

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY05 Adjusted Base	FY06 Recommended	% Change Over FY05	FY07 Recommended	% Change Over FY06
GPR	2,360,400	1,909,000	-19.1	1,549,200	-18.8
SEG-O	20,352,700	20,437,800	0.4	20,409,000	-0.1
TOTAL	22,713,100	22,346,800	-1.6	21,958,200	-1.7

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY05 Adjusted Base	FY06 Recommended	FTE Change From FY05	FY07 Recommended	FTE Change From FY06
GPR	3.50	3.50	0.00	3.50	0.00
SEG-O	194.85	193.75	-1.10	192.10	-1.65
TOTAL	198.35	197.25	-1.10	195.60	-1.65

AGENCY DESCRIPTION

The department is headed by a secretary appointed by a 13-member Employee Trust Funds Board and is responsible for the state-administered retirement program; group insurance programs (health, life, income continuation, long-term disability and long-term care); employee reimbursement account program; commuter benefits program; deferred compensation trust funds for state and local government employees; state accumulated sick leave conversion credits program; and private health insurance for small businesses. The Group Insurance Board, Teachers Retirement Board, Wisconsin Retirement Board, Deferred Compensation Board and Private Employer Health Care Coverage Board are attached to the department.

The assets invested by the State of Wisconsin Investment Board are not assets of the state, but are held in trust pending their disbursement to secure coverage for, or to pay benefits to, members or their beneficiaries.

MISSION

The mission of the department is to develop and deliver quality benefits and services to customers while safeguarding the integrity of the trust.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Employee Benefit Plans

Goal: Clearly communicate benefit details and options in a manner appropriate to customers and stakeholders.

Objective/Activity: Increase accessibility through telephony technology and face-to-face counseling with members.

Goal: Focus on the needs of customers and provide them with accurate, understandable and timely information.

Objective/Activity: Reduce the time to provide essential services to members.

Goal: Maintain sufficient resources to provide quality services and benefits and to meet essential customer needs in a timely manner.

Objective/Activity: Maintain costs of administration of benefit plans at or below the median of peer public retirement systems.

PERFORMANCE MEASURES

HISTORICAL DATA

Prog. No.	Performance Measure	Actual 2000	Actual 2001	Actual 2002
1.	Number of calls and percentage answered. ¹	95,573 41%		
1.	Number of calls and percentage with busy signal. ¹	137,819 59%		
1.	Number of calls offered to the call center staff and percentage answered. ¹		108,822 90%	124,011 81%
1.	Average time caller waits in queue.	2 minutes	1.7 minutes	6.9 minutes
1.	Number of eligible participants counseled.	5,470	6,128	7,224
1.	Percentage of participants eligible to retire that receive counseling. ²	9.1%		
1.	Percentage of active participants that receive counseling. ²		2.3%	2.7%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire. ³	84	86	21-42
1.	Days to provide service purchase estimate from date of receipt to mailing. ⁴	70-84		
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ⁵	\$26/\$52	\$26/\$52	\$29/\$54

Note: Based on calendar year.

¹In fiscal year 2000-01, the department revised these performance measures to more accurately reflect how the call center works. Calls are either answered by staff or abandoned by the caller before the call center staff had an opportunity to answer. Percentage of answered calls includes all incoming calls, less those routed to non-call center staff or handled by automated system.

²In fiscal year 2000-01, the department revised this performance measure to reflect the fact that the department counsels all participants who make an appointment, including retirees and beneficiaries, etc., not just those participants eligible to retire. This measurement is consistent with the measurements used by peer retirement systems.

³This performance measure was modified in 2002 to more accurately reflect how annuity retirement estimates are processed.

⁴This performance measure was dropped because it was not a material measure of the department's performance.

⁵Wisconsin Retirement System only, excludes special projects and supplemental benefit plans.

2003 AND 2004 ACTUALS

Prog. No.	Performance Measure	Goal 2003	Actual 2003	Goal 2004	Actual 2004
1.	Number of calls offered to the call center staff and percentage answered.	129,620 85%	125,310 78%	133,782 85%	121,819 78%
1.	Average time caller waits in queue.	1 minute	1:01 minutes	1 minute	2:02 minutes
1.	Number of eligible participants counseled.	8,325	7,196	9,427	6,481
1.	Percentage of active participants that receive counseling.	3.4%	2.7%	3.4%	2.5%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	14-21	28	10	74
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ¹	\$29/\$54	N/A	N/A	N/A

Note: Based on calendar year.

