

Overview of Budget Packages IPERS

Package 4 - Disability benefit program funding

(LFB Blue Book, Page 263 4.F and page 286 rank 0004)

1. Request?

\$430,411 Trust Fund money
2.00 FTE

2. Purpose?

This is a transfer of funding from a special appropriation in the FY2001 appropriation bill to the regular FY2002 IPERS appropriation. Late in the 2000 legislative session a new permanent disability benefit program for certain IPERS members was enacted. Due to confusion at the end of the session, the program funding, including support for 2 FTEs was provided, however, the authorization for the FTEs was omitted. This package provides ongoing support for the permanent disability benefit program at the same funding level as last year and with authorization of the 2 necessary FTEs.

3. Positive impact if funded?

The positive impact if funded will be the continuation of a **benefit** program that was mandated by the General Assembly. Additionally, two FTEs will be authorized as was initially intended.

4. Negative impact if not funded?

The negative impact if not funded will be the inability for IPERS to offer this benefit that was mandated by the General Assembly. The failure to appropriate funds will prevent IPERS from paying for medical costs associated with applicant medical examinations at the University of Iowa Hospitals; the inability for IPERS to pay travel costs for medical examinations; the inability to pay for medical procedure costs associated with applicant medical examinations; and, the inability to pay the salary and benefit costs for 2 FTEs that were intended to support the program.

5. Program Process changes?

None anticipated at this time since this is still a new benefit program.

6. Funding?

This will become a permanently funded program with this action.

Package 5 - Supplemental account notice

(LFB Blue Book, Page 263 4.G and page 286 rank 0005)

1. Request?

\$94,650 Trust Fund money

2. Purpose?

The law established a supplemental account for active IPERS members. Allocations may begin during the next fiscal year if IPERS becomes fully funded. To implement allocations to member's accounts, notice will need to be sent to the approximately 250,000 recipients. The purpose of this enhancement package is to provide for once a year notice to IPERS members of the deposit into each member's account.

3. Positive impact if funded?

IPERS members will receive timely notice of establishment of the account and the amount deposited into the account.

4. Negative impact if not funded?

IPERS members will not be informed about their accounts. Phone center staff will be overburdened with telephone inquiries regarding the status of member accounts.

5. Program Process changes?

Once a year notice will be developed and sent to each eligible IPERS member/

6. Funding?

This is a new funding request from the IPERS Trust Fund. This funding will be needed permanently to support this communication need with the members.

Package 6 - Upgrade AS/400 computer and network

(LFB Blue Book, Page 263 4.H and page 287 Rank 0006)

1. Request?

\$200,000 Trust Fund money

2. Purpose?

This package is a request to fund the upgrade of the agency's IBM AS/400 computer and network system. The AS/400 serves as the primary computer system for all of IPERS computer applications. It is projected that we will surpass both the processing power and disk space available on our current system within two years. In order to continue providing normal daily operations it is critical that this system be upgraded. This upgrade will also keep IPERS up to date with new technology changes.-

3. Positive impact if funded?

The positive impact if funded will be the continuation of daily operations and the ability to maintain current with new technology changes.

4. Negative impact if not funded?

The negative impact if not funded will be the inability for IPERS to effectively process operations, the inability to meet the requests of IPERS clients in a timely and effective manner, and the inability to meet our program obligations and mandates. Staff productivity and effectiveness will be severely hampered.

5. Program Process changes?

None anticipated at this time.

6. Funding?

This request reoccurs approximately every 2 years due to the increasing member needs and the need to upgrade and refresh technology.

Package 7 - Business Park Improvements

(LFB Blue Book, Page 263 4.1 and page 287, Rank 0007)

1. Request?

\$187,000 Trust Fund money

2. Purpose?

IPERS has been notified by the owner of the Airport Business Park, in which it is located, that a new street will be installed adjacent to the IPERS property. In conjunction with this street opening, IPERS will be required to attach its parking areas to this new street. This package is to provide one-time funding to design and extend the IPERS' parking and driveways to meet this new street. In addition, some excavation, landscaping, and sidewalk/bike path installation will be necessary in order to maintain the property in compliance with the business park covenants.

