

GOVERNMENTAL OPERATIONS

Agency 124

Department of Retirement Systems

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2013-15 Expenditure Authority	251.7		57,149	57,149
Total Maintenance Level	248.7		55,362	55,362
Difference	(3.0)		(1,787)	(1,787)
Percent Change from Current Biennium	(1.2)%		(3.1)%	(3.1)%
Performance Changes				
Upgrade Employer Reporting System	1.7		4,844	4,844
Audit Compliance			535	535
PSERS Membership #	1.2		240	240
CTS Rate Adjustment			(84)	(84)
Archives/Records Management			(1)	(1)
Legal Services			1	1
Office of Chief Information Officer			12	12
CTS Central Services			41	41
DES Central Services			7	7
Core Financial Systems Replacement			13	13
Fleet Program Rate Reduction			(2)	(2)
Time, Leave and Attendance System			17	17
Self-Insurance Liability Premium			(1)	(1)
State Public Employee Benefits Rate			303	303
Nonrepresented Job Class Specific Increases			55	55
General Wage Increase for State Employees			1,361	1,361
Subtotal	2.9		7,341	7,341
Total Proposed Budget	251.5		62,703	62,703
Difference	(.2)		5,554	5,554
Percent Change from Current Biennium	(0.1)%		9.7%	9.7%
Total Proposed Budget by Activity				
Administration	24.3		5,336	5,336
Deferred Compensation Management for Public Employees	19.0		4,992	4,992
Member Data Services	17.5		3,093	3,093
One-Time Projects	2.9		5,085	5,085
Retirement Customer Services	113.0		20,053	20,053
Retirement Information Systems	52.9		16,038	16,038
Trust Fund Accounting	20.8		7,252	7,252
Old Age and Survivors Insurance (OASI) Program	1.3		854	854
Total Proposed Budget	251.5		62,703	62,703

GOVERNMENTAL OPERATIONS

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Upgrade Employer Reporting System

Funding is provided for an upgrade to the Department of Retirement Systems' (DRS) Employer Information System (EIS). This system processes retirement data for 291,000 active members from over 1,300 employers who participate in the state's pension and deferred compensation programs. EIS collects and processes more than one million transactions each month, which contain the critical data that is used to calculate and distribute benefits. EIS was created in 1992 and it is now costly to maintain and adapt to increasingly complex business requirements. The upgrade will also allow changes contemplated by policymakers, such as capturing additional pay and job types for analysis and support in decision making. (Department of Retirement Systems Expense Account-State, Deferred Compensation Account-Nonappropriated)

Audit Compliance

For financial statements to comply with standards issued by the Governmental Accounting Standards Board (GASB) and audit recommendations from the American Institute of Certified Public Accountants, pension data must be audited at employer locations. GASB statements 67 and 68 will require employers participating in the state's retirement systems to recognize their proportionate share of the net pension liability. This expenditure authority covers the cost of these new audit requirements. (Department of Retirement Systems Expense Account-State)

PSERS Membership #

This funding supports the costs of proposed changes in the eligibility criteria in the Public Safety Employees' Retirement System. (Department of Retirement Systems Expense Account-State)

CTS Rate Adjustment

Agency budgets are adjusted to reflect changes in Consolidated Technology Services (CTS) rates. Specific changes include a reduction in metered storage rates and elimination of tailored storage rates, elimination of redundant firewalls, reduction in long distance telephone rates, a general rate reduction to reflect administrative efficiencies within CTS, and enhancements to the identity management service.

Archives/Records Management

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 10 percent reduction in the number of boxes submitted for records storage.

Legal Services

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a reduction in legal service charges. The Attorney General's Office (AGO) will work with client agencies to implement stricter policies and best practices regarding utilization of its services to achieve lower legal bills.

Office of Chief Information Officer

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect increased billing levels for software subscriptions and office relocation.

CTS Central Services

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

GOVERNMENTAL OPERATIONS

DES Central Services

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

Core Financial Systems Replacement

Agency budgets are adjusted to align with anticipated billings from the Office of Financial Management in the 2015-17 biennium for core financial systems replacement planning through the One Washington project.

Fleet Program Rate Reduction

Agency budgets are adjusted to reflect efficiencies and reduced costs for the Department of Enterprise Services' fleet program.

Time, Leave and Attendance System

Agency budgets are adjusted to align with anticipated billings for the Time, Leave and Attendance system, including debt service and project completion costs.

Self-Insurance Liability Premium

Agency budgets are adjusted to reflect updated premium rates and a reduction in billings for the 2015-17 biennium.

State Public Employee Benefits Rate

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

Nonrepresented Job Class Specific Increases

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State, various other accounts)

General Wage Increase for State Employees

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

ACTIVITY DESCRIPTIONS

Administration

Agency management activities include executive leadership, budget, fiscal and legal services, and policy and planning support to the Governor on pension issues, personnel, and other administrative support services. The authority for the Department of Retirement Systems (DRS) is established by RCW 41.50.

GOVERNMENTAL OPERATIONS

Deferred Compensation Management for Public Employees

This program enables eligible public employees to defer a portion of their earnings under a series of before tax investment plans until retirement or termination of public employment. At the end of Fiscal Year 2012, the program had \$2.9 billion in assets, serving approximately 53,000 employees of state government, higher education, and political subdivisions. This activity also includes a supplemental retirement program serving more than 180 judges. Authority for the Deferred Compensation Plan is contained in RCW 41.50 and Section 457 of the Internal Revenue Code, while authority for the Judges program is contained in RCW 2.12.

Member Data Services

This activity receives and processes essential member information submitted by more than 1,300 public employers. It also contains the unit responsible for conducting field audits of and providing training to those public employers, to ensure their compliance with state laws and regulations. Authority for DRS is established in RCW 41.50.

One-Time Projects

This activity contains the one-time costs associated with legislative projects approved and funded each session, which are then removed in the carry-forward level calculation process each biennium.

Retirement Customer Services

The Department of Retirement Systems (DRS) serves over half a million active, retired, and inactive members of the Public Employees, School Employees, Teachers, Law Enforcement and Firefighters, Washington State Patrol, Public Safety Employees, and Judicial retirement systems. Services include determining eligibility for retirement, educating and counseling prospective retirees, processing disability and death adjustments, and computing retirement benefits, deductions, and benefit adjustments. Authority for administering the retirement systems is established in RCW 2.10, 2.12, 41.26, 41.32, 41.34, 41.35, 41.37, 41.40, and 43.43. DRS also must conform to legislative mandates established in RCW 28.B10, 41.44, 41.45, 41.54, and 44.44.

Retirement Information Systems

DRS receives and manages essential information and records for members and retirees. Information services support includes database management, systems development, electronic communications support, system maintenance and troubleshooting, data collection and processing, and disbursement processing. Authority for DRS is established in RCW 41.50.

Trust Fund Accounting

DRS administers retirement benefits for state and local government employees. At the end of Fiscal Year 2012, the pension trust funds contained \$63 billion in assets, contributions last fiscal year totaled \$2.1 billion, and disbursements exceeded \$3.4 billion to an average of over 144,000 retirees each month. This activity contains the costs associated with all phases of accounting for the pension/trust funds, including collection of contributions, withdrawals and monthly pension disbursements, and IRS reporting. Authority for DRS is established in RCW 41.50.

Old Age and Survivors Insurance (OASI) Program

This activity administers the Social Security and Medicare coverage program, also known as Old Age Survivor Insurance (OASI), for all state and local (public) government employers throughout the state of Washington, by serving as a facilitator and communication bridge between those employers and the Social Security Administration and Internal Revenue Service.