



## Legislative Fiscal Bureau

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May 4, 2001

Joint Committee on Finance

Paper #411

### Participant Services Staffing Increases (ETF)

[LFB 2001-03 Budget Summary: Page 277, #4]

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#### CURRENT LAW

The Department of Employee Trust Funds (ETF) maintains a Member Services Bureau in its Division of Retirement Services to provide benefit counseling, prepare benefit estimates and respond to general retirement-related inquiries for persons preparing to retire under the Wisconsin Retirement System (WRS). Currently, 20.3 SEG positions (17.3 FTE permanent and 3.0 FTE project positions) are assigned to this function. Base level salaries and fringe benefits funding of \$1,021,000 SEG annually is budgeted for these positions. The Bureau's project positions and associated funding (\$114,100 SEG) expire at the end of the current fiscal year.

#### GOVERNOR

Provide \$376,400 SEG in 2001-02 and \$311,400 SEG in 2002-03 and 8.0 SEG positions in the Member Services Bureau to: (1) support the conversion of 4.0 SEG expiring project positions to permanent status at the beginning of the 2001-02 fiscal year (\$155,700 SEG annually); (2) support 4.0 SEG new positions (\$116,700 SEG in 2001-02 and \$155,700 SEG in 2002-03); and (3) provide one-time funding for IT equipment, software and modular furniture for all the positions (\$104,000 SEG in 2001-02).

#### DISCUSSION POINTS

1. The workload of ETF's Member Services Bureau is directly dependent on the growing number of WRS participants who are currently at retirement benefit eligibility age (age 50 and older for protective category WRS participants and age 55 and older for all other categories of WRS participants). The following table shows the projected growth trends in the number of WRS

participants who will be eligible to retire over the next several fiscal years.

### **Projected Growth of WRS Participants Eligible to Retire**

	<u>1999-00*</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
WRS Members						
Eligible to Retire	59,610	61,289	64,672	70,497	75,973	81,036

\*Actual member count. All other figures are estimates based on current participant counts and actuarial projections.

2. The agency's Member Services Bureau provides assistance to WRS participants nearing retirement primarily in the following areas: (a) individual face-to-face pre-retirement benefits counseling; (b) retirement benefit and purchase of service estimates; and (c) death and duty disability benefit calculations.

3. Individual pre-retirement counseling for WRS participants is currently encouraged but is not required. Significant numbers of members request these counseling services but must typically wait an average of 10 to 12 weeks before a session can be scheduled with agency staff. In the current fiscal year, ETF projects that it will provide nearly 5,500 hours of participant counseling sessions.

4. WRS participants who request retirement benefit estimates from the Bureau must now wait an average of 84 days to receive the estimate. The agency currently estimates that it prepares pre-retirement benefit estimates for approximately 25% of the "eligible to retire" pool annually. Participants who request estimates for the cost of purchasing prior service credits must wait approximately 10 to 12 weeks for those estimates. The Department believes that more timely responses are essential, since the purchase of prior service must be completed before the participant terminates from WRS-covered employment.

5. The Bureau currently provides benefit estimates and information to participants who are potentially eligible for disability benefits and to beneficiaries of deceased participants. Applications for the actual payment of such benefits currently require approximately three to four weeks to process.

6. The Department believes that these service timelines are not acceptable. A 1999 cost effectiveness study commissioned by the Department compared the agency's service levels to 15 peer retirement systems. The study found that while the Department's overall administrative costs were low compared to the peer retirement systems (ETF was the third least costly system administrator on a per member basis), the agency was ranked at the bottom in terms of the level of service provided to participants.

7. Based on the current number of available staff hours required to provide the member services described above at the indicated levels of timeliness, the Department has developed a series

of projections of the number of additional staff hours that would be required in order to provide counseling sessions and benefits estimates within three weeks of initial contact and death and disability estimates within two weeks of initial contact. The Department believes that these are optimal time lines for the provision of these various member services.

8. In order to provide members services under the optimal timelines, ETF determined that it would require 41,937 staff hours in 2001-02 and 44,839 staff hours in 2002-03. Since the agency is currently staffed at a level that can provide 27,955 staff hours annually in the Member Services Bureau, new positions would be required to provide an additional 13,982 staff hours during 2001-02 and an additional 16,884 staff hours during 2002-03.

9. The agency currently uses an 80% staff productivity factor in determining the number of FTE's required to provided the indicated number of staff hours. The productivity adjustment is designed to factor in the impact of such considerations as annual sick leave and vacation time. Under this methodology, the agency determined that it would initially require 8.4 FTE positions to provide the optimal level of member services. [Additional supervisory and partial position adjustments in the Controller's Office and the Benefit Services Bureau brought the Department's identified staffing need, when rounded, to 13.0 FTE annually.] These resources were requested as part of ETF's biennial budget submission.

10. The Governor has recommended that a total of 8.0 FTE trust fund specialist positions be provided to the agency for member counseling and retirement and other benefit estimate enhancements. No additional supervisory staff or fractional position adjustments in the Controller's Office and the Benefit Services Bureau were recommended. The agency now estimates that the level of staffing recommended by the Governor will likely result in the Member Services Bureau being able to schedule counseling sessions and preparing estimates within a three to five week timeframe.

