

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

**A. GENERAL INFORMATION**

1. Date

02/20/2019

2. Department

California Public Employees' Retirement System

3. Organizational Placement (Division/Branch/Office Name)

Customer Services and Support/ Retirement Benefits Services Division

4. CEA Position Title

Chief, Retirement Benefits Services Division

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

A revision to an existing CEA position (Chief, Benefit Services Division) is being requested to split the responsibility of the current Benefit Services Division Chief due to the large span of control in the existing structure. Once created, the new CEA would oversee a Disability and Survivor Benefits Division and the existing CEA of the Benefit Services Division would be modified to oversee the Retirement Benefit Services Division.

This request is for the revised CEA that would be responsible for the processing of retirement applications, adjustments to retirement, retirement estimates, community property divisions, maintenance of the monthly retirement roll and deductions, processing of retirement forms including direct deposits, tax withholdings, beneficiary designations, and powers of attorney, and the administration of the Judges' and Legislators' Retirement Systems. Properly dividing the workload would allow each CEA position to better support the customer service goals of the organization and the mission of the organization to deliver retirement benefits to members and beneficiaries.

6. Reports to: (Class Title/Level)

Deputy Executive Officer (DEO)/CEA, C

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): The CEA works in coordination with the DEO, who is a member of the CalPERS Executive Management Team.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

## B. SUMMARY OF REQUEST

### 9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under the administrative direction of the Deputy Executive Officer, Customer Services and Support Branch, the Chief, Retirement Benefits Services Division (RBSD) has full responsibility for the administration of benefits and information to over 1.9 million active members, retirees, survivors, and beneficiaries. This includes, but is not limited to: eligibility for and calculation of service retirement and adjustments for the Public Employees' Retirement System (PERS), as well as full administration of all aspects of the Judges' and Legislators' Retirement System (JLRS). In addition, this division ensures continuation of health benefits coverage for entitled retiring members and resolving community property issues between members and ex-spouses. Other services provided to retired members include processing the monthly payment roll, managing deductions from monthly benefit payments, making adjustments to benefit payments, conducting the annual tax reporting, processing reinstatements and other post-retirement employment issues.

The Chief, RBSD would provide high level policy direction and oversight to all RBSD programs and operations and through subordinate managers, plan, organize, and direct the work of multidisciplinary professional and administrative teams responsible for CalPERS and JLRS retirement calculations, monthly retirement roll processing, and warrant administration, including warrant deductions, tax withholdings, direct deposits, power of attorneys, and beneficiary designations.

For retirement services, the Chief, RBSD would provide direction for over 30,000 retirement applications annually and ensure retirements are processed timely and accurately in accordance with the law. The processing includes all programs including CalPERS, Judges' Retirement System, and the Legislators' Retirement System. In addition, the position is responsible for the maintenance of a retirement roll exceeding \$1.8 billion monthly with over 600,000 benefit payees. The position also oversees monthly warrant deductions, including the processing of thousands of forms monthly related to direct deposits, tax withholdings, beneficiary designations, and powers of attorney.

In addition to administrative duties, the Chief, RBSD provides strategic policy direction in planning and implementing new retirement benefit programs and services that respond to changing demographics and needs of members and employers and initiatives that improve customer service and the efficiency and effectiveness of program operations. In the past for retirement, this has included new policies on the payment of interest on delayed benefit payments, administration of new retirement options designed to simplify the retirement process for future retirees and the implementation of self-service tools for our members, increasing efficiency, and streamlining operations. In addition, the Judges' Retirement System has dealt with complex challenges to the laws related to membership eligibility and retirement benefits.

As the primary policy expert on these issues related to retirement benefit services, the Chief, RBSD is responsible for advising the Deputy Executive Officer and Executive Staff on the most complex and sensitive policy matters that impact the delivery of retirement benefits and related services to CalPERS members.

**B. SUMMARY OF REQUEST (continued)**

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The mission of the organization is to deliver retirement benefits to members and beneficiaries. This program is of the utmost criticality to the organization to fulfill the department's mission. Without retirement benefit services, members would not have the resources available to process their retirements or maintain the monthly retirement roll essential to our membership population of 1.9 million and core mission.

**B. SUMMARY OF REQUEST (continued)**

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

This request is part of a larger proposed restructuring of the 1,050 person Customer Services and Support (CSS) Branch. CalPERS' Strategic Plan (2017-2022) affirms the critical role of CSS in fulfilling the Department's mission to deliver retirement and health care benefits to over 1.9 million members and their beneficiaries. As the customer service arm of CalPERS, CSS must reorganize to deliver services in the least complex, most efficient manner possible. Additionally, the reorganization will allow CSS to increase the speed and effectiveness of decision-making, better identify and manage risk, improve accountability and transparency, and reduce reliance on consultants as leaders will have more bandwidth to direct strategic initiatives and resulting projects.

