, and additional retirement contributions; assisting employers with accounting compliance requirements; ensuring that financial reporting requirements and deadlines are met; and enforcing compliance with tax laws and regulations.

Joint Finance: Provision not included.

6. EXPENDITURE AUTHORITY FOR AUDITS CONDUCTED BY LEGISLATIVE AUDIT BUREAU

SEG	\$191,000
-----	-----------

Governor/Joint Finance: Provide \$17,000 in 2023-24 and \$174,000 in 2024-25 to ETF's administration appropriation, allotted to one-time financing, to fund two statutorily-required audits performed or contracted for by the Legislative Audit Bureau: (a) an actuarial audit of the Wisconsin Retirement System, performed once every five years; and (b) an audit of Governmental Accounting Standards Board statements 74 and 75, pertaining to the supplemental health insurance conversion credit program and retiree life insurance. Funding would be one-time in nature and would not remain in the agency's base for the 2025-27 biennium.

7. INCOME CONTINUATION INSURANCE PREMIUMS AND BENEFITS *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

8. POLICY AND OVERSIGHT OF DISABILITY PROGRAMS *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

9. OFFICE OF INTERNAL AUDIT *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

10. DISTRIBUTION OF TRUST FUND EARNINGS *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

11. HEALTH INSURANCE WAITING PERIOD *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

12. DOMESTIC PARTNER BENEFITS ADMINISTERED BY ETF *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

13. REHIRED ANNUITANTS *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

14. 2025-27 REQUEST FOR PENSION ADMINISTRATION SYSTEM FUNDING *(Removed from budget consideration pursuant to Joint Finance Motion #10)*