

Employer Advisory Committee Meeting Minutes-  
August 16, 2012

**DRS Staff Members Present:**

Mike Ricchio, Chairperson  
Amanda Persell, Administrative Assistant  
Danielle Hiatt, Office Assistant  
Dave Nelsen, Legal/Legislative Services Manager  
Karla Phillips, Accounts Receivable/Audit Manager  
Shannon Davis, Employer Auditor  
Melanie Piccin, ESS Information Technology Specialist  
Jamie Carl, ESS Information Technology Specialist  
Kym Nelson, ESS Information Technology Specialist  
Brian Berghoff, DCP Plan Administrator

**Employer Members Present:**

Sheryl Gordon, Green River Community College  
Nancy Savage, Pierce County  
Kimberly Fleming, King County Metro  
Sheena Fournier, DSHS

**Employer Members Present via Conference Call:**

Lisa Croft, Port of Tacoma  
Barbara Cox, Port of Tacoma  
Gail Davila, City of Bellevue  
Cinda Wilkey, WSIPC  
Chandra Winston, Port of Seattle  
Katy Dwyer, University of Washington  
Lynn Guyton, Puyallup SD

**Welcome**

Chairman Mike Ricchio introduced himself, welcomed everyone to the meeting, and thanked them for attending. To see Mike's full bio, click [here](#).

Mike also stated that he is eager to work with the EAC on all relevant topics of interest and looks forward to visiting with employers to get their views on how DRS is doing, finding out how they are resolving issues related to pension administration in their shops and putting names together with faces.

**Legal/Legislative Update**

Chairman Ricchio introduced Dave Nelsen, Legal/Legislative Services Manager. Dave gave a legislative update. This is the interim time of year when the Select Committee on Pension Policy, the LEOFF 2 Board and the Pension Funding Council hold meetings to address their policy and/or funding agendas prior to the next legislative session.

*The Select Committee on Pension Policy:* The SCCP has several things they are working on. They have been tasked to do a study on early retirement factors. They are looking at high risk job classifications to see if these classes need to be put into the PSERS retirement system instead of PERS. They are also looking at whether the new ERFs make sense for older classroom employees.

Kimberly Fleming of King County asked if during this study on aging teachers the SCPP would also be looking at the effectiveness of judges after a certain age. Dave stated that there were four bills during the last legislative session dealing with the retirement age of judges. He feels we will likely see more bills related to this issue.

The SCPP is also looking at pension garnishment. Currently, a pension cannot be garnished for any reason other than child support, divorce settlements or bankruptcy. During the last legislative session, the Legislature passed a bill to clarify that pensions are not able to be garnished even after the retiree received the payment. The Governor wrote a letter to the SCPP asking them to study whether additional exceptions to the garnishment rules should be allowed, such as for crime victim compensation when there has been serious bodily harm.

Sheena Fournier of DSHS asked if pensions can be garnished for salary overpayments. Dave said no.

Another pension study by the Washington State Institute of Public Policy is taking place on a wide variety of topics. The Legislature has asked them to study four points in regards to Washington Retirement Policies; these are:

- Pension Adequacy
- Pension Portability
- Comparison to other states
- Pension Overtime and Excess Compensation

Based on this study, the SCPP or the Legislature may take actions regarding these points.

*The LEOFF 2 Board:* The LEOFF 2 Board has a fairly light policy agenda for this interim. It is unlikely that anything will happen on the LEOFF 1/LEOFF 2 merger during this time. They may look at EMTs who work for Public Hospital Districts, and they adopted a new contribution rate for the new biennium. There is a decrease of 3 basis points for employers.

*Pension Funding Council:* The Pension Funding Council adopted the new rates for the next biennium as recommended by the State Actuary, increasing the employer rate. You may view the new rates [here](#). While the adopted rates are a significant increase over current rates, these are lower than what the State Actuary had predicted before the latest valuation.

Additionally, along with this rate increase, the Department of Retirement Systems' administrative rate may be increasing to as high as 18 basis points. We are currently at 16, which is a record low.

Dave also gave a legal update on Gainsharing and the Uniform COLA lawsuits.

*Gainsharing:* Judge Edie rendered a final verdict on both phases of the lawsuit. Both sides have appealed to the Supreme Court. We will know if the Supreme Court will hear the case in January, at the earliest. If they won't, it will get remanded to the Appellate Court.

*Uniform COLA Lawsuit:* This lawsuit will be heard in Thurston County. Discovery is underway, and the first hearing is scheduled for September 7.

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

### **EIS Update**

Chairman Ricchio stated that DRS received a limited number of comments on the Employer Information System Conceptual Design document that was sent out for review. He also shared that on Wednesday, August 1<sup>st</sup>, he attended a meeting with some legislative staff regarding the need for a replacement for the current EIS system. There seemed to be general agreement that replacing EIS was appropriate and that the current system is not capable of providing the functionality to do what is needed. The current system makes it difficult to comply with changes to regulations and to implement other system changes.

DRS wants the new EIS system to be as user friendly as possible and will work hard to avoid putting the burden of adjusting to the new system on employers. Employers will continue to use their own systems, and DRS will make sure that data from employer systems is accepted into the new EIS system. Our goal is to minimize the impact on employers to the greatest degree possible.

