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CORRESPONDENCE MEMORANDUM

DATE: March 8, 2011

TO: Budget and Operations Committee

FROM: Anne Boudreau, Deputy Administrator
Division of Retirement Services

SUBJECT: Operations Update

This memorandum is for informational purposes only. No action is required.

The following is an update on various operational activities within the Division of Retirement Services (DRS).

Customer Service Challenges

The Division is extremely busy with customer service demands. An unprecedented volume of requests for retirement estimates has been received, and retirement applications are also increasing. In the first nine weeks of the year, comparing 2011 to 2010, requests for retirement estimates increased 96.6%. Retirement applications for the same period rose by 50.1%.

Although we have committed more staff to producing retirement estimates, we still cannot keep up with demand. To give you an idea of how much more focus we have put on these, for all of 2010 the Division produced an average of 385 retirement estimates per week. At present we are averaging 900 retirement estimates produced per week. Yet last week alone we received 1,860 new requests for retirement estimates.

In addition, our appointments are booking about three times faster than normal, and our walk-in traffic is about four times normal. In an average day, we serve 14 walk-in members. Since mid-February we have *consistently* been serving close to 60 members per day.

Some of the other strategies we are using to manage this workload and to assist as many members as possible:

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature Date

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- Steering more members to group retirement sessions, rather than individual sessions.
- Increasing the number and the size of the group sessions.
- Adding staff with program knowledge at the reception desk to triage member issues.
- Avoiding the time to train new staff to calculate retirement estimates by hiring former ETF staff (now annuitants) as LTEs and by having current staff work additional hours.

Note that the last item is in process, as we try to obtain necessary resources through a Sec. 13.10 emergency funding request.

We also are giving staff in the Call Management Section some time off of the telephones, staggering this so as to avoid a negative service impact. Their jobs are stressful, and made worse by extremely high call volume with nearly every caller concerned about the future of his or her benefits. Even an hour's break from the telephones makes a big difference in staff morale and productivity. Ironically, email volume is so high (ten times normal) that there is plenty for staff to do when they are not answering telephone calls.

With the number of retirement estimate requests, and the increase in retirement applications, we expect the workload will shift more toward processing of applications, getting new annuitants set up on payroll, and serving these increased number of annuitants in the years ahead.

Annuitant Variable @ Core Project

Each year the Department receives several hundred requests from annuitants seeking information related to the Variable portion of their monthly annuity. Most want to know whether their current Variable payment portion is ahead or behind what the payment amount would have been had they not participated in the Variable Fund. This calculation is manual, as the historical data necessary to perform the calculation is not electronically stored. The new Benefit Payment System (BPS) has the capability to make this calculation for annuitants going forward, but only after the annuitant's "Variable at Core balance" is brought up-to-date and entered into BPS.

The Department requested and received funding for four one-year project positions to bring Variable @ Core balances for all annuitants up-to-date. In January 2010, four contract staff were hired and the annuitant "Variable @ Core Project" was implemented.

This project began January 11, 2010, with 32,553 files in need of review. Some files had multiple fund sources, requiring 34,188 separate calculations. Despite challenges with keeping contract staff, and the time required to train new staff, the team completed this project last month.

Annuitants can now monitor their "variable at core" balance, as it is updated automatically each year by the Benefit Payment System.

Annual Reconciliation

We are on target to complete annual reconciliation before the end of March. This is a labor-intensive effort covering a few months each year, when we reconcile members' earnings, service, and contributions with what each employer has reported to the Department. This is a necessary step before we can produce the Annual Statements of Benefit for our active and inactive members.

Other Business Process Improvements/Accomplishments

The following is a list of business process improvements that have been completed:

- Integrated the Interactive Voice Response (IVR) database with the CALLSS call tracking software which led to efficiencies in staff's use of the IVR.
- Conducted training for staff on responding to questions regarding the budget repair bill, the distribution of the 2010 Annual Statements of Benefits, and returning to work as a WRS annuitant.
- Created, distributed, and electronically filed W-2s from BPS to report federal and/or state imputed income for affected annuitants. Imputed income reporting is required for those health insurance contracts paid from an accumulated sick leave account and covering domestic partners and/or their children or certain other adult children. The year 2010 was the first year for which W-2s were required.
- Increased efficiency by enabling Contact Management staff to order duplicate 1099Rs tax statement directly from the BPS. Past practice required taking requests and sending them to Retiree Services for processing.
- Filled a new position dedicated to maintaining employer compliance with WRS reporting issues. This position will proactively research areas in need of program clarification, simplification, and consistency.

Current Focus

The Division continues to work on the high volume of retirement estimate requests and member retirement inquiries.

In addition, a primary focus within the Division continues to be moving forward with the Department's strategic planning efforts.