

State of Alaska FY2010 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 each of the following Defined Benefit Plans: Provide for 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, and 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 each of 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, and 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.

End Result	Strategies to Achieve End Result
A: Increased member understanding of retirement planning and benefits. <u>Target #1:</u> 90% of members will report increased understanding of retirement planning and benefits. <u>Status #1:</u> FY2008, 100% of members surveyed reported increased understanding of retirement planning and benefits.	A1: Maximize retirement seminar attendance. <u>Target #1:</u> Increase group meeting attendance by 10%. <u>Status #1:</u> FY2008, 51% increase over FY2007.
End Result	Strategies to Achieve End Result
B: Group Insurance Benefits-Improved service to members. <u>Target #1:</u> The percent of member contacts received is no more than 5% of membership. <u>Status #1:</u> FY2008, 2.3% of members contacted the division, the same as FY2007 and down from FY06.	B1: Group Insurance Benefits-Decrease the length of time to respond to customers. <u>Target #1:</u> Respond to 95% of written correspondence within 3 weeks. <u>Status #1:</u> FY2008, 48.5% of Group Insurance Benefit written correspondence was responded to within 3 weeks.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$14,205,000

Personnel:

Full time	111
Part time	1
Total	112

Performance

A: Result - Increased member understanding of retirement planning and benefits.**Target #1:** 90% of members will report increased understanding of retirement planning and benefits.**Status #1:** FY2008, 100% of members surveyed reported increased understanding of retirement planning and benefits.**% of members surveyed reporting increased understanding.**

Year	semi-annual	semi-annual
2008	100%	100%
2007	100%	100%
2006	100%	99.5%

A1: Strategy - Maximize retirement seminar attendance.**Target #1:** Increase group meeting attendance by 10%.**Status #1:** FY2008, 51% increase over FY2007.**# of Retirement Seminar Attendees**

Fiscal Year	YTD Total
FY 2008	4442
FY 2007	2948
FY 2006	2089

Analysis of results and challenges: 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.

07/01/07-12/31/07: 2,252 members attended job site visits and seminars.

01/01/08-06/30/08: 2,190 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.**Status #1:** FY2008, 2.3% of members contacted the division, the same as FY2007 and down from FY06.

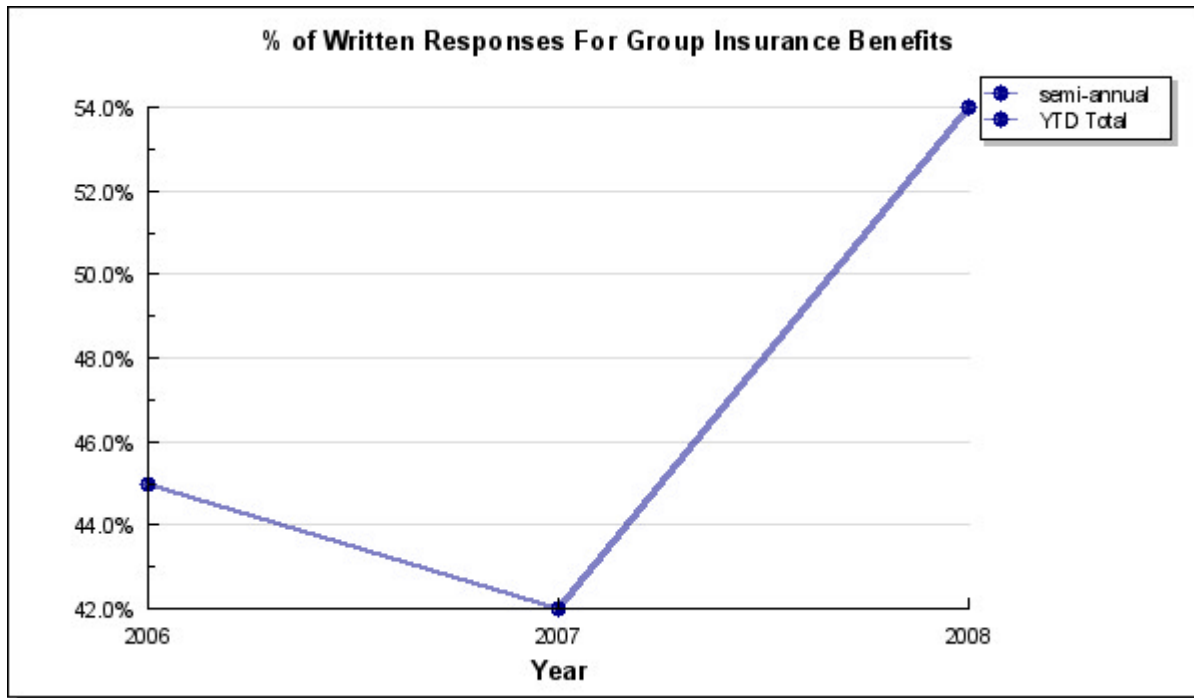
% of members contacts.

Fiscal Year	semi-annual	semi-annual
FY 2008	2.1%	2.3%
FY 2007	2.7%	2.3%
FY 2006	4.1%	7.0%

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.

Status #1: FY2008, 48.5% of Group Insurance Benefit written correspondence was responded to within 3 weeks.

