

GOVERNMENTAL OPERATIONS

Agency 124

**Department of Retirement Systems
Recommendation Summary**

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2017-19 Original Appropriations	252.2	0	68,223	68,223
Maintenance Other Changes:				
1. LEOFF Plan 2 EMTs	0.3	0	107	107
Maintenance -- Other Total	0.3	0	107	107
Maintenance Comp Changes:				
2. Updated PEBB Rate	0.0	0	(155)	(155)
3. Paid Family Leave--Employer Premium	0.0	0	12	12
Maintenance -- Comp Total	0.0	0	(143)	(143)
Maintenance Central Services Changes:				
4. Audit Services	0.0	0	(6)	(6)
5. Legal Services	0.0	0	(1)	(1)
6. CTS Central Services	0.0	0	3	3
7. OFM Central Services	0.0	0	5	5
8. Workers' Compensation	0.0	0	9	9
9. DES Rate Compensation Changes	0.0	0	2	2
Maintenance -- Central Svcs Total	0.0	0	12	12
Total Maintenance Changes	0.3	0	(24)	(24)
2017-19 Maintenance Level	252.5	0	68,199	68,199
Policy Other Changes:				
10. Complete Employer Reporting System	2.2	0	783	783
11. Internal Audit Resource	0.5	0	119	119
12. Remove Money Purchase Spending	0.0	0	(154)	(154)
Policy -- Other Total	2.7	0	748	748
Policy Comp Changes:				
13. PERS & TRS Plan 1 Benefit Increase	0.0	0	17	17
Policy -- Comp Total	0.0	0	17	17
Policy Central Services Changes:				
14. Legal Services	0.0	0	1	1

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Department of Retirement Systems (cont.)

Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
15. CTS Central Services	0.0	0	18	18
16. DES Central Services	0.0	0	6	6
17. OFM Central Services	0.0	0	17	17
18. CTS Fee for Service Adjustment	0.0	0	12	12
Policy -- Central Svcs Total	0.0	0	54	54
Total Policy Changes	2.7	0	819	819
2017-19 Policy Level	255.2	0	69,018	69,018

POLICY CHANGES

1. LEOFF Plan 2 EMTs

Chapter 309, Laws of 2017 revised eligibility criteria for Emergency Medical Technicians' (EMT) membership in the Law Enforcement Officers' and Firefighters' (LEOFF) Retirement System Plan 2. The implementation cost could not be determined at the time the bill passed the Legislature in April 2017. That cost is now known and this item funds the implementation work. (Dept of Retirement Systems Expense Account-State)

2. Updated PEBB Rate

The funding rate for the Public Employees' Benefits Board (PEBB) insurance program is adjusted for fiscal year 2019 to reflect updated actuarial projections, administrative costs and payments to third-party administrators. The funding is sufficient for a new virtual diabetes prevention program and a change in the waiting period for dental crown replacements in the Uniform Dental Program (UDP) from seven to five years. The change would bring UDP into alignment with the current waiting period in the managed dental plans. This reduces the fiscal year 2019 funding rate from \$957 per month to \$906. (Dept of Retirement Systems Expense Account-State; OASI Revolving Account-Non-Appr; Deferred Compensation Administrative Account-Non-Appr)

3. Paid Family Leave--Employer Premium

A paid family and medical leave program was created by Chapter 5, Laws of 2017, 3rd Special Session. Beginning January 1, 2019, the state, as an employer, will be responsible for payment of employer premiums for employees not covered by a collective bargaining agreement. This item provides funding for this obligation. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

4. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (Dept of Retirement Systems Expense Account-State)

5. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (Dept of Retirement Systems Expense Account-State)

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Department of Retirement Systems (cont.)**Recommendation Summary****6. CTS Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

7. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (Dept of Retirement Systems Expense Account-State)

8. Workers' Compensation

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

9. DES Rate Compensation Changes

Funding is provided to cover compensation and central service cost increases that were included in the 2017-19 biennial budget in lines of business at the Department of Enterprise Services that have a fee for service structure. (Dept of Retirement Systems Expense Account-State)

10. Complete Employer Reporting System

Some funding for the Employer Reporting Application project provided in the 2015-17 budget was unspent. This item allows the funding to be used in the current biennium to complete the project. The implementation date shifted into this biennium, so the agency needs this change to finish the project. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

11. Internal Audit Resource

A second internal auditor position is funded to help the Department of Retirement Systems comply with the professional auditing standards of the Institute of Internal Auditors, which is required by statute (RCW 43.88.160). The size and complexity of the pension systems and the associated audit requirements have increased significantly since the agency was created in the late 1970s with only one internal auditor. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

12. Remove Money Purchase Spending

Expenditure authority is removed for the Money Purchase Retirement Administrative Account. This proposed activity was not approved by the federal Internal Revenue Service, so the authority is no longer needed. (Money-Purchase Retirement Savings Admin Account-Non-Appr)

13. PERS & TRS Plan 1 Benefit Increase

For eligible Public Employees' and Teachers' Retirement System Plan 1 members, this item provides a one-time ongoing increase of 3%, up to a maximum of \$62.50 per month. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

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Department of Retirement Systems (cont.)

Recommendation Summary

14. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (Dept of Retirement Systems Expense Account-State)

15. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

16. DES Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (Dept of Retirement Systems Expense Account-State)

17. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)

18. CTS Fee for Service Adjustment

Rates for wireless, virtual private network, and server infrastructure services are increased effective January 1, 2018 to align revenues with WaTech's cost of providing services. Monthly rates per device or service will increase for wireless to \$50, Centrex services to \$45 and virtual private network to \$285 per tunnel per month with a \$500 setup fee. (Dept of Retirement Systems Expense Account-State; Deferred Compensation Administrative Account-Non-Appr)