

**LEOFF Plan 2 Retirement Board**  
**Proposed Staff Model**  
**March 24, 2004**

<b>Working Title</b>	<b>Deputy Director</b>
Job classification code WMS rating & Salary Band	WMS Salary Band 3 (C3X-768)
Salary Range	\$58,400 to \$90,750
Duties	<p>Supervises the day-to-day activities of the two senior research and policy managers.</p> <p>Assigns, coordinates, and supervises progress on policy projects, issues, and tasks requested by the Board, the Board's Administrative Committee and/or the Executive Director.</p> <p>Acts as liaison with stakeholders on policy issues as necessary. Develops interagency agreements, data-sharing agreements or memoranda of understanding as necessary.</p> <p>Acts as Executive Director when required.</p> <p>Assists the Executive Director in managing, planning, and coordinating Board operations and activities.</p> <p>Manages and directs business management functions including budget development, accounting, developing &amp; issuing requests for proposals, evaluating bidders, contracting, purchasing, inventory control, facilities and property leases, contract administration, internal and external audit, information systems, and telecommunications.</p>
Other	DOP suggests that this position be considered for conversion to the exempt service. In the meantime, they suggest an Acting WMS appointment.

## LEOFF Plan 2 Retirement Board Proposed Staff Model

<b>Working Title</b>	<b>Senior Research &amp; Policy Manager</b>
Job classification code WMS rating & Salary Band	WMS Salary Band 2 (B2X – 570)
Salary Range	\$47,000 to \$76,200
Duties	<p>Collects, organizes, and analyzes data regarding pension related issues.</p> <p>Develops and recommends policy proposals concerning pension benefits, funding, and administration for Board consideration.</p> <p>Provides research, analysis, and prepares reports on benefit issues.</p> <p>Drafts or reviews, analyzes, and interprets pension-related legislation, coordinating with Board members, legislators, committees, legislative staff, or executive branch officials as directed.</p> <p>Researches tax consequences of changes in pension statutes.</p> <p>Makes presentations of complex, technical issues at Board meetings.</p> <p>Responds to inquiries from constituents and legislative and executive branch officials, providing information on pension legislation and issues.</p> <p>Prepares bill analysis and other background materials for Board proposals and fiscal notes.</p>
Other	Two persons would be hired.

## LEOFF Plan 2 Retirement Board Proposed Staff Model

<b>Working Title</b>	<b>Administrative Services Manager</b>
Job classification code WMS rating & Salary Band	WMS Band 1 (A1W – 422)
Salary Range	\$36,320 to \$62,500
Duties	<p>Develops policy recommendations for Board operations and necessary policies for agency operations including all mandatory state agency policies.</p> <p>Manages the Board member fiduciary training program.</p> <p>Prepares the Board’s annual report required by statute.</p> <p>Prepares the annual member summary of benefits required by statute.</p> <p>Maintains the Board Web site.</p> <p>Develops personnel policies and procedures. Serves as liaison with DOP on agency personnel issues. Serves as liaison with OFM on agency payroll issues.</p> <p>Manages space planning/office moves/furniture acquisitions. Serves as liaison with building owner on facility issues.</p> <p>Manages the Board’s response to public record requests.</p> <p>Manages asset inventory/maintenance.</p>
Other	

# Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

## Original Allotments vs. Expenditures/Estimated FY 05 Expenditures

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OBJECTS	DESCRIPTION	Original Allotment	Expenditures 29-Feb-04	FY04 Estimated One time	Est. March-June Costs	Total Costs	Diff. Between Allot & Total Cost	FY05 Projected
<b>A</b>	<b>SALARIES</b>							
AA	SALARIES - Classified				76,410	76,410	(76,410)	305,640
AC	SALARIES - Exempt	62,498	49,142		42,000	91,142	(28,644)	126,000
	<b>OBJ TOTAL</b>	<b>62,498</b>	<b>49,142</b>		<b>118,410</b>	<b>167,552</b>	<b>(105,054)</b>	<b>431,640</b>
<b>B</b>	<b>BENEFITS</b>							
BA	FICA	3,874	3,023		7,341	10,364	(6,490)	26,760
BB	RETIREMENT	874	688		906	1,594	(720)	3,036
BC	INDUSTRIAL INS	203	224		540	764	(561)	1,944
BD	MEDICAL INS	5,555	4,039		10,097	14,136	(8,581)	42,648
BH	MEDICARE	910	707		1,718	2,425	(1,515)	6,264
BT	SHARED LEAVE PROVIDED SICK		2,510			2,510	(2,510)	
	<b>OBJ TOTAL</b>	<b>11,416</b>	<b>11,190</b>		<b>20,602</b>	<b>31,792</b>	<b>(20,377)</b>	<b>80,652</b>
<b>C</b>	<b>CONTRACTS</b>							
CD	FINANCIAL SERVICES (Audit)				-	-	0	10,000
CZ	OTHER SERVICES		3,000			3,000	(3,000)	25,000
	<b>OBJ TOTAL</b>		<b>3,000</b>			<b>3,000</b>	<b>(3,000)</b>	<b>35,000</b>
<b>E</b>	<b>GOODS &amp; SERVICES</b>							
EA	SUPPLIES	2,102	473		1,145	1,618	484	4,200
EB-0001	TELEPHONE - VERIZON	2,100	551	1,800	120	2,471	(371)	360
EB-0001	DIS				1,200	1,200	(1,200)	3,600
EB-0001	PHONE LINES - 10				720	720	(720)	2,880
EB-0001	SCAN - 6 Staff				109	109	(109)	437
EB-0001	SIMON VM - 6 boxes				158	158	(158)	630
EB-0002	POSTAGE				228	228	(228)	6,232
EB-0003	INTERNET - email	200			270	270	(70)	1,080
EB-0004	OTHER (Pager & T1 line)				530	530	(530)	620
EC	UTILITIES (5.63%)				450	450	(450)	1,800
ED-0001	OFFICE EQUIP (Copier/Printer)	3,000			1,800	1,800	1,200	7,200
ED-0002	OFFICE SPACE	28,800			10,989	10,989	17,811	43,956
EE	REPAIRS, ALTERATIONS			18,400		18,400	(18,400)	500
EF	PRINTING	600					600	9,700
EG	TRAINING	1,000	325		800	1,125	(125)	3,000
EJ	SUBSCRIPTIONS	350					350	350
EK-0001	FACILITIES		418			418	(418)	
EK-0002	CMS - MONTHLY FEE	1,800			240	240	1,560	960

**Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board**  
**Original Allotments vs. Expenditures/Estimated FY 05 Expenditures**

