



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 16, 2002

Motion 11467

Proposed No. 2002-0156.1

Sponsors Phillips

1 A MOTION related to education of county employees about
2 the Public Employees' Retirement System Plan 3 retirement
3 option; responding to a 2002 budget proviso.

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 WHEREAS, the Washington state legislature has expanded the Public Employees'
7 Retirement System (PERS) to include a new Plan 3, potentially affecting eleven thousand
8 employees currently enrolled in Plan 2; and

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 WHEREAS, implementation of Plan 3 will require extensive communication and
11 education of employees eligible to transfer from Plan 2 to Plan 3 to ensure they are fully
12 aware of the financial and other potential impacts of exercising their option to transfer,
and

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 WHEREAS, the 2002 adopted budget included one hundred twenty-two thousand
dollars to the employee benefits program for such communication and education efforts,
provided a report containing a budget, schedule and justification for the expenditure of
funds is provided to the council's budget and fiscal management committee;

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NOW, THEREFORE, BE IT MOVED by the Council of King County:

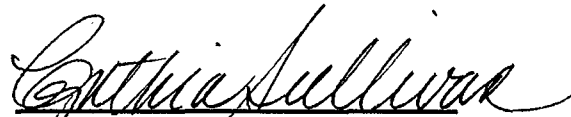
18 The county executive has fully complied with the 2002 budget proviso. A copy
19 of the report is attached to and is incorporated into this motion by reference.

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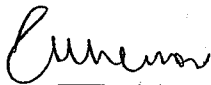
Motion 11467 was introduced on 4/15/2002 and passed by the Metropolitan King County Council on 7/15/2002, by the following vote:

Yes: 12 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Phillips, Mr. Pelz, Mr. McKenna, Mr. Constantine, Mr. Pullen, Mr. Gossett, Mr. Irons and Ms. Patterson
No: 0
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Cynthia Sullivan, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Proviso Response Regarding PERS 3 Educators

Proviso Response Regarding PERS 3 Educators

Section 107 of the 2002 King County Adopted Budget contained the following proviso:

“\$122,000 shall be expended only for educating county employees about the PERS III retirement option after the council reviews and approves by motion a report containing a budget, schedule and justification for the expenditure of the funds for this purpose. The report must also contain an analysis of whether the state of Washington can conduct this training rather than the county. The report must be filed with the council clerk. The original and 15 copies must be delivered to the clerk, who will retain the original and will forward copies to each councilmember and to the lead staff of the budget and fiscal management committee.”

In March 2000, Governor Locke signed into law Engrossed Substitute Senate Bill (ESSB) 6530 revising the Public Employees Retirement System (PERS) by adding a new plan known as PERS Plan 3. As a result,

- all PERS 2 members will need to make decisions about whether to remain in PERS 2 or elect to transfer to PERS 3, and
- the Department of Retirement System (DRS) has imposed significantly more stringent enrollment and reporting standards for all DRS pension plans.

The Executive's 2002 budget request included funds for the county's PERS 3 Implementation Project. This project has four elements:

1. Design and install a new retirement reporting system compliant with new DRS technical specifications.
2. Review and revise our internal business processes for determining PERS eligibility; conducting PERS enrollment; monitoring PERS-eligible work hours and time reporting codes; preparing and sending service credit information and contributions; processing terminations and retirements; and rehiring and reporting retirees.
3. Train county administrative staff in the new retirement reporting system and revised business processes; and facilitate distribution of PERS 3 education materials to employees.
4. Communicate PERS 3 Implementation Project activities and results to project stakeholders and county managers and employees.

Scope of PERS 3 communication, education and training activities

The two Education Specialists working on the PERS 3 project are responsible for completing the majority of the work in elements 3 and 4 above. Although the Department of Retirement Systems will be developing materials to explain the PERS 3 transfer process and basic investment principles for employees who decide to move to PERS 3, **DRS will not** provide all of the training and education needed to make the county's PERS 3 implementation successful.

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For example, **DRS will not** handle communications to county stakeholders, managers and employees about our implementation plans. **DRS will not** create a King County-specific procedures manual and train our administrative staff on the county's new business processes and reporting system. **DRS will not** create training materials explaining the county's §457 deferred compensation plan and how it might affect an employee's decision on whether to participate in PERS 2 or 3. Finally, DRS has notified county that they **will not** directly provide PERS 2 vs. PERS 3 information packets to new employees hired after March 1, 2002. On that date employers become the main conduit for pension information to *new* employees.

DRS will develop hardcopy information packets for employers to distribute. They **will** have information on their website, and, as noted in Appendix A. **DRS will** hold 1400 transfer education sessions and about 1000 investment education sessions statewide for local government employees. DRS anticipates that this level of outreach will cover about 60% of the 130,000 PERS 2 members.

King County employees have already expressed a strong desire to receive pension information in general, and PERS 3 conversion information in particular, in a number of formats including the opportunity to attend on-site education sessions. The PERS 3 project will make maximum use of the education sessions DRS is willing to make available to the County, as well as all of their written and website materials. However, we know from past experience that many of our employees are unclear on the fundamentals of PERS 2, and that there is both a need and a demand for covering the basics before launching into a discussion of how PERS 3 operates. We will need to use DRS materials to create and deliver a "PERS 2 Basics" class. Finally, we have heard from a large number of employees that they need information that helps them understand the differences between PERS 3 and the §457 deferred compensation plan, especially in light of the pension reforms enacted under EGTRRA (Economic Growth and Tax Relief and Reconciliation Act of 2001.)

