

Employer Advisory Committee Meeting Minutes
February 19, 2015

DRS Team Members Present:

Mike Ricchio, Chairperson
Amanda Persell, Administrative Assistant
Brian Berghoff, Senior Policy and Rules Analyst
Briana Owens, Central Reception Unit Team Leader
Dave Nelsen, Assistant Director of Customer and Policy Services
Eleanor Conway, Employer Support Services
Jacob White, Legal/Legislative Services Manager
Jamie Carl, Employer Support Services
Jeff Groebner, Employer Support Services
Jennifer Freeze, Information Technology Specialist
Jennifer Rosebraugh, Financial Reporting
Jonathan Stoffer, Employer Support Services
Kareen Morlan, Accounts Receivable
Karla Philips, Management Analyst
Kim Smith, Employer Support Services Manager
Kym Nelsen, Employer Support Services
Lanette Barton, Retirement Services Manager
Larry Bona, Employer Support Services
Lisa Horne, Information Technology Specialist
Marla Mortensen, Project Manager
Rose Bossio, Assistant Director of Information Services
Rose Shultz, Payroll Specialist
Sharon Houseman, Accounts Receivable Manager
Shelly Umpstead, Information Technology Specialist
Sue Gordon, ERA Technical Project Manager

Employer Members Present:

Christie Johnson, Dept. of Social & Health Services
Darrin Litchfield, Dept. of Enterprise Services
Gail Davila, City of Bellevue
Helen Sick, Dept. of Social & Health Services
John Boesenberg, SBCTC
Kimberly Fleming, King County
Rebecca Castaneda, King County

Employer Members Present via Conference Call:

Allyssa Cavanaugh, Port of Seattle
Barbara Cox, Port of Tacoma
Catherine Cameron, Port of Seattle
Claudia Kay – Port of Seattle
Katy Dwyer, University of Washington
Maureen Kwant, WSIPC
Terry Schaefer, WSIPC
Tess Ylescupidez, Pierce County

Welcome

Chairman Ricchio welcomed everyone to the meeting and thanked them for attending. He introduced Darrin Litchfield from the Department of Enterprise Services, who is a new member of the Employer Advisory Committee.

eServices – Larry Bona

Larry Bona from Employer Support Services presented on eServices upgrades. These upgrades are a result of employer requests. Click [here](#) to see where the enhancements were implemented.

Please contact [Employer Support Services](#) with any suggestions or questions.

Eligibility Video – Jonathan Stoffer

Employer Support Services has been working on creating a series of training videos that will be available on the Employer website soon and are intended to supplement the existing employer training. The goal is to put out one video per month, starting with eligibility for each of the systems.

Please contact [Employer Support Services](#) with suggestions.

Record Keeper Update – Marla Mortensen

Marla Mortensen, Project Manager, gave an update on DRS' record keeper transition that will be implemented this fall. Through customer feedback and the open procurement process, it became clear that customer needs would be best met by selecting a single record keeper for both DCP and Plan 3. This transition will be primarily for the Plan 3 members moving from ICMA-RC to Empower Retirement (formally known as Great West Financial). DRS has contracted with Empower Retirement to provide the recordkeeping services for both Plan 3 and DCP customers effective October 1st, 2015. Empower will continue to service the DCP customers and ICMA will continue to service the Plan 3 customers under the current contracts through September 30th. DRS, Empower and ICMA-RC project teams have begun the planning and preparation for this transition. In early spring, DRS will begin to communicate the upcoming changes to affected customers and will continue that communication through October. DRS does not expect any reporting changes for employers as part of this transition. Also, there are no investment line-up changes as part of this transition.

As a result of going to a single record keeper, DRS customers will only need to call one phone number to reach representatives who can assist them with both their DCP and Plan 3 recordkeeping needs in the future. DRS is also anticipating a single web source for customers to have access to all of their information with a responsive design that will help them with their retirement planning that is customer focused on them; on their individual situation and needs. Another service that the Department plans to provide is a combined member statement. For customers that are invested in both DCP and in Plan 3, there may be an option to combine member statement information so they are not getting two separate statements. After transitioning to a single record keeper, DRS is looking at making further improvements by exploring ways to fold in defined benefit information into that account statement, maybe even social security information, to give a full comprehensive view for future retirement planning.