¹Wisconsin Retirement System only, excludes special projects and supplemental benefit plans. Data are not available because the department did not participate in a retirement system study during the period. The study, conducted by Cost Effectiveness Measurement, Inc., is the only available source for these data.

2005, 2006 AND 2007 GOALS

Prog. No.	Performance Measure	Goal 2005	Goal 2006	Goal 2007
1.	Number of calls offered to the call center staff and percentage answered.	122,000 85%	138,553 85%	155,287 85%
1.	Average time caller waits in queue.	1 minute	1 minute	1 minute
1.	Number of eligible participants counseled.	9,164	9,238	9,295
1.	Percentage of active participants that receive counseling.	3.4%	3.4%	3.4%
1.	Days to provide annuity retirement estimate from date of receipt to mailing, assuming requests from 25 percent of participants eligible to retire.	50	40	15
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems. ¹	N/A	N/A	N/A

Note: Based on calendar year.

¹Wisconsin Retirement System only, excludes special projects and supplemental benefit plans. Data are not available because the department is not participating in a retirement system study during this period; therefore goals have not been set. The study, conducted by Cost Effectiveness Measurement, Inc., is the only available source for these data.

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Budget Efficiency Measures
2. Streamlining Administrative Services
3. Attorney Consolidation
4. Member Services Bureau Staffing
5. Call Center Staffing
6. Privacy and Security Officer
7. Value-Based Health Care Purchasing
8. Sum Sufficient Reestimate
9. Statutory Cost to Continue Increases
10. Gifts and Grants and Federal Aid Appropriations
11. Standard Budget Adjustments

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL	ADJUSTED	AGENCY REQUEST		GOVERNOR'S	
	FY04	BASE FY05	FY06	FY07	RECOMMENDATION FY06	FY07
GENERAL PURPOSE REVENUE	\$2,888.3	\$2,360.4	\$1,909.0	\$1,549.2	\$1,909.0	\$1,549.2
State Operations	-2.2	0.2	0.2	0.2	0.2	0.2
Aids to Ind. & Org.	2,890.5	2,360.2	1,908.8	1,549.0	1,908.8	1,549.0
SEGREGATED REVENUE (3)	30,447.8	20,352.7	20,705.0	20,650.8	20,437.8	20,409.0
State Operations	30,447.8	20,352.7	20,705.0	20,650.8	20,437.8	20,409.0
TOTALS-ANNUAL	33,336.1	22,713.1	22,614.0	22,200.0	22,346.8	21,958.2
State Operations	30,445.6	20,352.9	20,705.2	20,651.0	20,438.0	20,409.2
Aids to Ind. & Org.	2,890.5	2,360.2	1,908.8	1,549.0	1,908.8	1,549.0

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED	AGENCY REQUEST		GOVERNOR'S	
	BASE FY05	FY06	FY07	RECOMMENDATION FY06	FY07
GENERAL PURPOSE REVENUE	3.50			3.50	3.50
SEGREGATED REVENUE (3)	194.85	199.35	199.35	193.75	192.10
TOTALS-ANNUAL	198.35	199.35	199.35	197.25	195.60

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL FY04	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY06	FY07	FY06	FY07
1. Employee benefit plans	\$33,338.3	\$22,712.9	\$22,613.8	\$22,199.8	\$22,346.6	\$21,958.0
2. Private employer health care coverage program	-2.2	0.2	0.2	0.2	0.2	0.2
TOTALS	33,336.1	22,713.1	22,614.0	22,200.0	22,346.8	21,958.2

Table 4
Department Position Summary by Program (in FTE positions)

	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY06	FY07	FY06	FY07
1. Employee benefit plans	194.85	199.35	199.35	193.75	192.10
2. Private employer health care coverage program	3.50			3.50	3.50
TOTALS	198.35	199.35	199.35	197.25	195.60

1. Budget Efficiency Measures

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	-69,100	-1.60	-69,100	-1.60
TOTAL	0	0.00	0	0.00	-69,100	-1.60	-69,100	-1.60

The Governor recommends reducing expenditure and position authority in the department's state operations appropriations in the amounts shown to create additional operational efficiencies by: (a) reducing administrative staff.

