

Employer Advisory Committee Meeting Minutes-
November 17, 2011

DRS Staff Members Present:

George Pickett, Chairperson
Amanda Persell, Administrative Assistant
Kim Smith, Employer Support Services Manager
Dave Nelsen, Legal/Legislative Services Manager
Lanette Barton, Employer Audit Supervisor
Monette Jenney, Trust Accounting Manager
Gayle McGee, Project Manager
Keoni Fontaine, Management Analyst
Chris Lamb, ISD Assistant Director

Employer Members Present:

Sheryl Gordon, Green River Community College
Nancy Savage, Pierce County
Kimberly Fleming, King County Metro
Violeta Perales, Department of Social & Health Services
Patty Orchard, Department of Enterprise Systems
Marie Holtz, Washington State Patrol

Employer Members Present via Conference Call:

Chandra Winston, Washington School Information Processing Cooperative
Claudia Kay, Washington School Information Processing Cooperative

Welcome and Announcements

Chairman Pickett welcomed everyone to the meeting and thanked them for attending. He wanted to update the committee on a couple of changes at DRS. Dawn Gothro, the Communications Director has left for Ohio. Her replacement, David Brine, will begin on December 1st. Also, Michelle Hardesty, the Senior Plan Administrator has moved on to a position in California. At this time, we are leaving her position vacant.

Legislative Update

Chairman Pickett introduced Dave Nelsen, Legal & Legislative Services Manager, who gave a Legislative update.

Dave began speaking on the Interim Pension Policy. The following topics have been or will be discussed by the Select Committee on Pension Policy (SCPP) or the LEOFF Plan 2 Retirement board during the 2011 interim.

Higher Education Retirement Plan (HERP) Eligibility – The SCPP study of HERPs was mandated by the 2011 legislature. The SCPP focused on the

eligibility of higher education employees to participate in these retirement plans. HERPs are not administered by DRS, and are defined contribution plans with employer matching contributions up to 10% based upon age. The SCPP has decided not to recommend changes to the current eligibility standards in law.

LEOFF Plan 1/LEOFF Plan 2 Merger – The 2011 Legislature required the Office of the State Actuary (OSA) to study the issues related to merging these two retirement plans. While it didn't pass, the bill did elicit many questions that the legislators wanted answered by the study. OSA is required to provide that study to the legislature by December 15, 2011. A discussion of the issue and the study has been discussed by both the SCPP and the L2 Retirement Board.

Pension Spiking – The SCPP will hold a work session on the topic of pension spiking or pension ballooning in their December meeting. This discussion will provide a background on the legislative history, as well as inform about the current laws and policies in place in the various systems and plans to address this issue.

To view the most current legislative information, go to www.drs.wa.gov/legislative.

Legal Update

Dave Nelsen continued with a Legal Update.

The Judge will hear oral arguments in phase 2 of the Gainsharing case on December 16. Even if the Judge rules right away, the replacement benefits will remain in effect until there is legal certainty of the outcome. At the very earliest, this can't occur until the period to appeal to the Appellate Court has expired and neither side files an appeal. If either side files an appeal of any aspect of the Judge's ruling, the replacement benefits will remain in effect throughout the additional legal proceedings.

The Washington Federation of State Employees and the Washington Education Association have filed lawsuits in Thurston County to overturn the repeal of the annual increases in Plans 1 of PERS and TRS (HB 2021). The State Actuary's website provides projections on what might happen.

If you have any questions, please contact [Dave Nelsen](#).

Sick Leave Buy Back

Dave Nelsen also spoke on the options being looked at for sick leave buy back. Feedback from the group was requested on a new option in the

situation where an employee buys back sick leave used while off work due to a temporary disability. Currently, the Department tells employers that if a person initially uses sick leave in this circumstance, and later purchases the sick leave used (buys it back with a disability payment, for example) then the employer must back the original sick leave reported out of the transmittal reporting. The potential new option would be to leave the reported earnings alone, but the repurchased sick leave would not be reported to DRS if it was cashed out or used in the future. Employers would need to ensure this leave is accounted for separately to ensure it doesn't get reported again.