In March, the first communication will go out through the DRS public website, Plan 3 member secure access site and Quarterly Report. DRS will continue to communicate transition information to customers, employers, and stakeholders as the project progresses.

As always, Plan 3 and DCP customers can contact DRS if they have any questions or concerns. The contact information will be provided in all customer communications distributed about this change.

Click [here](#) to see the Record Keeper Update slide show.

Legislative Update – Jacob White

Jacob White, the Legal & Legislative Services Manager, gave an update on current legislation. The Legislature is currently in session and there are several possible pension bills. Click [here](#) to see the current Legislative Update.

Please contact [Jacob White](#) with any questions.

ERA Update – Sue Gordon

Sue Gordon, the Employer Reporting Application (ERA) Technical Project Manager, gave an update on ERA. DRS submitted a decision package for funding in this legislative session and it was included in the Governor's budget. This is the first step in getting the funding approved.

The Chief Information Officer, who has oversight of all IT projects within state government, has approved ERA as a Level 2 project after a new Risk Severity Matrix Assessment was conducted. The next steps in the project are the procurement, integrating lessons learned from the first procurement, and to issue an RFP directly after the legislative authorization of the project budget.

Click [here](#) to see Sue's update.

Dave Nelsen, Retirement Services Division Assistant Director, joined the meeting to ask for input from the group. When looking at replacing the current system with ERA, DRS talked with the stakeholders about what they would like to see in terms of information and data from the Department that they are currently not receiving. One was overtime; the legislature wants to receive more detail about the overtime that is being used in the employer community to see how much impact it is having on pension benefits. DRS also needs more information about overtime for calculating excess comp bills as the statute mandates. Also, there have been a number of initiatives attempting to match DRS data with job types. The Department does not currently require any job type information from the employers. There are a number of Legislators and legislative proposals that are contemplating crafting benefits based on the type of jobs that people are doing. In the past, there have been PSERS proposals to seek out the high-risk type of jobs and cross-match with DRS, L&I and HRMS data. It was unsuccessful, so they are looking for something more from the Department in terms of job type.

Mr. Nelsen asked the group if, rather than creating whole new requirements, employers already reported job type to other agencies (ie. federal government, L&I, Employment Security), making it easier for them to provide this information to DRS. The agency currently collects some limited information on police, fire departments, elected officials, and non-elected officials. The data that is being requested is a little more specific such as whether an employee is an office worker, manager, senior manager, or if they are doing work that is out in the field and are more physically active. Job titles would be too specific, as there wouldn't be a job title that is useful across the 1,300 employers that the Department works with.

Christie Johnson, DSHS, stated that they do not report high level information. DSHS reports a code inside HRMS which may specify that someone is doing ‘office type’ work. There are different codes for risk class that go to L&I. L&I risk class is very high level.

Maureen Kwant with WSIPC said that school districts have to do a S275 report to OSPI which is pretty detailed about teaching in the classroom, or security or janitor, administrator. It is relatively detailed.

Kimberly Fleming answered that King County has internal reports that show job type, but that they don’t send anything off to any other entities.

John Boesenberg, SBCTC, asked if affirmative action job categories would be effective. They are usually grouped into employee types – maintenance, clerical, faculty, administrative. SBCTC collects that information and the colleges use it. They don’t report it to a third agency but do collect it and report it, particularly if federal funds are being used.

Mr. Nelsen will follow up with John on the type of codes SBCTC is using to track job categories to contemplate whether it will be useful. The Department is committed to finding a method of reporting that is the lowest impact to employers that will still provide enough data to meet the needs of the stakeholders. DRS is seeking ways to gather this data in as non-intrusive manner from employers as possible when we implement the new system.

Darrin Litchfield, Department of Enterprise Services, stated that they don’t currently have job type categories in HRMS, but that it would be easy for them to configure to have a job classification category. It would have to be a new box to check and it would be easy to report on the GAAP46.

Please contact [Dave Nelsen](#) with any further input.

