

Employer Advisory Committee Meeting Minutes-
May 9, 2013

DRS Staff Members Present:

Mike Ricchio, Chairperson
Amanda Persell, Administrative Assistant
Danielle Hiatt, Office Assistant
Dave Nelsen, Legal/Legislative Services Manager
David Brine, Communications Director
Debbie Callar, Employer Support Services
Jamie Carl, Employer Support Services
Kareen Morlan, Accounts Receivable
Kim Smith, Employer Support Services Manager
Kym Nelsen, Employer Support Services
Larry Bona, Employer Support Services
Rose Bossio, Project Manager
Shawn Merchant, PSID Assistant Director
Sue Gordon, Web & Client Services Manager
Zan Johnston, Retirement Services Manager

Guest Speaker:

Phil Paroian, Washington State Investment Board

Employer Members Present:

Gail Davila, City of Bellevue
Heather Mam, Pierce County
Kimberly Fleming, King County Metro
Nancy Savage, Pierce County
Sheena Fournier, DSHS
Sheryl Gordon, Green River Community College
Tess Ylescupidez, Pierce County

Employer Members Present via Conference Call:

Lynn Guyton, Puyallup School District
Katy Dwyer, University of Washington
Chandra Winston, Port of Seattle
Nancy Pooler, Port of Seattle

Welcome

Chairman Ricchio welcomed everyone to the meeting and thanked them for attending and took roll call.

Chairman Ricchio announced that Nancy Savage from Pierce County will be retiring in July. Ricchio went on to say: Nancy has been attending Employer Advisory Committee (EAC) meetings for many years. She is extremely knowledgeable regarding pension issues and has been a wonderful resource for the EAC. Nancy has also been very generous with her time and in her willingness to share thoughts and opinions on what the EAC does. Nancy really cares about the retirement system and wants it to work well. Chairman Ricchio then thanked Nancy for being a tremendous Employer Advisory Committee member, and for all of her support and hard work

over the years. EAC members also expressed their thanks and wished Nancy the best with her retirement plans.

Legal/Legislative Update – Dave Nelsen

The regular session has ended and the special session will begin on Monday, May 13. The special session is scheduled to go for 30 days; they could end sooner, but they may not finish within the 30 days. If they don't finish, they would be called back again. There is still a lot of disagreement on the budget. It sounds like they agree on the numbers associated with the various proposals from both the Senate and the House, but they are still working on developing a budget that is agreeable to everyone.

Click [here](#) to see the pension bills that will be discussed in the special session.

Gail Davila of the City of Bellevue asked if there is any language in the bill that will allow an employer to opt out of the proposed mandatory defined contribution plan, called the Public Employee Savings Plan (PESP). They already have two defined contribution plans, a 401k and 457. The answer is no. Any employer that is currently a PERS employer is automatically a PESP employer.

Gail also asked if there will be any opportunity for a public hearing or for employers to oppose this bill. Dave stated that there were already public hearings in the Senate and the Senate Ways and Means committee; there may be more on the House side, and if it goes through there may be more. Dave would encourage any employer with any issues regarding any aspect of the bill, or the policy in general, to contact their Legislator and voice their concerns.

Mr. Nelsen also spoke on the new Employer Reporting Application. In every version of the budget, funding for the new DRS infrastructure and reporting application has been approved. DRS submitted a budget request for a little over \$3 million to fund the development of a new system that will be used to process employer information. This will be a big project for the department and require a lot of collaboration with the employers. One of the reasons that the Legislature is excited to fund this project is that they want additional data from DRS, which will come from the employers. The data that they are really focusing on is the data regarding excess compensation; greater specificity around overtime, bonuses, and lump sum payments. This will mean that DRS will be asking employers for clarity around overtime.

The office of the State Actuary will begin collecting information regarding job types in order to support some of the policy work in the Legislature. Currently, there is no ability to match up disability rates within the retirement systems with any sort of job type and DRS does not collect job types. DRS may be building a job type indicator into the new system in order to meet the Actuary's needs and legislative mandates.

