

State of Alaska FY2009 Governor's Operating Budget

Department of Administration Retirement and Benefits Component Budget Summary

Component: Retirement and Benefits

Contribution to Department's Mission

Deliver benefits to members in accordance with legal requirements.

Core Services

For the following Defined Benefit Plans: Collection of all employee data, employee and employer contributions for each pay period, including all changes and corrections. Counseling, benefit education, and communications for all members and retirees. Processing retiree payroll and member refunds.

- Public Employees' (PERS) Tier I, II and III
- Teachers' (TRS) Tier I and II
- Judicial (JRS)
- National Guard and Naval Militia (NGNMRS)
- Elected Public Officers (EPORS)

For the following Defined Contribution Plans: Collection of all employee data, employee and employer contributions for each pay period, including all changes and corrections. Counseling, benefits education, and communications for account holders. Processing member distributions. Transmit contributions and disbursements to the recordkeeper.

- Supplemental Annuity Plan
- Deferred Compensation Plan
- PERS Tier IV
- TRS Tier III

Administer group health insurance and life insurance programs for active state employees and retired members of the retirement systems, including claims adjudication and counseling. Administer the following funds: defined benefit plans retiree health insurance fund; defined contribution plans retiree health insurance fund; and the health reimbursement arrangement plan. The division has offices in Juneau and Anchorage and provides services to other Alaskan communities by telephone, Internet/e-mail and during field trips.

End Result	Strategies to Achieve End Result
<p>A: Increased member understanding of retirement planning and benefits.</p> <p><u>Target #1:</u> 90% of members will report increased understanding of retirement planning and benefits.</p> <p><u>Measure #1:</u> % of members surveyed reporting increased understanding.</p>	<p>A1: Maximize retirement seminar attendance.</p> <p><u>Target #1:</u> Increase group meeting attendance by 10% over fiscal year 2003.</p> <p><u>Measure #1:</u> Group meeting attendance.</p>
End Result	Strategies to Achieve End Result
<p>B: Group Insurance Benefits-Improved service to members.</p> <p><u>Target #1:</u> The percent of member contacts received is no more than 5% of membership.</p> <p><u>Measure #1:</u> % of member contacts.</p>	<p>B1: Group Insurance Benefits-Decrease the length of time to respond to customers.</p> <p><u>Target #1:</u> Respond to 95% of written correspondence within 3 weeks.</p> <p><u>Measure #1:</u> % of correspondence answered within 3 weeks.</p>

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$13,648,800	Personnel:	
	Full time	110
	Part time	1
	Total	111

Performance Measure Detail

A: Result - Increased member understanding of retirement planning and benefits.

Target #1: 90% of members will report increased understanding of retirement planning and benefits.

Measure #1: % of members surveyed reporting increased understanding.

% of members surveyed reporting increased understanding.

Year	semi-annual	semi-annual
2005	100%	99.5%
2006	100%	99.5%
2007	100%	100%

A1: Strategy - Maximize retirement seminar attendance.

Target #1: Increase group meeting attendance by 10% over fiscal year 2003.

Measure #1: Group meeting attendance.

Analysis of results and challenges: 07/01/04-09/30/04: Seminars are suspended seasonally during the summer months. Beginning in late August, 114 members have attended seminars, a 253% increase and 258 members attended group meetings, a 258% increase. There were 45 members who attended seminars during the same period in 2003 and no group meetings were held during the same period in 2003.

10/01/04-12/31/04: 1,189 members attended job site visits and seminars.

01/01/05-03/31/05: 544 members attended job site visits and seminars.

04/01/05-06/30/05: 480 members attended job site visits and seminars.

07/01/05-12/31/05: 976 members attended job site visits and seminars.

01/01/06-06/30/06: 1,113 members attended job site visits and seminars.

07/01/06-12/31/06: 1,725 members attended job site visits and seminars.

01/01/07-06/30/07: 1,223 members attended job site visits and seminars.

B: Result - Group Insurance Benefits-Improved service to members.

Target #1: The percent of member contacts received is no more than 5% of membership.

Measure #1: % of member contacts.

% of members contacts.

Year	semi-annual	semi-annual
FY 2005	3.8%	5.4%
FY 2006	4.1%	7.0%
FY 2007	2.7%	2.3%

B1: Strategy - Group Insurance Benefits-Decrease the length of time to respond to customers.