3. Positive impact if funded?

The positive impact if funded will be to maintain IPERS' property in compliance with the covenants of the Airport Business Park. These improvements should also improve the property value. The new street should improve access to the building by members and staff.

4. Negative impact if not funded?

The negative impact if not funded will be the legal liability of IPERS not being in compliance with the covenants of the Airport Business Park.

5. Program Process changes?

None.

6. Funding?

This is a one-time funding request.

Package 8 - Paralegal support

(LFB Blue Book, Page 263 4.5 and page 287, Rank 0008)

1. Request?

\$48,262 Trust Fund money
1.00 FTE

2. Purpose?

IPERS experienced a 100% increase in administrative appeals in Fiscal Year 2000. The rate is slightly lower for FY2001. New disability benefit will increase the number of administrative appeals. Process of legal orders is up over 100% from FY2001. Senate File 2411 made over 70 legal changes to IPERS law, including the enhancement to several benefit programs and the new disability benefit program. New initiative with DHS' Child Support Recovery Unit will result in an increase in the number of court orders against member accounts. There is a need for IPERS to examine its role under recent federal securities class action legislation. Legal & Communications Unit has no professional and only one administrative support FTE to support all legal efforts on behalf of IPERS. (see charts)

3. Positive impact if funded?

All IPERS members (310,000 which also equates to one-in-ten households in Iowa) and 2,386 public employers will benefit. Questions from our members will be answered more quickly; questions from attorneys wanting to establish legal orders will be answered more quickly; appeal processing time will decrease; IPERS attorneys can better defend the System with professional support; statutory and regulatory changes will be made more timely; public employers will be better served; publications will received a better legal review for accuracy (our Unit mails over 700,000 items per year); and, additional publications will be developed to communicate with our customers, such as the annual SAAM notice.

4. Negative impact if not funded?

If this package is not funded, IPERS attorneys will continue to perform tasks that could be performed by a less costly paralegal staff. The attention given to the matters referenced in paragraph 3 will be diminished without an additional professional staff person. IPERS will not be better defended and its stakeholders will not receive better service.

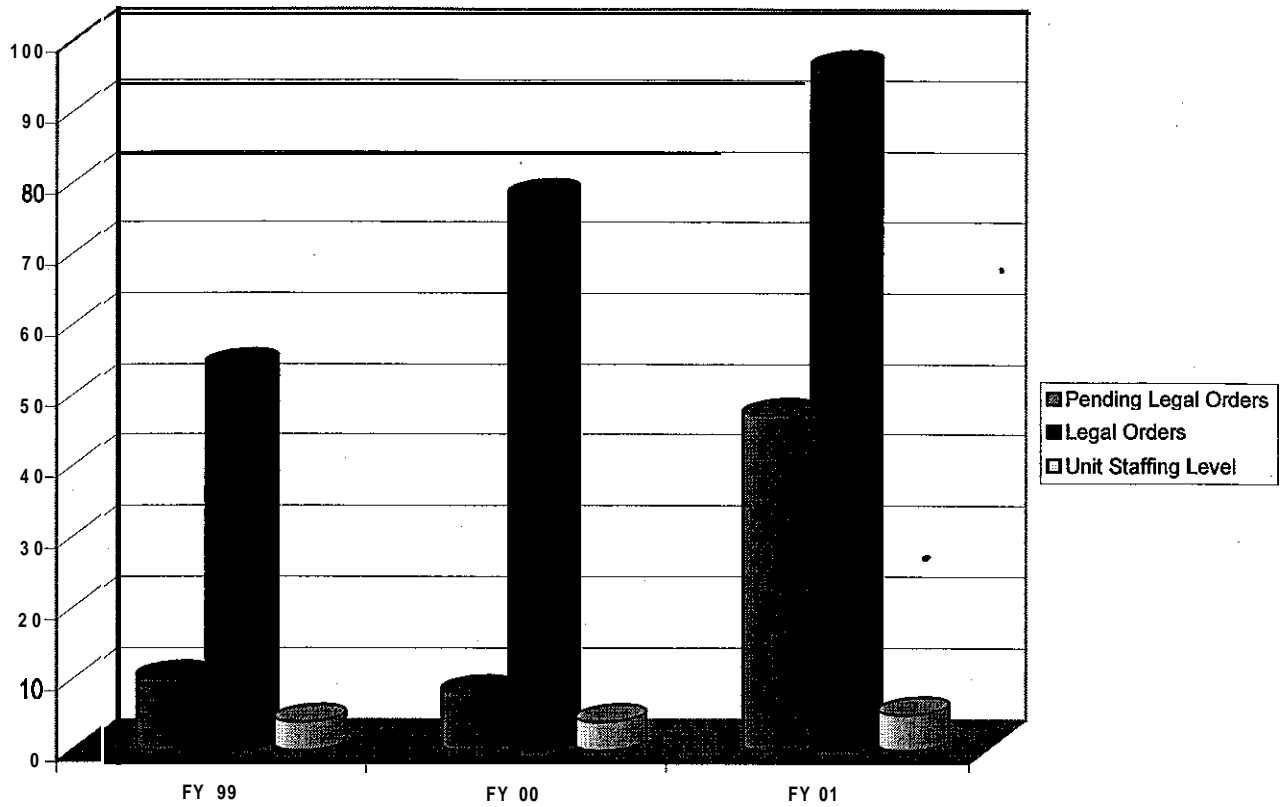
5. Program Process changes?