Although DRS is ultimately responsible for creating and disseminating PERS 3 information to members, the county is the main contact point on retirement issues for the vast majority of employees. The choice to move to PERS 3 is irrevocable, and the level of employee retirement contribution is changeable only by changing employers. Therefore, the PERS 3 project is making PERS 3 and other associated information prominent and easily accessible for county employees. Employees will have the ability to attend information sessions where they can ask questions in the work place, taking into account our 24/7 operations as needed. The Project will distribute and document distribution of hard copy materials to every employee. The Project will assist employees to find DRS materials (especially the interactive financial modeling software) on the Internet. The county will have all materials used reviewed and "signed off" by DRS and the Prosecuting Attorney's Office as to their accuracy, and balanced, unbiased tone. All materials will carry a statement that the county does not provide advice on

Proviso Response Regarding PERS 3 Educators

this issue, and the educators will use a well-crafted and rehearsed script in presenting workshops and answering questions.

Budget Request

The PERS 3 project has requested funds to support two term-limited temporary employees to conduct elements 3 and 4. The budget to support these two elements includes:

Education Specialist A at \$63,303 including benefits	\$63,303
▪ Prepare Project Communication Plan-- 25% of full time	15,826
▪ Develop communication materials for County handouts-- 25% of full time	15,826
▪ Develop and maintain King County pension website that consolidates DRS, deferred comp, and related on-line information --25% of full time	15,826
▪ Develop lesson plans and materials for end user training in new business process-- 25% of full time.	15,825
Education Specialist B at \$63,303 including benefits	\$63,303
▪ Prepare employee education and end user training Plan-- 25% of full time	15,826
▪ Prepare training materials for end user training -- 10% of full time.	6,330
▪ Prepare education materials on topics not covered by DRS --10% of full time	6,330
▪ Schedule site presentations --10% of full time	6,330
▪ Schedule end user training-- 5% of full time	3,165
▪ Present education seminars-- 40% of full time	25,322
Cost of training and education materials	\$ 10,000
Total	\$136,602

The work the Education Specialists in **no way** duplicates the PERS 3 education offered by DRS. The Education Specialists are responsible for activities DRS **will not** be doing—

- communicating our internal PERS 3 project to King County staff;
- training county administrative staff on the county's new retirement administration business processes and reporting tools developed for PERS 3;
- scheduling and communicating on-site seminars (both DRS-sponsored and King County-specific); and
- creating education materials and education sessions on topics that will not be covered by DRS.

The schedule for these activities is as follows:

Task	Completion Date
Document locations of all available conference rooms	1/18/02
Develop map of all sites and shifts where employees are located	1/25/02
Schedule presentations	2/1/02

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Task	Completion Date
Develop Communication Plan	2/1/02
Develop Education Plan	2/1/02
Develop Training Plan	2/1/02
Develop end user manual	3/15/02
Develop training materials	3/15/02
Conduct PERS 3 education seminars	4/1/02 – 8/31/02
Conduct end user training	4/1/02 – 5/31/02

Conclusion

The communication, education and training activities included in the PERS 3 Project

- do not duplicate activities provided by DRS;
- are necessary for successful implementation of the new reporting system and improved retirement information business processes; and
- reduce the county's overall liability for future complaints or legal action by employees.

These funds should be released immediately to prevent any delay in completing this implementation project.

Proviso Response Regarding PERS 3 Educators
Appendix A

Verbatim Responses from an Email Exchange between the County and DRS
Regarding Education Seminars

- *Is ICMA-RC available to provide "train the trainer" sessions?*

The ICMA-RC presenters' primary responsibility is delivering transfer education sessions to the existing 130,000 Plan 2 members and investment education sessions to Plan 3 members. We are committed to providing the necessary sessions to meet the needs of the workforce affected. What we have learned from implementing TRS and SERS Plan 3 and through our follow up surveys and focus groups is that not every affected member wants to attend a transfer or investment education session. Many get all the information they want from the alternative education delivery methods we provide (printed materials, web site, phone support, financial modeling software, etc.). With SERS, we saw 1/3 of the population attend a session, and received feedback that all who wanted to attend felt they had ample opportunities to do so. ***Our goal is to provide enough sessions to accommodate 60% of the affected population for PERS.*** As to what our education will cover, our transfer education will cover PERS Plan 3 from a balanced viewpoint. You are correct that we will not cover 457 or other plan information during the sessions. One thing you can do is to schedule your own 457 training immediately following our workshops, as you will have your audience already "warmed up" by the ICMA folks. (NOTE: ICMA-RC is the firm contracted by the state to provide educational seminars on PERS 3.)

- *Can employers use the ICMA-RC materials when employer trainers deliver the transfer education sessions?*

The ICMA-RC materials were developed specifically for the workshops being delivered to members. The ICMA-RC presenters have gone through a comprehensive 6-week training program to ensure they have a thorough understanding of the program and can present comprehensive, unbiased material. DRS will monitor the ICMA-RC workshops to ensure the information is being delivered in that manner. ***Employers are encouraged to develop their own presentation materials, but can use the ICMA-RC materials as a model.*** ESS would be happy to review your materials to ensure that the information presented is accurate.

- *How many transfer education workshops and investment education workshops will be presented to phase 1 and phase 2 employers?*

Transfer education - A total of **2,400** transfer education seminars will be provided for both phases. Currently, ICMA-RC is anticipating delivering 1000 seminars to phase 1 members and **1400** seminars to phase 2 members. This will be adjusted between phases if the demand dictates a change.

Investment education seminars - ***ICMA-RC will conduct a minimum of 1,800 investment education seminars for both phases during the initial transfer phases. At least one seminar will be conducted at each employer location that has 50 or more eligible members. The investment education program is still being developed.***

- *Can phase 2 employers attend the phase 1 employer training sessions now occurring?*

We can provide you with the employer training material, but the current employer training program is designed specifically for phase 1 employers. Phase 2 employer training will begin in May 2002 and will continue through August 2002. Please contact Employer Support Services for additional information.