11. While this level of staffing would appear to move the agency much closer to meeting its desired level of member services, the Committee may wish to consider whether the Department's 80% productivity standard and other factors tend to result in an overstating of its staffing needs. If the Department had not applied this standard, the 8.4 FTE position need in the Member Services Bureau would have been 6.72 FTE. Further, for the 4.0 FTE new staff recommended by the Governor, the agency is projecting only about 50% productivity during 2001-02 and this first year productivity deficit is carried into 2002-03 as a backlog and is incorporated into the staff hour shortfall used to develop position needs for that fiscal year.

12. In addition, the agency's total member services workload projections of 41,937 staff hours in 2001-02 and 44,839 staff hours in 2002-03 include significant, on-going blocks of time for training (7,149 total staff hours in both 2001-02 and 2002-03) and managing over 50,000 "other request" items annually such as miscellaneous information requests and general correspondence (7,700 staff hours in 2001-02 and 8,085 staff hours in 2002-03). An argument can be made that at least some of the time attributed to training activities should instead be accommodated within the 80% productivity standard used by the agency in determining its staffing needs. Further, it would

appear to be difficult to translate the impact of thousands of minor and miscellaneous other request transactions as directly into FTE position needs.

13. If the Committee chooses to discount at least a portion of the 80% productivity standard used by the Department in determining its new staffing needs and also to conclude that some of the other identified workload activities may not translate as directly into the need for additional staff, it could consider reducing the number of new positions authorized for the Member Services Bureau from 8.0 FTE positions to 7.0 FTE positions. Under this alternative, \$42,300 SEG in 2001-02 and \$38,900 SEG in 2002-03 would also be deleted.

14. If the Committee chooses not to modify the number of new positions recommended for the Member Services Bureau, the one-time funding provided for the 8.0 FTE positions should be reduced by \$14,500 SEG in 2001-02 to reflect the fact that certain IT-related printer costs will not actually be incurred for these new positions (\$11,500) and existing system furniture can be used to offset some of the new permanent property needs requested. If the Committee provides only 7.0 SEG positions, the amount of this adjustment to one-time funding would be a reduction of \$13,100 SEG in 2001-02.

**ALTERNATIVES TO BASE**

1. Adopt the Governor’s recommendation to provide \$376,400 SEG in 2001-02 and \$311,400 SEG in 2002-03 and 8.0 SEG positions in the Member Services Bureau to: (1) support the conversion of 4.0 SEG expiring project positions to permanent status at the beginning of the 2001-02 fiscal year (\$155,700 SEG annually); (2) support 4.0 SEG new positions (\$116,700 SEG in 2001-02 and \$155,700 SEG in 2002-03); and (3) provide one-time funding for IT equipment, software and modular furniture for all the positions (\$104,000 SEG in 2001-02).

<b>Alternative 1</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base)	\$687,800
<i>[Change to Bill</i>	<i>\$0]</i>
<b>2002-03 POSITIONS</b> (Change to Base)	8.00
<i>[Change to Bill</i>	<i>0.00]</i>

2. Provide \$361,900 SEG in 2001-02 and \$311,400 SEG in 2002-03 and 8.0 SEG positions in the Member Services Bureau to: (1) support the conversion of 4.0 SEG expiring project positions to permanent status at the beginning of the 2001-02 fiscal year (\$155,700 SEG annually); (2) support 4.0 SEG new positions (\$116,700 SEG in 2001-02 and \$155,700 SEG in 2002-03); and (3) provide one-time funding for IT equipment, software and modular furniture for all the positions (\$89,500 SEG in 2001-02). *[This alternative deletes \$14,500 SEG in 2001-02 of excess one-time funding.]*

<b>Alternative 2</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base)	\$673,300
<i>[Change to Bill]</i>	<i>- \$14,500]</i>
<b>2002-03 POSITIONS</b> (Change to Base)	8.00
<i>[Change to Bill]</i>	<i>0.00]</i>

3. Provide \$321,000 SEG in 2001-02 and \$272,500 SEG in 2002-03 and 7.0 SEG positions in the Member Services Bureau to: (1) support the conversion of 4.0 SEG expiring project positions to permanent status at the beginning of the 2001-02 fiscal year (\$155,700 SEG annually); (2) support 3.0 SEG new positions (\$87,400 SEG in 2001-02 and \$116,800 SEG in 2002-03); and (3) provide one-time funding for IT equipment, software and modular furniture for all the positions (\$77,900 SEG in 2001-02). *[This alternative deletes (a) 1.0 SEG position and \$42,300 SEG in 2001-02 and \$38,900 SEG in 2002-03; and (b) \$13,100 SEG in 2001-02 of excess one-time funding.]*

<b>Alternative 3</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base)	\$593,500
<i>[Change to Bill]</i>	<i>- \$94,300]</i>
<b>2002-03 POSITIONS</b> (Change to Base)	7.00
<i>[Change to Bill]</i>	<i>- 1.00]</i>

4. Maintain current law.

<b>Alternative 4</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>- \$687,800]</i>
<b>2002-03 POSITIONS</b> (Change to Base)	0.00
<i>[Change to Bill]</i>	<i>- 8.00]</i>

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