Tasks currently performed by attorneys will be performed by paralegal staff.

6. Funding?

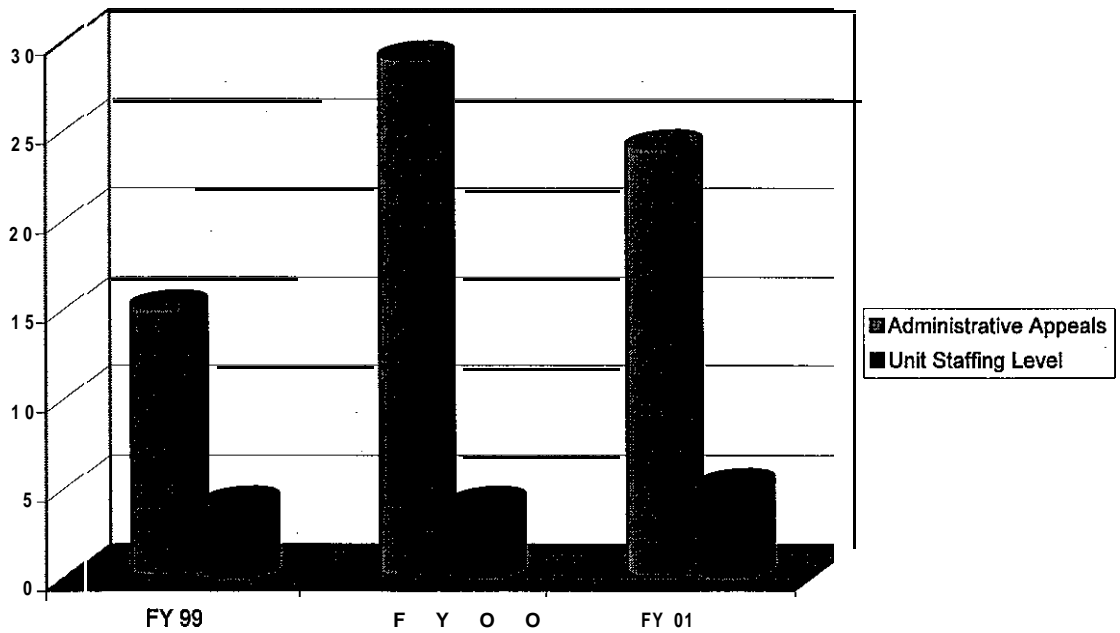
This request is for permanent staff and funding.

Administration of Legal Orders and Number of Unit Staff



FY 01 Projected 5th FTE in FY 01 added to support disability benefit program

Administrative Appeals and Number of Unit Staff



FY 01 Projected 5th FTE added in FY 01 to support disability benefit program

Package 9 – Benefits Unit Staffing

(LFB Blue Book, Page 263 4.K and page 287, Rank 0009)

1. Request?

\$248,248 Trust Fund money

5.0 FTEs

2. Purpose?

IPERS is requesting an additional five staff positions in direct member service related positions. With the nearing of “baby boomer” retirements, IPERS has been experiencing an increase in member inquiries by phone and letter, heightened requests for estimates of retirement benefits, and a surge in requests for personal counseling sessions (which IPERS offers in Des Moines and around the State). In fact, IPERS’ actuary predicts that our total base of retirees will **double** in the next 12-15 years. • We are already experiencing major pre-retirement demand for services, and we anticipate that a doubling of **annual** retirements will begin in 2006-2007. We are asking for these positions **after careful** analysis of the member demand and quality service numbers we track quarterly.