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

Employer Reporting Application Update – Sue Gordon/Rose Bossio

Sue Gordon is leading the acquisition and installation of the new technology platform upon which the new employer reporting application will be based. DRS is in the process of developing the RFP, schedule and resource plan; the timeline is yet to be determined. Sue will give a more detailed report at the next meeting with high level milestones.

Rose Bossio spoke about the planning that is currently underway. The methodology the project team is using focuses on the business processes, not the technology. The team has identified the processes that the new infrastructure will need to support and is doing some analysis around the business rules for those processes. They are focusing on the “what” right now and will work on the “how” once a vendor is on board and they are in the design phase. During the design phase, the team will be doing a lot of employer outreach. They would also like to talk to a sub-group of employers about some of the processes and ideas for making them better.

Kimberly Fleming of King County stated that it looks like DRS is wanting to build the functionality of WBET into the new system. Rose confirmed the goal of the future system is to pre-edit the data prior to committing it to the DRS database, which is very similar to how WBET processes data.

There is more to come on schedule and structure in the near future.

DRS has added a page to the DRS website that is specific to this project. Employer Reporting Application (ERA) is the name of the project, not necessarily what the new application will be called. Follow this [link](#) to see the ERA Project page. Communications will be updating this page regularly.

Chairman Ricchio capped the discussion by stating that the agency is still working on the overall project structure. There is a lot of uncertainty because of pending legislation, particularly [Senate Bill 5851](#) (Optional Defined Contribution Plan-PESP), and potential resource conflicts as a result. It is likely that these two projects (ERA and PESP) would occur in the same time frame. Because DRS is not a large agency, and because DRS wants to make sure that the build and all of the dependencies are resourced appropriately and intelligently, the PESP project could end up affecting some of the timelines for the ERA project. Chairman Ricchio encouraged all employers to check the web page for updates.

Washington State Investment Board – Phil Paroian

Chairman Ricchio introduced Phil Paroian, Senior Investment Officer for Public Equity of the Washington State Investment Board. Phil joined the meeting to present on his job and what the Washington State Investment Board does to serve DRS members. EAC members felt Phil’s presentation was very informative and well worth reviewing. Click [here](#) to see Mr. Paroian’s presentation. Click [here](#) to see the handout included with his presentation.

All of the information provided here is public; employers may feel free to share it with employees. The handout is on the [WSIB website](#).

Employer Satisfaction Effort – Kim Smith

Last July, DRS called 64 employers, selected at random and asked them one question, “What expectations do you, as part of the employer community, have to be a completely satisfied customer of DRS?” There was a lot of feedback from the employers regarding what they liked about what DRS does and where DRS could improve. From July to September, all of the Administrative Services Division met several times to debrief each employer’s feedback. With this information collected, from October through February, the group worked to distill employers’ expectations from the feedback and create [Employer Satisfaction Criteria](#). The criteria were then sent back out to the employers who were interviewed to validate that all their expectations were captured.

Earlier this week, an email including the criteria was sent out to all employers. A random sample of employers will be selected quarterly and asked to rate DRS. Some of those that participate will receive a follow up phone call from an ESS representative to talk about the reasons that particular employer rated DRS the way they did.

Click [here](#) to view the first set of quarterly results. The goal is to have 80% of those interviewed rate each category at a 9 or above. DRS is very happy with the feedback they have been getting, but understands there is always room for improvement. That's why the goals were set so high. DRS believes that a low (or "red") score is not a bad thing, but a flag showing where improvement is needed and where resources need to be applied to make that improvement happen.

This rating metric is one of many that is used to assess DRS' performance on a quarterly basis. The goal is to improve the processes that are key to the Department's operations. Employer feedback is needed to assist in this effort.

Please feel free to contact [Kim Smith](#) with any questions or concerns.

