

June 17, 2013

**TO:** David Schumacher, Director  
Office of Financial Management

**FROM:** Marcie Frost, Director

**SUBJECT: Contingency Planning for the Department of Retirement Systems**

Following is information from the Department of Retirement Systems (DRS) for use in contingency planning, in the event the legislature fails to make appropriations by July 1, 2013.

**1. Services funded by appropriations in the enacted transportation budget.**

N/A – DRS does not receive an appropriation from the transportation budget.

**2. Services that do not require an appropriation.**

There are three relatively small areas of DRS that operate out of non-appropriated or non-budgeted funds:

- a. Administration of the state's Deferred Compensation Program operates out of account 888-6. Even though the agency has approximately 19 FTEs allotted to this fund source, many of those FTEs are split between other functions that are appropriated (e.g., support services and marketing). As a result, we only intend to keep **nine FTEs** in the office to properly account for daily financial activity, including assets which exceed \$3.2 billion, and handle a reduced volume of customer services.
- b. Administration of the Old Age Survivors Insurance (OASI) Program operates out of account 874-6. Even though we have more than one FTE allotted to this fund source, as the allotments include portions of internal support functions, we only intend to keep **one FTE** in the office to meet our OASI responsibilities to the Social Security Administration and the Internal Revenue Service.
- c. We also have some positions that are funded out of the non-budgeted pension trust funds, as they perform functions "in defense of the trust." A few positions that are split between the trust funds and our appropriated funds will not be brought into the office but **three FTEs and a partial FTE** who operate solely out of the non-budgeted funds will continue their functions.

**3. Services to continue based on certain constitutional mandates and federal law.**

The only appropriated activity that would continue would be a minimal level of FTEs to collect pension contributions, properly transfer/deposit the funds and continue existing pension payments. It is important to note that the latter activity does not include processing new retirements or withdrawals after June, only continuing existing pension distributions and changes processed in June. This minimal level of effort will require **portions of seven FTEs**, primarily from our Fiscal and Information Processing teams.

**4. Services that are necessary for the immediate response to issues of public safety, or to avoid catastrophic loss of state property.**

N/A – We do not believe we have any services that fall into this category in the short term.

If staff at OFM have any questions about this information, they can contact our Budget and Benchmarking Director, Mark Feldhausen, at 664-7194 or via email at [markf@drs.wa.gov](mailto:markf@drs.wa.gov).

cc: Mark Feldhausen