These requested positions will help us continue to meet our *minimal* standards for member service, as set forth by our staff working together through their membership services and quality assessment teams, using input gathered from our members. Specifically, these additional positions include:

- One senior retirement officer for our employer services unit (which has the responsibility for training all employer representatives and for compliance audits of employers)
- One senior retirement officer for our membership services unit primarily to aid in our meeting the increased demand for retirement counseling around the State
- Two retirement officers to assist in general membership service, including phone counseling, retirement estimates, processing of retirement applications, death benefits, and refund payments.
- One retirement technician to assist in all areas of member services.

3. Positive impact if funded?

We will be able to better handle the increased demand of our members. Specifically, by providing more coverage in our phone room - the principal “point of contact” between our members and ourselves - we will be able to reduce the number of callers who hang up prior to speaking to a staff member. We will also be able to provide additional counseling around the State to members desiring such, reducing the number (currently 20%-30%) we have to **turn** away now. Lastly, we should be able to maintain current levels of service for retirement estimates, in-house counseling, and the processing of member forms and payments. In addition, we will be able to increase our training efforts for our **almost** 3,000 public employers, as well as more regularly visit their work sites in

order to assist **them** in ensuring that all eligible members are suitably covered and that the increasingly complex provisions of federal and **Iowa** law are correctly met.

4. Negative impact if not funded?

Considerable member anger and disappointment. No one likes to wait for several minutes to “get through” on the phone, but without more staff this is what will happen. We are embarrassed that we have to turn away so many people who wish counseling outside of Des Moines. This already high number will only worsen without the staff we are requesting. We will be unable to either step up **our training** for employers or make more on-site visits in the coming years - both relate to **IPERS’** key fiduciary duties. Finally, we will undoubtedly fall short of all our current levels of member services as existing staff falls behind rising demands.

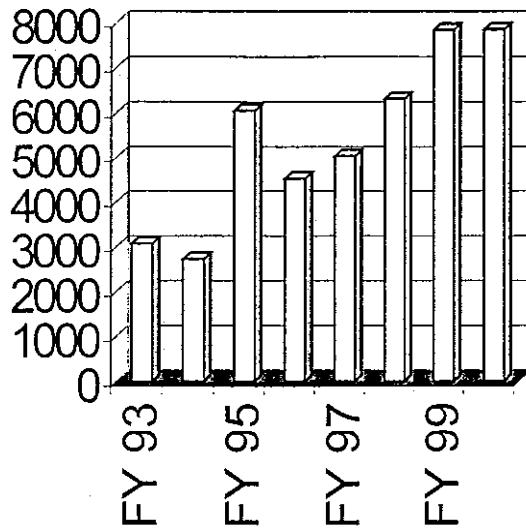
5. Program Process changes?

These positions are essential if we are to **fulfill** our *core mission*: to serve our member employees and employers.

6. Funding?

This request is for permanent staff and funding.

