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| **From:** | Feldhausen, Mark (DRS) |
| **To:** | OFM Budget |
| **Cc:** | Sakson, Jane (OFM) |
| **Subject:** | 2017 Contingency Plan Update from DRS |
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Following is an update to the contingency plan we submitted in 2015, in the event the legislature fails to make appropriations by July 1, 2017. It contains minor changes due to updated salary/benefit figures and different timing for a few positions.

**1. Services funded by appropriations in the enacted transportation budget.**

N/A – DRS does not receive an appropriation from the transportation budget.

**2. Services that do not require an appropriation.**

There are three relatively small areas of DRS (with FTEs) that operate out of non-appropriated or non-budgeted funds:

a. Administration of the state's Deferred Compensation Program operates out of account 888-6. Even though the agency has approximately 19 FTEs allotted to this fund source, many of those FTEs are split between other functions that are appropriated (e.g., support services and marketing). As a result, we only intend to keep **seven FTEs** in the office to properly account for daily financial activity, including assets which exceed $3.9 billion, and handle a reduced volume of customer services.

b. Administration of the Old Age Survivors Insurance (OASI) Program operates out of account 874-6. Even though we have more than one FTE allotted to this fund source, as the allotments include portions of internal support functions, we only intend to keep **one FTE** in the office to meet our OASI responsibilities to the Social Security Administration and the Internal Revenue Service.

c. We also have some positions that are funded out of the non-budgeted pension trust funds, as they perform functions "in defense of the trust." A few positions that are split between the trust funds and our appropriated funds will not be brought into the office but **five FTEs** who operate solely out of the non-budgeted funds will continue their functions.

The agency also pays record keeping fees for Plan 3 member accounts out of the non-appropriated side of fund 600. That is the only area of DRS, however, that is covered by the non-appropriated side of the DRS Expense Account (600-6).

3. **Services to continue based on certain constitutional mandates and federal law.**

The appropriated activity that would continue starting **July 1** would be a minimal level of FTEs to collect member and employer pension contributions from over 1,300 public employers (i.e., state agencies, institutions of higher education, school districts and local government entities), properly transfer/deposit the funds in the appropriate pension trust funds and member accounts, and continue existing pension distributions.

This minimal level of effort will require **16** (from over 200) **FTEs**. The majority of them will be from our Fiscal Unit but there will also be some support FTEs, primarily from our Information Services (IS) Division. The monthly salary/benefit cost for these 16 FTEs is approximately $137,000.

On **July 10** we will bring in additional FTEs to limit any overpayments in the July pension run, ensure the July COLAs (Cost of Living Adjustments) are accurately processed, and to process July 1 retirements for complete applications received as of June 30.

The activities that would start on July 10 will require approximately **77** more **FTEs**. The majority of them will be Retirement Specialists from our Retirement Services Division but there will also be additional resources from our IS Division to support numerous automated processes. The salary/benefit cost for these 77 FTEs, for the last three weeks of July, is approximately $357,000.

4. **Services that are necessary for the immediate response to issues of public safety, or to avoid catastrophic loss of state property.**

N/A – We do not believe we have any services that fall into this category in the short term.

I can be reached at 664-7194 if there are any questions.

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