Census Data Testing – Jennifer Rosebraugh

Jennifer Rosebraugh, the Financial Reporting Manager, joined the meeting to talk about the GASB 68 Census Data Testing. GASB 68 establishes new accounting and financial reporting requirements for government employers that prepare GAAP-compliant financial statements. Statement 68 is effective for fiscal years beginning after June 15, 2014 and requires employers to recognize their proportionate share of any unfunded pension obligation (called the “net pension liability”) as a balance sheet liability in their financial statements. In addition, employers will be required to recognize certain pension expenses immediately rather than extending them over a period of time. The American Institute of Certified Public Accountants (AICPA) provided auditing guidance in February 2014 that included testing of census data at the employer level.

The Department of Retirement Systems plan auditors and the State Auditor’s Office (SAO) are working together to perform Census Data testing of selected employers based on the direction that has been provided in the AICPA white papers. Employers will be notified by the SAO if they are selected for testing. It is anticipated that the fiscal year 2013 testing will be completed at the end of April

Additionally, DRS will send out letters in the near future to select employers to confirm employer contribution transmittals processed by DRS for fiscal year 2013 and 2014 (July-June).

Kimberly Fleming, King County, inquired as to how the employers are selected for testing.

Jennifer Rosebraugh responded that DRS plan auditors sent the State Auditor's Office the allocations based on employer contributions. Most of the selection is random, but some is based on the size of the employer. Employers may not be tested every year, but if they are a large entity they may be tested more frequently.

Employers can find updates, FAQs and links to outside resources on the new GASB Standards on the [DRS website](#), and can contact [Employer Support Services](#) to get assistance with any questions.

Open Discussion

Katy Dwyer from the University of Washington received a letter that has been escalating at the university regarding a retiree from the City of Seattle that entered a PERS eligible position, but was not eligible under the City's retirement plan rules. The prior retirement went unnoticed by the employer and DRS and the retiree was entered into the PERS system. Katy would like to know what DRS is doing to identify those that retired from a first class city who later go to work for a DRS covered employer.

Dave Nelsen answered that there are 3 first class cities in the state of Washington that have their own retirement plans – Seattle, Tacoma and Spokane. There are some rules that say if someone retires from one of these city systems, they cannot establish membership in the state systems. DRS does not administer these city plans and has spent a tremendous amount of time trying to establish relationships with the cities to cross reference retirements. DRS has requested annual disbursement files that the cities send to the IRS so a validation against the department's database can be done but what it found was that there are low levels of IT infrastructure at each of these organizations. Their ability to comply is challenging. Also, in the past year or so, all of them have turned over their directors. DRS has added verbiage to some of the communication to members that is provided at the time of reemployment. DRS is also trying to coordinate with the cities for them to provide information to their retirees at the time they are retiring from state employment that if a retiree goes to work for a state agency and finds that there is a deduction being taken, to contact the Department of Retirement Systems. DRS is still trying to establish relationships and be able to get to the point where an annual data match could be done identifying these retirees early so that those earnings could be backed out.

Kimberly Fleming, King County, wanted to know if any other employers had any feedback about the new RFEI system. King County has been struggling at their level with this new system because they don't know its total functionality and the training document that was received is relatively vague. She asked what DRS planned to do to further communicate and explain this new system.

Chairman Ricchio stated that these questions and other questions that the Department has received have led DRS to make some improvements to the RFEI system and they continue to try to be responsive to the things employers identify but it will take some time to resolve all of the issues. DRS is still in the discovery mode, but if employers are experiencing difficulty using the system or understanding it, please continue to send questions to DRS.

Christy Johnson stated that DSHS has several sub-agencies and the new system seems to be working out well for them. She thanked the Department for putting the email address option in there. There are a few of the sub-agencies that handle their own retirement information and this ensures that they get those emails when a new VOE comes in. She asked if it is possible for DRS to do the same thing with new documents, as well.

Chairman Ricchio will look into that for Christy.

Darrin Litchfield from DES stated that PERS 1 retirees can do an additional contribution up to 10% and HRMS is going to be able to have the ability to do an auto payroll deduct for that additional contribution so they don't have to mail checks into DRS. That will be effective in the March 24th release into production.

Closing

Next meeting will be May 21, 2015 at the Department of Retirement Systems.