Members Counseled

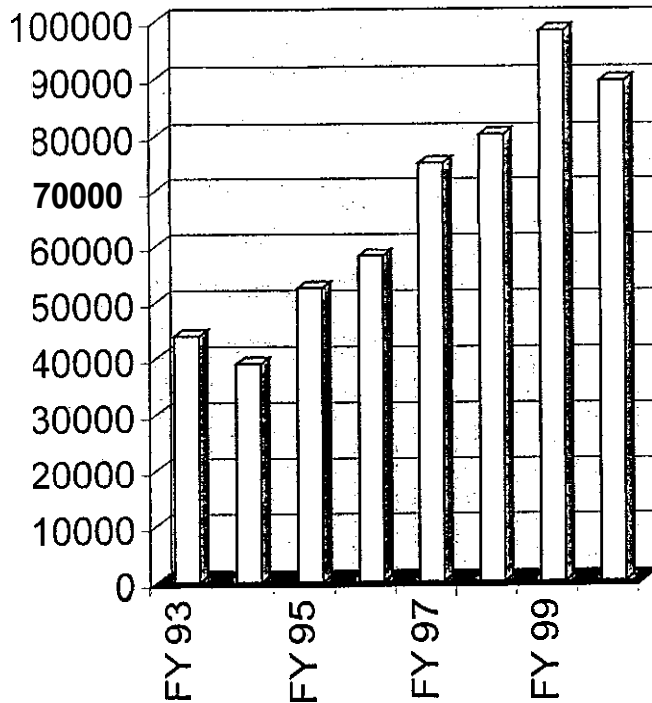


Increasing retirees need more service and support.

□ Members Counseled

Fiscal Years

Phone Calls



The increasing number of retirees need more service and support.

□ Phone Calls

Fiscal Year

Package 10 - Full funding for Chief Operations Officer and Chief Financial Officer

(LFB Blue Book, Page 263 4.L and page 287 rank 0010)

1. Request?

\$65,588 Trust Fund money

2. Purpose?

Due to an increased workload at IPERS, the consensus of the IPERS Managers was that these positions must be fulltime. Currently these positions are shared with the Personnel divisions. This request is related to the recent work of the Governor's Task Force on Structure and Governance of IPERS. That Task Force has discussed that IPERS and IDOP should continue to share staff and services where mutually beneficial. This sharing relationship would be negotiated between IDOP and IPERS each year. This package represents a recommended change from the status quo sharing agreement. This package would provide sufficient funding for these staff to serve at IPERS fulltime.

3. Positive impact if funded?

The positive impact of this request being funded would be to provide IPERS the staff support necessary to meet the continually increasing demands in the operational and accounting areas. As the technology and systems continue to evolve, a fulltime Chief Operations Officer becomes necessary. In addition, the Chief Financial, Officer has become responsible for more of the Investment accounting functions and is needed on a fulltime basis.

4. Negative impact if not funded?

If these funds are not provided, less time will be spent on the planning, leadership, and implementation in the operational and accounting areas. This will result in less responsive service to the other IPERS Unit and IPERS members.

5. Program Process changes?

These staff will be able to provide full attention to IPERS duties and not have their time split between IPERS and the Personnel divisions.

6. Funding?

This request is for sufficient permanent funding to provide full time staff for IPERS.

Package 11 – Administrative Assistance for Retirement Benefits

(LFB Blue Book, Page 263 4.M and page 287 rank 0011)

1. Request?

\$49,855 Trust Fund money

1.0FTE

2. Purpose?

To secure the services of a qualified person to assist the Chief Benefits Officer, Staff Coordinator, Training and Quality Compliance Officer, and the six team leaders with administrative support. This unit has struggled for years without such a position, and now both the size of this direct member-service unit (41 persons) and the increased complexity of our members' demands makes this request urgent.

3. Positive impact if funded?

The duties of this individual will include assisting in responding to correspondence, coordination of unit, team, and Constituent Group meetings, as well as providing resources to the Training and Quality Compliance Officer in the areas of ongoing staff training, mentoring, and monitoring of staff performance and meeting quality standards.

4. Negative impact if not funded?

Vital unit support will continue to be unavailable, resulting in inefficient use of higher-compensated persons' time and frustrations from the high numbers of members trying to contact the Chief Benefits Officer, the Staff Coordinator, and the Training and Quality Compliance Officer. Currently, all of these people answer their own phones directly, prepare and type their letters and e-mails without assistance, and organize (and write summary notes of) all meetings.

5. Program Process changes?

More efficient use of resources.

6. Funding?

This request is for permanent funding and staff.

Information Technology Re-engineering Projects

The following project synopsis is from the original funding request developed in 1998.

Executive Summary

The purpose of the project is to examine the IPERS information technology environment and to perform a complete analysis, design, reprogramming, and data verification of the application systems used at IPERS. These applications are used to manage member information, employer information, and other information necessary for IPERS to meet its mandate to serve its members. There are three components to this project.

