

# **State of Alaska FY2005 Governor's Operating Budget**

## **Department of Administration Retirement and Benefits Component Budget Summary**

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## Component: Retirement and Benefits

### Contribution to Department's Mission

Deliver benefits to members in accordance with legal requirements.

### Core Services

Record keeping and counseling services for the following retirement systems:

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

Record keeping and counseling services for two benefit programs:

- Supplemental Annuity Plan
- Supplemental Benefits System

Counseling services for the Deferred Compensation Plan

Administer group health insurance and life insurance programs for active state employees and retired members of the retirement systems, including claims adjudication and counseling. 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 Results	Strategies to Achieve Results
<p><b>(1) Improve the accuracy of data available for calculation of benefits.</b></p> <p><u>Target:</u> 100% of on-line data will be accurate. <u>Measure:</u> Percent of accurate data on-line.</p> <p><b>(2) Increase the number of retirement appointments completed in the first month of retirement.</b></p> <p><u>Target:</u> 95% of all new retirees will be appointed by the end of the first month of retirement. <u>Measure:</u> Percent of retirees appointed by end of the first month of retirement.</p> <p><b>(3) Increase member understanding of retirement planning and benefits.</b></p> <p><u>Target:</u> 90% of members will report increased understanding of retirement planning and benefits. <u>Measure:</u> Percent of members surveyed reporting increased understanding.</p> <p><b>(4) Educate more members via e-services.</b></p> <p><u>Target:</u> 25% of active members enrolled in member services. <u>Measure:</u> Percentage of members enrolled in member services.</p>	<p><b>(1) Automate calculation of claimed service.</b></p> <p><u>Target:</u> 90% of all claims for service will be calculated electronically. <u>Measure:</u> Percentage of claims electronically calculated.</p> <p><b>(2) 100% of on-line data necessary to calculate benefits will be on-line within 30 days of being requested.</b></p> <p><u>Target:</u> 100% of data on-line within 30 days. <u>Measure:</u> % of data entered within 30 days.</p> <p><b>(3) Audit the data on the Combined Retirement System (CRS).</b></p> <p><u>Target:</u> 25% of the CRS data will be audited for accuracy. <u>Measure:</u> Percent of CRS data audited.</p> <p><b>(4) Train all technical and professional staff in eligibility determination, calculation, and certification of actions in all benefit areas to increase the number of processing staff during times of seasonal increase in workload.</b></p> <p><u>Target:</u> 100% of staff cross trained. <u>Measure:</u> Percent of staff cross trained.</p>

End Results	Strategies to Achieve Results
	<p><b>(5) Automate appointment letter function.</b></p> <p><u>Target:</u> 100% of appointment letters will be sent within 5 days of appointment of retirement.  <u>Measure:</u> Percent of letters sent within 5 days of appointment to retirement.</p> <p><b>(6) Construct web version of retirement application that ensures application is complete before it can be printed and submitted.</b></p> <p><u>Target:</u> Web version to be developed by 12/31/04.  <u>Measure:</u> Application completion date.</p> <p><b>(7) Develop secure methodology to allow on-line submission of retirement applications.</b></p> <p><u>Target:</u> 25% of all applications submitted are done so via the web.  <u>Measure:</u> Percentage of all retirement applications that are submitted via the web.</p> <p><b>(8) Schedule all appeals within 30 days of receipt.</b></p> <p><u>Target:</u> All appeals will be heard within 15 months of the date of receipt.  <u>Measure:</u> Percentage of all appeals that are heard within 15 months of the date received.</p> <p><b>(9) Train Board members in system requirements, laws and other information necessary to oversee the functioning of the retirement systems.</b></p> <p><u>Target:</u> Hold business meetings at least two times per year.  <u>Measure:</u> Number of meetings held.</p> <p><u>Target:</u> Hold joint meetings with ASPIB at least once a year.  <u>Measure:</u> Number of meetings held.</p> <p><b>(10) Redesign website pages to make information easier to find, read, and understand.</b></p> <p><u>Target:</u> Redesign website pages by 12/31/04.  <u>Measure:</u> Completion of redesign by target date.</p>