Nancy Savage of Pierce County stated that they back it out for legal reasons. It reduces the taxable income. It has tax implications and can't be paid twice by a governmental agency. Kimberly Fleming of King County Metro said that it is problematic and expensive to adjust the system to track to types of sick leave. Marie Holtz of Washington State Patrol stated that many collective bargaining agreements address this issue. Either way, it will affect half of her agency. Patty Orchard of the Department of Enterprise Systems offered that they wouldn't want to figure out how to track two different types of sick leave. Nancy Savage then stated that backing it out maintains consistency throughout all aspects of payroll.

If you would like to provide feedback on this idea, please email [Dave Nelsen](#).

Employer Imaging

Chairman Pickett introduced Keoni Fontaine, Management Analyst who presented the Employer Imaging project. The purpose of the project is to provide an electronic imaging system for the Administrative Services Division (ASD) of DRS that will store employer documents. This will reduce the amount of physical employer documents retained by DRS. It will also allow viewing of employer documents via electronic file. The project will be done in phases. Phase 1 is prospective – the documents received by DRS from a specific date forward will be imaged. The completion date for this is expected to be June 2012. Phase 2 is retroactive – the documents that have been received previously and are currently stored by DRS will be imaged in this phase. We expect to have this completed by December 2012. We are at the very beginning stages, which includes planning and resource identification. There should be no disruption to employers during the project and no changes will be made to how employers provide information to DRS.

Kimberly Fleming of King County Metro asked what the naming convention will be. She also suggested that DRS keep in mind that King County may be merging their reporting groups. Keoni said that because the project is still in

the planning stages, we don't know yet. We will have to identify a process in Phase 1.

Please email [Keoni Fontaine](#) with any questions or suggestions.

Statewide Training Options

Chairman Pickett introduced Kim Smith, Employer Support Services Manager. Due to the budget, ESS is looking at the State Wide Training. DRS wants to be mindful of how we spend money and get the most value for what we do spend. In the past, we have offered two sessions. One is on eligibility, how to report, forms, HR and payroll. The other is on Accounts Receivable, transmittal codes, reportable compensation, and payroll reconciliation. We have found that we have a much lower attendance in phase 2. Last year, we combined it all into one session, but it didn't work as well as we had hoped. There was too much material for the time allotted. We also sent out 1 trainer instead of 2.

We are now re-evaluating and trying to decide what to do for this next year. We are working on an online training course. This will be a PowerPoint with a voice-over and will present on different modules. Another idea was to not do a State-wide Training and focus on Employers that have the most account receivables issues. We would work through the accounts and then visit the employer and help them correct and reconcile their accounts. The final idea is to set up training specifically for new payroll employees. The class would be offered at DRS once a month and quarterly around the state. When a payroll contact is changed in our system, we would keep a list of those changes and contact them to enroll in the class.

At this time, Kim asked for feedback. Nancy Savage of Pierce County stated that the online aspect is a good resource for back-up employees. She also suggested that maybe the online courses should be built around the reoccurring issues that employers have, such as credit redistributions. Violeta Perales of DSHS believes that online training is a good option for those who have to wait for training. Kimberly Fleming suggested that DRS should seminars over the internet (WebEx).

Kim Smith also asked how the member's would feel if ESS took a year off from training to plan. Nancy Savage thought it would be time well spent. Marie Holtz of Washington State Patrol suggested that waiting for a year when you are new is too difficult. She also asked if the online help would be up and running before the year off began. Kim Smith said that not all of the training would be. We plan to start with the basics. Violeta asked if there would be any cost to employers for the trainings. The answer is no.

Kim asked that members contact her by [email](#) with any suggestions.

Fund Transition Conclusion

Chairman Pickett introduced Gayle McGee, Project Manager, to present on the conclusion of the Fund Transition project. Click [here](#) to see the presentation. If you have any questions or comments, please feel free to contact [Gayle](#).

EIS Redesign Meeting Progress

Chairman Pickett then introduced Chris Lamb, Information Services Division Assistant Director to present on the EIS Redesign and to report the results of the meetings with various employers. Click [here](#) to see the presentation.

Kimberly Fleming of King County Metro asked what payroll systems people DRS has talked to about the redesign. DRS has talked to WSIPS and has a list of about 16 vendors they will be contacting.

George Pickett stated that we kicked this off at the August EAC meeting and the employer response has been great. They came prepared with ideas and feedback. He wanted to thank all of the participating employers.

Open Discussion

Next meeting will be February 16, 2012 at the Department of Retirement Systems.