Component 1 -Examine IPERS technology environment

The first component involves evaluation of the information technology environment at IPERS. We are currently in the process of examining our environment to ensure that we are utilizing the best processes and tools. As part of this examination we are analyzing what other public pension funds are doing in this area. **The results of this examination will determine the costs and direction of the project.**

Component 2 -Technical and logical system reconstruction

The second component is the actual technical and logical reconstruction of the system. Once the above examination has been completed, the analysis, design, and reprogramming of the system needs to occur. The current system is cumbersome and overgrown from frequent legislatively mandated changes in recent years. An overall design utilizing modular techniques must be developed. This component is also where we actually take advantage of technological tools that are now available to make the system more efficient.

Component 3 -Data verification

The third component of the project is the data verification component. Due to many factors, problems exist with the data in the system. Primarily these problems stem from the old mainframe-based system. The data structures of the system must be redesigned. In addition, the data integrity of the system must be ensured. As the new system is being deployed it must be filled with data that has been fully cleaned.

Information Technology Re-engineering Projects

Question 1. How was the FY00/01 Re-engineering budget spent?

	FY00	*FY01	TOTAL
component 1 - Planning	\$ 255,763	\$ 45,000	\$ 300,763
Component 2 - Development	\$ 552,448	\$1,033,695	\$1,586,543
Component 3 - Data	\$ 140,421	\$ 259,334	\$ 399,755
TOTAL	\$ 949,302	\$1,338,029	\$ 2,287,061

*FY01 totals include projected spending during the fiscal year

Question 2: How are we currently utilizing the 11 temporary positions funded in the FY00/01 reengineering budget utilized?

Component 1 - Planning	0 FTE
Component 2 - Development	2 FTE
Component 3 - Data	1 FTE

The new disability benefit program that was created last year provided funding for 2 FTEs. However, the authorization for those FTEs was unintentionally omitted. IPERS has used 2 FTEs from the IT project for those positions during FY2001. The remaining 6 positions are vacant.

Question 3: What is the correlation between the 11 temporary positions and the new positions being requested?

Component 1 - Planning	0 FTE
Component 2 - Development	2 FTE
Component 3 - Data	2 FTE
Unrelated to re-engineering project	5 FTE

Package 12 - Computer programming support

(LFB Blue Book, Page 264 4.N and page 287 rank 0012)

1. Request?

\$363,312
2.00 FTE

2. Purpose?

IPERS is requesting these funds to provide computer programming support to develop new applications, enhance and maintain existing ones. As a result of the 2000 Legislative session, laws representing several major benefit changes were passed which resulted in the need for major computer programming. At the same time IPERS is undertaking a massive project to update its core computer system and is in the process of implementing Lotus Notes. In order to meet this high demand for new and revised computer systems, additional programming support is needed. This package requests funding for two FTEs for computer programmers and one contract programmer for two years.

3 Positive impact if funded?

IPERS relies heavily on its computer system to process benefit applications and pay retirees and beneficiaries. Automation of processes directly impacts the efficiency and timeliness of services for members and retirees. Automation makes information easier to retrieve so member inquiries would receive a quicker response, benefit checks would be issued quicker and benefit checks would be accurate. IPERS staff will see a reduction in the amount of labor intensive processing, freeing them to redirect their efforts into providing other needed services

4. Negative impact if not funded?

Lack of funding for this package will result in IPERS continuing to utilize labor intensive manual systems in order to process benefit applications. Combined with the anticipated increase in retirements due to the baby boomers, IPERS would be faced with either hiring more staff to meet needs or significantly increasing processing time resulting in longer waits for retirees to receive benefits. Without automated systems the risk is greater for inaccurate data resulting in retirees receiving incorrect benefit checks.

5. Program/Process changes?

This package will result in utilizing current technology solutions to meet business needs and improve benefit application processing.

6. Funding?

This request is for a combination of permanent and contract staff and funding.

Package 13 – Data cleansing effort

(LFB Blue Book, Page 264 4.0 and page 288 rank 0013)

1. Request?

\$178,607

2.00 FTE

2. Purpose?

IPERS is requesting these funds to continue efforts on cleaning electronic data files and complete the process of reconciling and restoring historical wage detail to member data files. Decades ago, detail history records were either not entered or were summarized to conserve electronic storage and/or convert files. Not having this data available electronically lengthens the amount of time to process benefit applications because the information must be manually researched and data entered. The 2 FTEs include establishing a position to analyze business practices and computer systems to identify and resolve data problems and one position to manually data enter missing information.