Target #1: Respond to 95% of written correspondence within 3 weeks.

Measure #1: % of correspondence answered within 3 weeks.

Analysis of results and challenges:

07/01/03–12/31/03: 75% of correspondence responded to within 3 weeks.

01/01/04–03/31/04: 68% of correspondence responded to within 3 weeks.

03/31/04–06/30/04: 88% of correspondence responded to within 3 weeks.

07/01/04-09/30/04: 75% of correspondence responded to within 3 weeks.

10/01/04-12/31/04: Due to staff changes the correspondence tracking method that had not been used consistently during this timeframe. This will be reportable in the second quarter of 2005.

01/01/05-03/31/05: Data to be available in the second quarter of FY2006.

04/01/05-06/30/05: Due to staffing shortages, data will be available in the second half of FY2006.

07/01/05-12/31/05: Due to staffing shortages, data will be available in the second half of FY2006.

01/01/06-06/30/06: 45% of correspondence responded to within 3 weeks.

07/01/06-12/31/06: 43% of correspondence responded to within 3 weeks.

01/01/07-06/30/07: 42% of correspondence responded to within 3 weeks.

Key Component Challenges

Focus for the Division in FY09 will include: continued refinement of the defined contribution retirement plan statutes; integration and consolidation of the division's health eligibility systems from eight programs to one; redesigning the benefit calculator used to determine the monthly pension for defined benefit plan members appointed to retirement; writing the retiree health insurance plan document for the defined contribution retirement plans; updating the current active and retiree health insurance plan booklets; and either issuing a request for proposals for contractual support of the Combined Retirement System or bringing the support in-house via training or other method to be determined.

During FY2009 we plan to accomplish the following:

- Continue to expand training materials that can be accessed online to educate members about benefits.
- Continue to apply the use of technology to meet increasing employee counseling requests.
- Continue to monitor member satisfaction through surveys for all retirement and benefit services.
- Revision of all group health and supplemental health benefit booklets, including Political Subdivision plans, health, life and disability as well as defined contribution medical and HSA plan booklets.
- Revision of member plan handbooks for the Public Employees' and Teachers' Retirement Systems.
- Health eligibility system updated to decrease manual entry and consolidate reporting mechanisms.
- Provide information to employers participating in the defined benefit plans to allow employers to actively review employee data stored in the Division and used in the valuation process.
- Health Enhancement (Wellness and Disease Management) program assessment and introduction for active and retiree populations.
- Redesign the Combined Retirement System to accommodate dual-membership in both the defined benefit plan and the defined contribution plan.
- Complete the migration of all microcomputer systems to state/department standard processes (i.e. - paradox to oracle/java).
- Complete the user requirements/design phase of the CRS migration from an AS400/Cobol to a state/departmental standard application.

Significant Changes in Results to be Delivered in FY2009

No significant changes are anticipated.

Major Component Accomplishments in 2007

- Developed, implemented and trained employers to use a new web-based software reporting package for payroll and membership data.

- Developed and implemented a program to focus employees on the importance of savings in conjunction with National Retirement Savings Week.
- Implemented same-sex partner employee and retiree benefits.
- Re-programmed the Combined Retirement System (CRS) to accommodate legislative changes, including all of the processes for Health Reimbursement Accounts and Defined Benefit Unfunded Liability.
- Digitized CRS reports which cut our report/print jobs by 30%.

Statutory and Regulatory Authority

AS 14.20.310-345	Teachers' Leave and Retirement
AS 14.25	Teachers' Retirement System
AS 22.25	Judiciary Retirement and Death Benefits
AS 39.30	Insurance and Supplemental Employee Benefits
AS 39.35	Public Employees' Retirement System
AS 39.45	Public Employees' Deferred Compensation Program
AS 44.21.020 (7)	Duties of Department
2 AAC 35	Public Employees' Retirement System
2 AAC 36	Teachers' Retirement System
2 AAC 37	Judicial, Elected Public Officers, and National Guard/Naval Militia
Retirement systems and	Employee Benefit Systems
2 AAC 39	Group Health and Life Insurance

Contact Information

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Retirement and Benefits Component Financial Summary