DRS has looked at what other states have done with their systems. Oregon, for example, spent over \$30 million on a completely new comprehensive system. DRS is not planning to do such an extensive overhaul. DRS' approach will be to rebuild its system step by step, beginning with EIS. Future revisions to the system will use the same IT architecture as the new EIS system, and will help to position all of DRS for efficient and effective operations moving forward. The method of funding for the new system has not been determined, but is likely to involve consideration of a rate increase. The amount of funding needed to start up the new system is estimated to be approximately \$3 million. DRS will keep you posted on the funding issues as we move closer to the legislative session.

Katy Dwyer, University of Washington wanted to know if employers can still send in comments on the design document. Yes, please send comments or inquiries to [Mike Ricchio](#) or [Kim Smith](#).

### **WAC Rules**

Chairman Ricchio extended an invitation to volunteers to work on a subcommittee to help determine whether new WAC rules related to DRS' requirements might be appropriate or useful. It appears that current rules, statutes and manuals aren't always in perfect accord. This seems like a good time to look at these areas and make changes as necessary to ensure consistency and clarity. The subcommittee would do its work separately from the EAC, looking for discrepancies in the rules vs. practices and would report out to the full committee to keep everyone informed.

Katy Dwyer of the University of Washington stated that a brainstorming session may be helpful to get things started.

Mike said that he was happy to put together some issues that have already been identified as potential subject areas for discussion. He will then send them out to EAC committee members so they can decide if they want to join the subcommittee. If you would like to volunteer, or if you have an item to be added to Mike's list, please [email](#) him.

### **Employer Outreach**

Chairman Ricchio thanked employers who responded to the Employer Interviews DRS recently conducted.

Eighty employers were chosen at random and were asked one question: "What expectations do you, as a part of the employer community, have to be a completely satisfied customer of DRS?" To date, 62 interviews have been conducted and the feedback is being reviewed for trends. These interviews will help DRS determine what is most important to our customers. Trends in the data evaluated so far include: accuracy, timely service, friendliness, getting the right answer the first time and availability. We want to use these criteria, and others we identify, to develop tools for customers to use to evaluate DRS' performance. More on this as we continue to evaluate the feedback employers have provided.

### **Business Process Mapping**

Chairman Ricchio showed a video on DRS' Business Process Mapping efforts to date. Business process mapping is part of an agency-wide effort to transform DRS' culture, its approach to doing business, and to take advantage of LEAN principles to make the agency more efficient. The book *Business at the Speed of Now: Fire Up Your People, Thrill Your Customers, and Crush Your Competitors* by John M. Bernard (2012) is being used as a

template for these changes within DRS. We have partnered with *Mass Ingenuity* to pursue these ends.

Katie Dwyer inquired about what kind of financial commitments, time and contracts are involved. She stated that it sounded as though this effort could take a quite a while to play out. With budget constraints as they are, it will be great to see how this works. Mike said he is not sure what the dollar figures are, but will find out. A number of agencies in Oregon State have also gone this route and other states' agencies are interested as well.

If you have any questions or comments as DRS moves through this process, please feel free contact [Mike Ricchio](#) for more information.

### **Open Discussion**

Kimberly Fleming of King County inquired about employer imaging. There seems to be no place for RSAs to look at all of the information in employer files. Mike stated that this is still on DRS' plate, but is not complete. Resource constraints are challenging.

Kimberly also wanted to know if when DRS has made a decision to do something like change a person's plan, can they tell the employer so they can report them correctly? Katy Dwyer of University of Washington stated that this has been an ongoing thread with DRS; the same thing applies to disability. There needs to be a cultural mindset change to partner with employers. Melanie Piccin of Employer Support Services answered that in past years, in ESS, when a person retires it has been viewed as private business/confidential and as being the employee's responsibility to communicate to their employer. Maybe we could change but this has to do with a person's private business. Katy stated that employers are careful about how they talk to their internal departments. But the benefits office needs to be trusted. It is time to look at this issue again and reconsider. Once a person turns in retirement documents it is the employer's business because it is official. Cinda Wilkey of WSIPC said that as they travel between school districts, this is one of the things they hear. School districts feel their hands are tied because they don't know and then they get a lot of work suddenly for the member. Dave Nelsen interjected asking if this is really a DRS role. Why are the employees not telling their employers? How often is this happening? This might play into if DRS is comfortable sharing information. Maybe when we counsel them we tell them to go back to their employer. Mike agreed to start doing some work around this. Melanie added that DRS is in the middle of reviewing member interviews and that it was heard they want DRS to tell them what to do. Maybe this can be included.

Kimberly Fleming stated the employer community does quite a bit of communication with RSAs and she noticed no RSD Administrators come to the EAC meeting. It would be nice to have someone from that side come as

well to hear what we have to say or answer questions; maybe even include RSAs. Mike said that this is an open meeting but we will take that suggestion to Jennifer Dahl.

Chairman Ricchio called the meeting to a close saying that he was pleased to meet everyone and is looking forward to meeting more employers in person and working with everyone in the future.

The next meeting will be November 15, 2012 at the Department of Retirement Systems.