3. Positive impact if funded?

Member benefit applications and inquiries would be handled in a more efficient and timely manner resulting in retirees and beneficiaries receiving faster service. IPERS staff will see a reduction in the amount of labor intensive processing, freeing them to redirect their efforts into providing other needed services. The accuracy of data needed to calculate retirement benefits would be increased resulting in correct checks.

4. Negative impact if not funded?

Lack of funding for this package will result in IPERS continuing to utilize labor intensive manual systems in order to process benefit applications. Combined with the anticipated increase in retirements due to the baby boomers, IPERS would be faced with either hiring more staff to meet needs or significantly increasing processing time resulting in longer waits for retirees to receive benefits. Without automated systems, staff would be required to manually research and enter data causing a greater risk of issuing incorrect benefit checks.

5. Program/Process changes?

This package will result in having accurate member wage information in data files and would eliminate the need for manual research of records.

6. Funding?

This request is for permanent staff and funding.

Package 14 - Employer Internet services

(LFB Blue Book, Page 264 4.P and page 288 rank 0014)

1. Request?

\$772,239

2.00 FTE

2. Purpose?

IPERS is requesting these funds as the first phase of providing self-service functionality to employers and members. Specifically, this request will allow IPERS to plan, design and implement a web site and implement its first self-service application allowing employers to report wages electronically. In future years, additional self-service functions will be added to further expand employer services and implement member services. The 2 FTEs being requested are for the technical staff needed to plan, design, create and maintain the web site.

3. Positive impact if funded?

Employers will have a streamlined process in which to report wages resulting in improved efficiencies. Employers will be able to quickly access retirement information for their employees, update employee demographic information so that it is current and correct wage information as needed. IPERS staff will see a reduction in the amount of labor intensive processing, freeing them to redirect their efforts into providing other needed services. Members will ultimately benefit because their retirement accounts will be current and accurate at the time they receive benefits.

4 Negative impact if not funded?

Lack of funding for this package will increase **turnaround** time for employers who are responding to employee questions and concerns, cause inefficient use of staff for labor intensive manual processes, increase the need to verify and correct data and create longer processing times to members needing retirement benefits. IRS reporting errors and litigation awards would increase resulting in lump sum payouts that could cost several million dollars.

5. Program/Process changes?

Implementation of this package would result in using current technology solutions to meet business needs. The employer wage reporting process would be automated.

6. Funding?

This request is for a combination of permanent and contract staff and funding.

Package 15 – Records Management and Conversion

(LFB Blue Book, Page 264 4.4 and page 288 rank 0015)

1. Request?

\$693,630

3.00 FTE

2. Purpose?

IPERS is requesting these funds to develop a records management plan for IPERS and complete the first phase of document conversion. The new records system would be more accessible, organized and secure than the current paper system. The system would expedite the processing of member services which are expected to dramatically increase due to baby boomer retirements. The system would also provide a means for record recovery in case of a disaster. The 3 FTEs include one position to coordinate record management activities and two technical staff needed to plan, design, create and maintain the system.

3. Positive impact if funded?

IPERS would set the stage for a state of the art workflow management and records retention system. Member benefit applications and inquiries would be handled in a more efficient and timely manner. Records would be stored in an electronic format creating backup records which would be readily available should some type of disaster occur. Electronic storage of records would eliminate the need for additional storage space and manual tiling systems for current records and the anticipated increase in records due to baby boomer retirements.

4. Negative impact if not funded?

Lack of funding for this package will result in IPERS needing to develop labor intensive manual systems in order to meet its fiduciary responsibilities. IPERS would be faced with duplicating millions of documents and locating off site storage in order to be prepared for a disaster. IPERS must maintain member records for over 75 years and in many cases these files are the only files that exist. If these records were lost due to fire or other disaster it would be impossible for IPERS to reconstruct historical information. Missing documentation could result in litigation awards ranging into millions of dollars.

5. Program/Process changes?

This package will result in a fully developed plan for records retention, automation of records storage and integration with computer systems establishing workflow efficiencies and provide for disaster recovery.