Statewide Training – Kim Smith

In 2012, DRS took a hiatus from Statewide Training. In the coming year, the trainings will be reinstated. In early April, Employer Support Services sent out a short survey asking employers questions regarding these trainings. 584 responses were received. One of the questions asked was whether employers liked the two half-day classes, or if they would prefer one all-day class. The feedback was 2:1 in favor of the one day option. Other questions on the survey included inquiries about how far employers would travel for trainings, their preferred method for training; if they would like DRS to travel to them or if they would prefer to do online trainings and what topics they would like to see.

Currently, ESS is building the schedule for 2013. Trainings will begin in mid-June and run through mid-November. An email will go out to employers as soon as registration is available. DRS will also be offering WebEx trainings this year. The trainings will cover Human Resource in the morning so they can leave half way through if they want. Trainings will also be one full day instead of two half days.

Kimberly Fleming of King County requested that training on the Retirement Status Form be added. She suggested that DRS train on what are employers are supposed to do with it, why DRS needs the information, why DRS is contacting the employer, and what the expectation is. Kim Smith stated that she will make sure it is added to the agenda.

Please contact [Kim](#) with any additional items or questions.

Open Discussion

Prior to the meeting, Gail Davila from the City of Bellevue submitted the following questions:

Q: "Many DRS employers are aware that LEOFF retirees can elect to have healthcare premiums paid directly to their provider through a DRS monthly payment deduction from their pension check (if that provider has an agreement with DRS). There are specific eligibility rules and the retiree needs to apply to DRS and coordinate the process with DRS and the carrier. One of our LEOFF members drove to DRS to apply for retirement

in person. The DRS publication and the application form were in his application materials but not mentioned or addressed during his meeting. Another LEOFF retiree felt it was an unnecessary circular process with DRS advising the member to contact his carrier, the carrier not knowing what he was referring to and advising him to contact DRS, telephone calls back and forth and to the employer. The result: DRS had the arrangement with that carrier all along. Not all providers have an arrangement with DRS. The process can be confusing, time consuming and requires continuous monitoring by the retiree. How can the employer and DRS assist the member in a seamless process?"

A: This question involves a Pension Protection Act provision for public safety officer retirees who retire and can have up to \$3000 excluded from their gross income if they apply and have all the premiums for their health insurance deducted from their retirement benefit. DRS has a process and application for vendors to sign up to get paid by the State. If the retiree's provider doesn't sign up with DRS, this option is not available to the retiree. DRS is always looking at improving our processes and publications. A major structural transition is currently underway in the Retirement Services Division (RSD) that will offer opportunities to improve on our processes and communications including publications. In the near future, a list of the already approved vendors will be added to the DRS website. This will be located in the Online Retirement Application. Zan Johnston from RSD will also take this issue back to the RSD managers to see what can be done.

Q: "We are receiving more inquiries from potential retirees on how soon they can receive an accurate monthly pension calculation from DRS. With PERS 1 retirement, the option to purchase additional service credit to increase a monthly benefit amount, and members applying for social security pension benefits at the same time, it is time sensitive for members to receive the calculation. Many employers, such as the City of Bellevue, do not participate in the Social Security Program and there are offsets to SSA benefits due to the Windfall Elimination Provision or Government Pension Offset. SSA requests information on the monthly DRS pension amount to complete their business process. Financial institutions and other agencies recognize that, due to DRS workloads and their need to avoid overpayments, it may take several months after retirement to finalize the total pension amount. What can DRS and the employer do to expedite it? Can there be a DRS/SSA interface soon to resolve it?"

A: There have been some work groups assembled to address the issue of the estimate and recalculation backlog and to look at how to complete these in a more timely fashion. This is one of the reasons that the Retirement Services Division is reorganizing to a Contact Center (focusing on phone inquiries) and a Processing Center (focusing on processing estimates, calculations, recalculations, etc). With this change DRS is positioning itself to better serve our customers.

Closing

Next meeting will be August 15, 2013 at the Department of Retirement Systems.