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	7,998.9	8,117.7	8,492.0
72000 Travel	77.2	149.1	149.1
73000 Services	23,260.7	4,780.7	4,729.1
74000 Commodities	176.5	209.0	209.0
75000 Capital Outlay	475.9	69.6	69.6
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	31,989.2	13,326.1	13,648.8
Funding Sources:			
1004 General Fund Receipts	19,704.4	403.0	410.7
1007 Inter-Agency Receipts	86.6	1.5	1.5
1017 Benefits Systems Receipts	3,442.3	3,747.0	3,861.1
1023 FICA Administration Fund Account	130.0	130.1	135.6
1029 Public Employees Retirement System Fund	6,071.9	6,279.7	6,417.5
1034 Teachers Retirement System Fund	2,325.1	2,450.1	2,502.8
1042 Judicial Retirement System	75.9	116.0	117.0
1045 National Guard & Naval Militia Retirement System	153.0	198.7	202.6
Funding Totals	31,989.2	13,326.1	13,648.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	86.6	1.5	1.5
FICA Administration Fund Account	51040	130.0	130.1	135.6
Public Employees Retirement Fund	51065	6,071.9	6,279.7	6,417.5
Teachers Retirement System Fund	51090	2,325.1	2,450.1	2,502.8
Judicial Retirement System	51125	75.9	116.0	117.0
National Guard Retirement System	51135	153.0	198.7	202.6
Benefits System Receipts	51390	3,442.3	3,747.0	3,861.1
Restricted Total		12,284.8	12,923.1	13,238.1

Estimated Revenue Collections				
Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Total Estimated Revenues		12,284.8	12,923.1	13,238.1

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	403.0	0.0	12,923.1	13,326.1
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	7.7	0.0	366.4	374.1
Proposed budget decreases:				
-SB123, Ch. 20, SLA07 PERS/TRS Defined Contribution Retirement Plans - reduce start-up costs.	0.0	0.0	-51.6	-51.6
FY2009 Governor	410.7	0.0	13,238.1	13,648.8

**Retirement and Benefits
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2008</u>				
<u>Management</u>	<u>Plan</u>	<u>FY2009</u>	<u>Governor</u>	
Full-time	110	110	Annual Salaries	5,417,292
Part-time	1	1	COLA	353,596
Nonpermanent	5	5	Premium Pay	39,611
			Annual Benefits	2,989,373
			<i>Less 3.50% Vacancy Factor</i>	(307,872)
			Lump Sum Premium Pay	0
Totals	116	116	Total Personal Services	8,492,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	0	0	4	0	4
Accountant III	0	0	3	0	3
Accountant IV	0	0	3	0	3
Accountant V	0	0	1	0	1
Accounting Tech I	0	0	1	0	1
Accounting Tech II	0	0	1	0	1
Accounting Tech III	0	0	2	0	2
Administrative Assistant	0	0	1	0	1
Administrative Assistant I	0	0	1	0	1
Administrative Clerk I	0	0	1	0	1
Administrative Clerk II	1	0	1	0	2
Administrative Clerk III	0	0	5	0	5
Administrative Manager III	0	0	1	0	1
Analyst/Programmer II	0	0	1	0	1
Analyst/Programmer III	0	0	3	0	3
Analyst/Programmer IV	0	0	2	0	2
Analyst/Programmer V	0	0	3	0	3
Data Processing Mgr III	0	0	1	0	1
Data Processing Tech II	0	0	1	0	1
Database Specialist II	0	0	1	0	1
Division Director	0	0	1	0	1
Internal Auditor II	0	0	1	0	1
Internal Auditor III	0	0	1	0	1
Internet Specialist I	0	0	1	0	1
Microfilm/Imaging Oper I	0	0	2	0	2
Microfilm/Imaging Oper II	0	0	1	0	1
Microfilm/Imaging Oper III	0	0	1	0	1
Publications Spec II	0	0	1	0	1
Publications Spec III	0	0	1	0	1
Publications Tech II	0	0	1	0	1
Retirement & Benefits Spec I	0	0	9	0	9
Retirement & Benefits Tech I	0	0	2	0	2
Retirement & Benefits Tech II	0	0	21	0	21
Retirement & Benefits Tech III	0	0	12	0	12
Retirement Ben Manager	0	0	2	0	2
Retirement Ben Spec II	2	0	10	0	12
Retirement Ben Spec III	0	0	2	0	2
Student Intern I	0	0	2	0	2

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Student Intern II	0	0	3	0	3
Supply Technician I	0	0	1	0	1
Systems Programmer II	0	0	1	0	1
Totals	3	0	113	0	116