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OBJECTS	DESCRIPTION	Original Allotment	Expenditures 29-Feb-04	FY04 Estimated One time	Est. March-June Costs	Total Costs	Diff. Between Allot & Total Cost	FY05 Projected
EK-0003	CMS - FLAT FEE						0	1,100
EK-0004	GA CAPITAL SURCHARGE						0	
EK-0005	OTHER (Parking)		60			60	(60)	60
EL-0001	AFRS	1,500	316		320	636	864	960
EL-0002	DIS (Website)	300	9	2,000	720	2,729	(2,429)	2,880
EL-0003	HRISD	120	145		400	545	(425)	1,440
EL-0004	OTHER COMPUTER (Leglink)		240	240	213	693	(693)	852
EM	ATTORNEY GENERAL SERVIC	15,000	15,962		11,022	26,984	(11,984)	44,088
EN	PERSONNEL SERVICES			21,000		21,000	(21,000)	
EN-0002	DOP - HRISD SURCHARGE	200			200	200	0	400
EP-0001	RISK MANAGEMENT	600			600	600	0	1,200
ER-0003	JANITORIAL SERVICES				450	450	(450)	1,800
ER-0004	SACS	12,000	8,000		16,000	24,000	(12,000)	24,000
ER-0005	IT SUPPORT HARDWARE			3,899		3,899	(3,899)	1,000
ER-0006	IT SUPPORT SOFTWARE						0	
ER-0007	OTHER (Actuary)	66,000	33,777		31,584	65,361	639	94,752
ER-0007	OTHER (Legal Council)				5,000	5,000	(5,000)	15,000
ER-0007	OTHER (Publication Development)				16,000	16,000	(16,000)	16,000
ET	AUDIT						0	
EW	ARCHIVES						0	
EZ	OTHER G& S (light refreshments)	1,500		400	750	1,150	350	3,000
	<b>OBJECT TOTAL</b>	<b>137,172</b>	<b>60,276</b>	<b>47,739</b>	<b>102,017</b>	<b>210,033</b>	<b>(72,861)</b>	<b>296,037</b>
<b>G</b>	<b>TRAVEL</b>							
GA	IN-STATE SUBSISTENCE	30,000	1,545		2,864	4,409	25,591	18,616
GB	IN-STATE AIR TRANS		205		409	614	(614)	2,659
GC	AUTOMOBILE MILEAGE		2,965		3,104	6,069	(6,069)	10,088
GD	OTHER TRAVEL EXP		13		18	31	(31)	117
GF	OUT OF STATE SUB				4,800	4,800	(4,800)	12,000
GG	OUT OF STATE AIR				8,000	8,000	(8,000)	20,000
	<b>OBJECT TOTAL</b>	<b>30,000</b>	<b>4,728</b>		<b>19,195</b>	<b>23,923</b>	<b>6,077</b>	<b>63,480</b>
<b>J</b>	<b>CAPITAL OUTLAYS</b>	15,000					15,000	
JA-0001	EQUIPMENT - UNDER \$5,000		27,290	30,805	600	58,695	(58,695)	2,400
JA-0002	SOFTWARE - UNDER \$5,000			2,000		2,000	(2,000)	
	<b>OBJECT TOAL</b>	<b>15,000</b>	<b>27,290</b>	<b>32,805</b>	<b>600</b>	<b>60,695</b>	<b>(45,695)</b>	<b>2,400</b>
	<b>TOTALS</b>	<b>256,086</b>	<b>155,628</b>	<b>80,545</b>	<b>260,824</b>	<b>496,997</b>	<b>(240,910)</b>	<b>909,208</b>

# LEOFF Plan 2 Retirement Board Budget Comparisons

## 1. OFM Fiscal Impact Statement for Initiative 790 (November 2002)

### Initiative 790 – General Overview

Initiative 790 proposes significant changes in three areas of the LEOFF 2 pension system: governance, contributions, and benefits. It seeks to transfer program authority to a rule-making board and institutes three levels of benefits for members, which may increase benefits and affect contribution limits. The estimated costs of the program are also discussed.

### Initiative 790 – Estimated Costs

#### Administrative Costs

The new LEOFF 2 Pension Board required by Initiative 790 is estimated to cost between \$1.1 million and \$1.3 million in its first fiscal year. In following years, the cost would depend, in part, on whether the Board chooses to rely on existing state agency staff for some support, or whether it decides to create a more independent structure. With the use of existing agency staff, the second year cost would be about \$1.5 million and slightly more in following years. If the Board decided to create a more independent organization, the second year administrative cost would be about \$3.5 million.

**Table 1**

Administrative Costs		
	Option 1	Option 2
FY 2003	\$1.1 Million	\$1.3 Million
FY 2004	\$1.5 Million	\$3.5 Million
FY 2005	\$1.2 Million	\$2.8 Million
FY 2006	\$1.3 Million	\$1.5 Million
FY 2007	\$1.2 Million	\$1.3 Million

Source: <http://www.ofm.wa.gov/initiatives/i790.htm>

There were no staffing projections published in the fiscal impact statement but the background analysis on which the cost estimates were based projected that 8.0 to 9.5 staff would be required for Option 1. The categories for these staff were identified as 4.0 - 5.5 administrative, 1 general, 1 communication, and 2 information systems.

The background analysis projected that 9.0 to 15.5 staff would be required for Option 2. The categories for these staff were identified as 5.0 - 6.5 administrative, 1 general, 1 communication, and 2 - 7 information systems. Many of these positions were projected to be only necessary for an 18 - 24 month temporary start-up period in FY 04/05.