**% of Written Responses For Group Insurance Benefits**

Year	semi-annual	semi-annual
2008	43%	54%
2007	43%	42%
2006	N/A	45%

Analysis of results and challenges: 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.

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

01/01/08-06/30/08: 48.5% of correspondence responded to within 3 weeks.

Key Component Challenges

Focus for the Division in FY2010 will include:

continued refinement of the defined contribution retirement plan; 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 FY2010 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 update 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 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.
- Implement online enrollment for eligible State of Alaska employees into the Alaska Deferred Compensation Plan.
- Sponsor benefit fairs in multiple locations in the state for National Save for Retirement Week and invite representatives from Social Security to provide information.
- Initiate seminars for retirees to provide information on Medicare and how to manage their resources in retirement.
- Automate letters to new retirees summarizing their benefit elections in order to remove approximately 30 hours per month of manual processing that will be put towards processing retirement applications more timely.

Significant Changes in Results to be Delivered in FY2010

No significant changes are anticipated.

Major Component Accomplishments in 2008

- Developed and implemented a three day training seminar in Juneau for participating employers around the state.
- Reorganized the Retirement Section in order to streamline processes and procedures and strengthen the focus on benefit education to employees and employers.
- Rewrote and improved the State Service Pin report which included the addition of TRS and JRS service.
- Created a COLA tracking system to help with COLA detection and enforcement.
- Implemented new functionality in CRS to record days worked for TRS members and scattered LWOP for PERS members obtained via verification of service.
- Developed and implemented a process (Backplane) to post data monthly from Great West containing investment activity and refunds to CRS so it can be kept current.
- Greatly expanded the old HRA true up process to include all flavors of defined contribution retirement contributions to ensure all are accurate and correct.
- Designed and implemented DRB server infrastructure for future scalability.
- Designed/implemented the RBMI (Retirement and Benefits Master Index) which is backbone for all future development in DRB. {One unique identifier per member}. DRB will use open data integration for data integration across disparate systems.

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

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	8,240.3	8,688.6	9,001.7
72000 Travel	98.4	149.1	149.1
73000 Services	4,264.4	4,618.5	4,665.0
74000 Commodities	319.6	319.6	319.6
75000 Capital Outlay	60.2	69.6	69.6
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	12,982.9	13,845.4	14,205.0
Funding Sources:			
1004 General Fund Receipts	354.2	414.7	169.4
1007 Inter-Agency Receipts	147.2	1.5	1.5
1017 Benefits Systems Receipts	3,733.7	3,921.0	4,011.5
1023 FICA Administration Fund Account	94.6	138.5	141.4
1029 Public Employees Retirement System Fund	6,113.4	6,509.4	6,882.1
1034 Teachers Retirement System Fund	2,369.6	2,538.4	2,673.8
1042 Judicial Retirement System	48.8	117.3	117.7
1045 National Guard & Naval Militia Retirement System	121.4	204.6	207.6
Funding Totals	12,982.9	13,845.4	14,205.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
Interagency Receipts	51015	0.0	1.0	0.0
Unrestricted Fund	68515	0.1	0.0	0.0
Unrestricted Total		0.1	1.0	0.0
Restricted Revenues				
Interagency Receipts	51015	147.2	1.5	1.5
FICA Administration Fund Account	51040	94.6	138.5	141.4
Public Employees Retirement Fund	51065	6,113.4	6,509.4	6,882.1
Teachers Retirement System Fund	51090	2,369.6	2,538.4	2,673.8
Judicial Retirement System	51125	48.8	117.3	117.7
National Guard Retirement System	51135	121.4	204.6	207.6

Estimated Revenue Collections				
Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Benefits System Receipts	51390	3,733.7	3,921.0	4,011.5
Restricted Total		12,628.7	13,430.7	14,035.6
Total Estimated Revenues		12,628.8	13,431.7	14,035.6

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	414.7	0.0	13,430.7	13,845.4
Adjustments which will continue current level of service:				
-CHAPTER 9 SLA 2005 (SB141) An Act relating to TRS and PERS... 5th year Fiscal Note Adjustment	-250.2	0.0	296.7	46.5
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	4.9	0.0	308.2	313.1
FY2010 Governor	169.4	0.0	14,035.6	14,205.0

Retirement and Benefits Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	111	111	Annual Salaries	6,005,722
Part-time	1	1	COLA	242,099
Nonpermanent	5	5	Premium Pay	42,344
			Annual Benefits	3,288,926
			<i>Less 6.03% Vacancy Factor</i>	(577,391)
			Lump Sum Premium Pay	0
Totals	117	117	Total Personal Services	9,001,700

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 II	0	0	2	0	2
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 Officer II	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	5	0	5
Analyst/Programmer V	0	0	3	0	3
College Intern I	0	0	1	0	1
Data Processing Mgr III	0	0	1	0	1
Data Processing Tech III	0	0	1	0	1
Database Specialist II	0	0	1	0	1
Deputy Director	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	7	0	7
Retirement & Benefits Tech I	0	0	3	0	3
Retirement & Benefits Tech II	0	0	20	0	20
Retirement & Benefits Tech III	0	0	12	0	12
Retirement Ben Manager	0	0	2	0	2
Retirement Ben Spec II	3	0	10	0	13

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Retirement Ben Spec III	0	0	3	0	3
Student Intern I	0	0	1	0	1
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	4	0	113	0	117