6. Funding?

This request is for a combination of permanent and contract staff and funding.

Package 16 - Financial Planning Survey

(LFB Blue Book, Page 264 4.R and page 288 Rank 0016)

1. Request?

\$28,000 Trust Fund money

2. Purpose?

This proposal is to use a statistically valid method to survey our 300,000 members, and over 2,500 participating employers, to determine what additional services - if any - they wish us to offer in the financial planning area. To determine whether or not there is sufficient desire among all of our members for IPERS to “do more” in helping them understand the place **their IPERS’** service has “in the context” of their other savings (retirement and non-retirement alike), as well as their other responsibilities.

3. Positive Impact if Funded?

The resultant survey will provide the solid ground we need to either pursue this issue further, or conclude that a significant majority of our membership do not want us to pursue this avenue. Right now, our information is primarily anecdotal and, while seeming to support our considering such services in the future, is in no way statistically valid. We believe that this service, if offered, would assist persons at a younger age to contact private financial counselors and vendors in order to take additional steps to fund their retirement years.

4. Negative Impact if not Funded?

Despite many of our members urging us to consider doing this, we will continue to lack the necessary information as to whether or not such a service would be useful to a sufficiently large number of our members to warrant our pursuing it.

5. Program/Process Changes

More appropriate use of resources and an assist in future resource planning.

6. Funding?

This is a request for one-time funds.

Package 17 - Outside legal counsel

(LFB Blue Book, Page 264 4.R and page 288 rank 0017)

1. Request?

\$25,000 Trust Fund money

2. Purpose?

This package is for funds to utilize the services of IPERS outside legal counsel. During FY2002, it is anticipated that governance and structure issues and pension portability issues will be debated by the General Assembly. Additionally, FY2002 is an "IPERS year" for consideration of benefit changes to the Plan. The services of our outside legal counsel will be needed to address the various legal and tax issues associated with and changes involving structure and governance; portability, and benefit changes. Additionally, because of the numerous changes during the last "IPERS year," outside counsel is still engaged in the process of receiving a favorable plan determination letter from the Internal Revenue Service. Outside counsel is IPERS' representative before the Internal Revenue Service for two private letter rulings that have been submitted in regard to Plan changes. Funds are also needed to pay for the continuation of outside counsel's advice on various day-to-day legal issues that arise at IPERS.

3. Positive impact if funded?

IPERS will continue to have the assistance of professional legal counsel.

4. Negative impact if not funded?

IPERS may not be able to utilize the expert external representation from outside counsel before the Internal Revenue Service at a critical time when one plan qualification request is on tile, and two private letter rulings are being considered by the Internal Revenue Service.

5. Program Process changes?

None. This is a continuation of existing service.

6. Funding?

This is a request for permanent funds.

Package 18 – Graphical user interface software

(LFB Blue-Book, Page 264 4.T and page 288 rank 0018)

1. Request?

\$58,000

2. Purpose?

IPERS is requesting these funds to purchase software that will convert current computer entry screens into a windows like environment allowing staff to point and click when accessing information. This software would reduce the need to redesign and generate hundreds of screens that already exist and make the system easier for staff to utilize. This software would also create drop-down and pop-up menus for staff to utilize during data entry.

3. Positive impact if funded?

IPERS staff utilizes hundreds of screens to access and enter data in the computer system, having the ability to point and click to options will reduce the number of keystrokes required thereby saving time in processing benefit applications. Staff could also utilize drop-down and pop-up menus to select various codes and information rather than keying in information which would result in improved entry efficiency and more accurate data. Computer programming staff would be able to utilize their technical skills in developing high priority solutions rather than programming for mundane screen entry.

4. Negative impact if not funded?

Lack of funding for this package will result in IPERS continuing to utilize labor intensive manual systems in order to process benefit applications. Combined with the anticipated increase in retirements due to the baby boomers, IPERS would be faced with either hiring more staff to meet needs or significantly increasing processing time resulting in longer waits for retirees to receive benefits. Due to inaccurate data, retirees could receive incorrect benefit checks.

5. Program/Process changes?

This package will result in utilizing current technology solutions to meet business needs and improve benefit application processing.

6. Funding?

This request is for one time funding.