FY2005 Resources Allocated to Achieve Results									
FY2005 Component Budget: \$11,610,700	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>Personnel:</b></td> </tr> <tr> <td>Full time</td> <td style="text-align: right;">103</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>103</b></td> </tr> </table>	<b>Personnel:</b>		Full time	103	Part time	0	<b>Total</b>	<b>103</b>
<b>Personnel:</b>									
Full time	103								
Part time	0								
<b>Total</b>	<b>103</b>								

## Performance Measure Detail

### (1) Result: Improve the accuracy of data available for calculation of benefits.

**Target:** 100% of on-line data will be accurate.

**Measure:** Percent of accurate data on-line.

### (2) Result: Increase the number of retirement appointments completed in the first month of retirement.

**Target:** 95% of all new retirees will be appointed by the end of the first month of retirement.

**Measure:** Percent of retirees appointed by end of the first month of retirement.

### (3) Result: Increase member understanding of retirement planning and benefits.

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

**Measure:** Percent of members surveyed reporting increased understanding.

### (4) Result: Educate more members via e-services.

**Target:** 25% of active members enrolled in member services.

**Measure:** Percentage of members enrolled in member services.

### (1) Strategy: Automate calculation of claimed service.

**Target:** 90% of all claims for service will be calculated electronically.

**Measure:** Percentage of claims electronically calculated.

### (2) Strategy: 100% of on-line data necessary to calculate benefits will be on-line within 30 days of being requested.

**Target:** 100% of data on-line within 30 days.

**Measure:** % of data entered within 30 days.

### (3) Strategy: Audit the data on the Combined Retirement System (CRS).

**Target:** 25% of the CRS data will be audited for accuracy.

**Measure:** Percent of CRS data audited.

**(4) Strategy: Train all technical and professional staff in eligibility determination, calculation, and certification of actions in all benefit areas to increase the number of processing staff during times of seasonal increase in workload.**

**Target:** 100% of staff cross trained.

**Measure:** Percent of staff cross trained.

**(5) Strategy: Automate appointment letter function.**

**Target:** 100% of appointment letters will be sent within 5 days of appointment of retirement.

**Measure:** Percent of letters sent within 5 days of appointment to retirement.

**(6) Strategy: Construct web version of retirement application that ensures application is complete before it can be printed and submitted.**

**Target:** Web version to be developed by 12/31/04.

**Measure:** Application completion date.

**(7) Strategy: Develop secure methodology to allow on-line submission of retirement applications.**

**Target:** 25% of all applications submitted are done so via the web.

**Measure:** Percentage of all retirement applications that are submitted via the web.

**(8) Strategy: Schedule all appeals within 30 days of receipt.**

**Target:** All appeals will be heard within 15 months of the date of receipt.

**Measure:** Percentage of all appeals that are heard within 15 months of the date received.

**(9) Strategy: Train Board members in system requirements, laws and other information necessary to oversee the functioning of the retirement systems.**

**Target:** Hold business meetings at least two times per year.

**Measure:** Number of meetings held.

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**Target:** Hold joint meetings with ASPIB at least once a year.

**Measure:** Number of meetings held.

**(10) Strategy: Redesign website pages to make information easier to find, read, and understand.**

**Target:** Redesign website pages by 12/31/04.

**Measure:** Completion of redesign by target date.

## Key Component Challenges

- Legislative changes to bring existing retirement systems statutes and regulations into compliance with the Internal Revenue Code.
- Retirement and Benefits Systems Growth: Projections prepared by the Division of Retirement and Benefits indicate that the number of PERS and TRS retirees will double over the next 10 years.
- Systems valuation reports as of June 30, 2002 indicate underfunding for PERS, TRS, and JRS. This has resulted in increased costs for employers beginning in FY2005.

## Significant Changes in Results to be Delivered in FY2005

- Access to online computer services for active and retired members will be further enhanced.
- Toll-free calling was introduced in FY2004; automated call distribution systems and the activity reports they generate will be refined in FY2005 to better serve customers.
- Implemented an improved employee benefits statement for teachers and public employees of political subdivisions.
- Maximum utilization of WorkFirst Program in order to reduce disability claims and costs.
- The number of counseling seminars for customers approaching retirement eligibility will be increased.
- On-line registration for seminars will be enhanced to improve access and attendance.