2. Streamlining Administrative Services

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	0	0.00	0	-1.65
TOTAL	0	0.00	0	0.00	0	0.00	0	-1.65

The Governor recommends consolidating server and network support, certain procurement and purchasing functions, and human resources and payroll benefit services in the Department of Administration beginning in FY07 to create administrative efficiencies. To achieve this, the Governor recommends reducing the department's position authority by: (a) 1.65 FTE positions related to server and network consolidation. The Governor further recommends retaining the funding associated with these positions in the department to cover chargebacks for this support from the Department of Administration. See Department of Administration, Item #1.

3. Attorney Consolidation

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	0	-1.00	0	-1.00
TOTAL	0	0.00	0	0.00	0	-1.00	0	-1.00

The Governor recommends improving the provision of state legal services by consolidating attorneys under the secretary of the Department of Administration on January 1, 2006. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. To achieve this, the Governor recommends transferring 1.0 FTE position to the Department of Administration. The Governor further recommends retaining the funding associated with this position in the department to purchase legal services from the Department of Administration. See Department of Administration, Item #3.

4. Member Services Bureau Staffing

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-180,000	-3.50	-180,000	-3.50	0	0.00	0	0.00
SEG-O	253,800	4.50	209,700	4.50	120,800	2.50	116,300	2.50
TOTAL	73,800	1.00	29,700	1.00	120,800	2.50	116,300	2.50

The Governor recommends increasing expenditure and position authority for the Member Services Bureau to meet work load increases.

5. Call Center Staffing

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	107,200	2.50	142,800	2.50	64,300	1.50	85,700	1.50
TOTAL	107,200	2.50	142,800	2.50	64,300	1.50	85,700	1.50

The Governor recommends providing 1.5 FTE SEG four-year project positions and funding for the department's call center.

6. Privacy and Security Officer

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	36,900	1.00	73,900	1.00	36,900	1.00	73,900	1.00
TOTAL	36,900	1.00	73,900	1.00	36,900	1.00	73,900	1.00

The Governor recommends converting 1.0 FTE SEG project position to permanent to serve as a privacy and security officer to maintain the department's compliance with the Health Insurance Portability and Accountability Act.

7. Value-Based Health Care Purchasing

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	23,400	0.00	23,400	0.00	23,400	0.00	23,400	0.00
TOTAL	23,400	0.00	23,400	0.00	23,400	0.00	23,400	0.00

The Governor recommends funding for an LTE to assist with on-site data collection efforts related to the analysis of value-based health care purchasing initiatives that evaluate the long-term utility, effectiveness and quality of health care cost containment alternatives for state and local government.

8. Sum Sufficient Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-451,400	0.00	-811,200	0.00	-451,400	0.00	-811,200	0.00
TOTAL	-451,400	0.00	-811,200	0.00	-451,400	0.00	-811,200	0.00

The Governor recommends reestimating the level of funding needed for annuity supplements and payments to reflect an anticipated decline in the number of eligible recipients.

9. Statutory Cost to Continue Increases

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	192,700	0.00	135,300	0.00	192,700	0.00	135,300	0.00
TOTAL	192,700	0.00	135,300	0.00	192,700	0.00	135,300	0.00

The Governor recommends providing funding for: (a) a required five-year actuarial audit (\$65,000 in FY06); (b) increased costs of required annual financial audits (\$19,800 in FY06 and \$21,400 in FY07); and (c) increased costs associated with hearings and appeals services (\$107,900 in FY06 and \$113,900 in FY07).

10. Gifts and Grants and Federal Aid Appropriations

The Governor recommends creating appropriations for receipt of gifts, grants and federal funds.

11. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	180,000	0.00	180,000	0.00	0	0.00	0	0.00
SEG-O	-261,700	-3.50	-287,000	-3.50	-283,900	-3.50	-309,200	-3.50
TOTAL	-81,700	-3.50	-107,000	-3.50	-283,900	-3.50	-309,200	-3.50

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$271,400 in each year); (b) removal of noncontinuing elements from the base (-\$1,042,200 in FY06 and -\$1,067,500 in FY07); (c) full funding of continuing position salaries and fringe benefits (\$905,300 in each year); (d) overtime (\$48,100 in each year); and (e) night and weekend differential pay (\$76,300 in each year).