## 2. SHB 2197 – Implementing I-790 Administrative Fiscal Notes (April 2003)

**Table 2**

<b>Administrative Costs</b>		
FY 2004	\$2.07 Million	11.0 FTE
FY 2005	\$1.79 Million	11.0 FTE
05-07	\$3.34 Million	11.0 FTE
07-09	\$3.34 Million	11.0 FTE

The Department of Retirement Systems and the Office of the State Actuary submitted administrative fiscal notes for the implementation of the Board created in Initiative 790. The total combined cost and projected full-time employees (FTE) of these fiscal notes is included in Table 2 above.

The breakdown of the projected 11 staff was as follows:

Executive Director	L2 Board	Board Manager	DRS
Executive Assistant	L2 Board	Clerical Support	DRS
Public Information Officer	L2 Board	Accountant	DRS
Research Analyst	L2 Board	Retirement Services Analyst	DRS
Financial Analyst	L2 Board	Information Technology Specialist	DRS
		Actuarial Assistant	OSA

The timing of the legislative session required that these administrative fiscal notes be developed before the Board became effective, so these fiscal notes were based on estimates of the work required for operating a state agency and carrying out the statutory obligations of the Board as defined in Initiative 790 and the enabling legislation.

However, the actuarial support model adopted by the Board in November 2003 and the work plan adopted by the Board in December 2003 create the opportunity for administrative efficiencies and cost-savings to be achieved via interagency agreements with the Office of Financial Management, the Department of Information Services and the State Investment Board.

The proposed FY 05 budget incorporates efficiencies in accounting, information technology support, clerical support and actuarial support, which will allow the Board to carry out all items in the work plan with fewer staff and at a lower cost than was estimated in either the fiscal impact statement or the administrative fiscal notes [see Table 4 below].

### 3. ESHB 2459 - Supplemental Operating Budget (March 2004)

**Table 3**

<b>Start-Up Costs</b>		
FY 2004	\$0.38 Million	1.5 FTE
FY 2005	\$0.51 Million	2.0 FTE

Although initially projected to extend into FY 05, the start-up phase for the Board will be completed prior to June 30, 2004. The total cost is expected to be \$450,000 or less based on actual expenditures through February 2004 and projected expenditures for March-June 2004, which were approved by the Board at the March 24, 2004 Board meeting [see table 4 below].

There are two primary reasons for the start-up cost savings. The first is that the Board's interim staff took on the duties associated with start-up implementation in addition to their regular duties, which eliminated the need for additional project staff.

The Board also received significant support from the Office of Financial Management, which greatly reduced administrative operating costs during the start-up phase. OFM support included office space, equipment, phones, IT support, and access to the State Information Services network.

The Department of Personnel provided important services during the start-up phase, which allowed for the prompt conversion of the Board-adopted work plan into an appropriate staff support model. The Department of General Administration assisted in the timely execution of the Board-adopted office space plan.

## 4. Proposed Operating Budget (April 2004)

**Table 4**

<b>Start-Up Costs</b>		
FY 2004	\$0.45 Million	1.8 FTE
FY 2005	None	None
<b>Administrative Costs</b>		
FY 2004	None	None
FY 2005	\$0.90 Million	6.0 FTE

The administrative efficiencies and cost savings discussed above allow the Board to accomplish its approved work plan and statutory mandates at a proposed budget of approximately \$900,000 year with six staff.

The breakdown of the proposed six staff is as follows:

- Executive Director
- Executive Assistant
- Deputy Director
- Administrative Services Manager
- 2 Research Analysts

The specific administrative efficiencies incorporated into the proposed staff model include:

- Combining all clerical support functions into the Executive Assistant position,
- Combining all communications functions as well as necessary administrative support for Board members into the Administrative Services Manager position,
- Combining rule-making and individual LEOFF member communication into the Research Analyst positions,
- Incorporating interagency cooperation, some executive management functions and supervisory responsibility into the Deputy Director position.

This staffing structure also provides the flexibility and depth to deal with future Board activities related to contribution rate development, internal and external audits, and responding to stakeholder requests for policy research and development.