## Major Component Accomplishments in 2003

- Online computer services for active and retired members were enhanced.
- Automated telephone call distribution systems were designed and phased into implementation.
- Toll free calling was introduced (2nd quarter of FY2004)

## 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*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	6,178.2	6,461.3	6,642.0
72000 Travel	231.4	206.8	206.8
73000 Contractual	3,669.6	4,389.3	4,389.3
74000 Supplies	494.5	287.0	287.0
75000 Equipment	178.9	85.6	85.6
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>10,752.6</b>	<b>11,430.0</b>	<b>11,610.7</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	62.9	1.5	1.5
1017 Benefits Systems Receipts	2,863.8	3,110.3	3,150.6
1023 FICA Administration Fund Account	143.0	145.5	151.5
1029 Public Employees Retirement Fund	5,352.5	5,757.3	5,838.8
1034 Teachers Retirement System Fund	2,220.6	2,284.5	2,334.9
1042 Judicial Retirement System	23.8	28.8	29.1
1045 National Guard Retirement System	86.0	102.1	104.3
<b>Funding Totals</b>	<b>10,752.6</b>	<b>11,430.0</b>	<b>11,610.7</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	62.9	1.5	1.5
FICA Administration Fund Account	51040	143.0	145.5	151.5
Public Employees Retirement Fund	51065	5,352.5	5,757.3	5,838.8
Teachers Retirement System Fund	51090	2,220.6	2,284.5	2,334.9
Judicial Retirement System	51125	23.8	28.8	29.1
National Guard Retirement System	51135	86.0	102.1	104.3
Benefits System Receipts	51390	2,863.8	3,110.3	3,150.6
<b>Restricted Total</b>		<b>10,752.6</b>	<b>11,430.0</b>	<b>11,610.7</b>
<b>Total Estimated Revenues</b>		<b>10,752.6</b>	<b>11,430.0</b>	<b>11,610.7</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>11,430.0</b>	<b>11,430.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	264.4	264.4
<b>Proposed budget decreases:</b>				
-Anchorage Office Reduction	0.0	0.0	-83.7	-83.7
<b>FY2005 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>11,610.7</b>	<b>11,610.7</b>

**Retirement and Benefits  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2004 Authorized	FY2005 Governor		
Full-time	105	103	Annual Salaries	4,849,824
Part-time	0	0	Premium Pay	27,509
Nonpermanent	9	5	Annual Benefits	2,122,480
			<i>Less 6.25% Vacancy Factor</i>	(437,813)
			Lump Sum Premium Pay	80,000
<b>Totals</b>	<b>114</b>	<b>108</b>	<b>Total Personal Services</b>	<b>6,642,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	0	0	4	0	4
Accountant III	0	0	4	0	4
Accountant IV	0	0	1	0	1
Accountant V	0	0	1	0	1
Accounting Clerk II	0	0	2	0	2
Accounting Tech II	0	0	1	0	1
Accounting Tech III	0	0	2	0	2
Administrative Assistant	0	0	2	0	2
Administrative Clerk I	0	0	3	0	3
Administrative Clerk II	0	0	1	0	1
Administrative Clerk III	0	0	3	0	3
Administrative Manager IV	0	0	1	0	1
Analyst/Programmer II	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	4	0	4
Analyst/Programmer V	0	0	2	0	2
College Intern III	0	0	1	0	1
Data Processing Mgr III	0	0	1	0	1
Data Processing Tech II	0	0	2	0	2
Division Director	0	0	1	0	1
Information Officer II	0	0	1	0	1
Internal Auditor II	0	0	1	0	1
Internal Auditor III	0	0	1	0	1
Microfilm Equip Op I	0	0	2	0	2
Microfilm Equip Op II	0	0	1	0	1
Microfilm Equip Op III	0	0	1	0	1
Project Review Coordinator	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	8	0	8
Retirement & Benefits Tech II	0	0	22	0	22
Retirement & Benefits Tech III	0	0	12	0	12
Retirement Ben Manager	0	0	2	0	2
Retirement Ben Spec II	1	0	9	0	10
Retirement Ben Spec III	0	0	2	0	2
Student Intern II	0	0	2	0	2
Supply Technician I	0	0	1	0	1
Systems Programmer II	0	0	1	0	1
<b>Totals</b>	<b>1</b>	<b>0</b>	<b>107</b>	<b>0</b>	<b>108</b>