A division of over 300 team members with complex management of several retirement programs, including not only CalPERS but the Judges' and Judges' II Retirement Systems and the Legislators' Retirement System creates layers of complexity that cannot effectively be managed by one division chief. Pension reform added layers of complexity with new retirement formulas and laws pertaining to the membership of over 1.9 million members. Challenges to public pensions and to the decisions made by the organization on existing laws and regulations have also increased the policy decisions and workload of the Division Chief. Stakeholder outreach to our customers has also become an extensive part of the position requiring frequent travel and speaking engagements to communicate on CalPERS' mission, issues and goals.

### C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Chief, RBSD, has significant policy oversight of retirement benefit processing, administration of the monthly retirement roll, administration of the Judges' and Legislators' Retirement System, and forms processing. The laws and regulations governing these processes are extensive and continually changing. They are complex and sensitive in nature and affect a membership of approximately 1.9 million members, as well as over 3,000 employers.

Retirement Benefits Processing – Policy over interest paid on delayed benefit payments was recently established by the Division Chief in this area. Previously, no authority existed for CalPERS to pay interest on retirement benefits that were not issued within a reasonable amount of time of the benefit effective date. Although nearly all retirement benefits are paid in a reasonable amount of time, when CalPERS benefits were delayed, members were directed to the Victim Compensation and Government Claims Board to appeal for interest to be paid. The Retirement Benefits Section promulgated regulations to establish reasonable time frames to pay benefits and established how and when interest would be paid on those benefits that were delayed. The Regulations were adopted by the Office of Administrative Law and the functionality was put into production in 2016.

Warrant Administration – Policies include how warrants or statements are distributed to over 500,000 retirees. In an effort to increase security, increase sustainability by reducing paper production, increase customer service through online services and reduce the administrative budget of CalPERS, a policy change was made to transition retirees who are receiving their benefits via direct deposit to an electronic statement rather than a mailed statement. The new policy required working with legal and public affairs as well as a significant level of engagement with our retiree stakeholders. It included communications with the Board and with the legislature to explain the benefits and savings of the policy decision. The new policy will result in a savings of over \$1 million annually to the CalPERS administrative budget.

Judges' Retirement System – With the implementation of Pension Reform, policy challenges occurred over the eligibility of Judges' membership as classic members of the system as opposed to new members subject to lower retirement benefits. Leadership established policy over the timing of when a judge was considered "in membership" in accordance with the existing laws. Although a judge may have been appointed to a seat prior to the implementation of Pension Reform, if they were not performing their duties until after the effective date, they were subject to the new benefit formulas. The impact of this decision was an increase of hundreds of dollars a month to these new judges. Although the policy was challenged, the Administrative Law Judge supported the decision of CalPERS leadership.

Retirement Benefit Services - Policy exists over streamlining business processes by shifting retirees to utilize member self-service options instead of submitting paper requests for certain processes. Recently, implementation of online functionality related to retirees requesting modifications to their retirement benefits when certain life events occur was deployed. This online functionality not only improves customer service by giving retirees immediate results to the cost of such actions, it creates efficiencies within the program team since such a modification is often costly to a retiree and is not elected a majority of the time. Instead of staff inputting data from a retiree submitted form, generate a calculation, and then mail an election to a retiree, only to never receive that election back due to the cost, the retiree now keys the information online, receives a result of the cost of changing the benefit and can then choose not to elect with no additional work from the internal staff.

Retirement Benefit Services - Policy over the retirement option choices a member has at the time of retirement has undergone a significant revision in the recent year. Previously, a member had 13 options to be educated on and choose from at the time of retirement. After an extensive analysis on the data trends of retirees and a cost benefit analysis of each option to our retirees, a policy recommendation was made to eliminate those options that were rarely chosen and those options that did not benefit a member financially a large portion of the time, as well as consolidate those options that were similar in nature. In the end, policy was adopted to reduce the number of retirement options to 7. As a result, legislation changes were made to existing statutes to effectuate the new retirement options effective January 1, 2018. This required a significant outreach effort to members, employers and stakeholders to communicate changes and internal efforts to change staff education, publications and external trainings. Extensive system changes were also governed to ensure the proper options are available internally and externally based on the effective dates of retirements.

**C. ROLE IN POLICY INFLUENCE (continued)**

13. What is the CEA position's scope and nature of decision-making authority?

The Chief, RBSD, is a member of the CalPERS senior management team, which is responsible for providing program and policy direction, carrying out the CalPERS Strategic Plan, and formulating and implementing department-wide policies related to retirement benefit programs. This position is also responsible for working with external employer, employee and member groups in the establishment of departmental policies, and for maintaining ongoing communications with employers and members regarding policy and program implementation. The nature of the decision-making authority includes implementing new policies and procedures, amending current statutes and regulations or implementing new legislation, implementing new laws and rules affecting retirement administration and streamlining processes to improve business operations and customer service.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Both.

Existing laws and regulations currently govern retirement benefit programs. The Chief, RBSD, is responsible for the administration of over 500,000 retirement benefit payments each month, totaling over \$1.8 billion and would be responsible for the existing policies which govern the delivery of these benefits. These policies are also challenged on an ongoing basis, so they are required to analyze current policies to ensure they are being carried out properly and work with the legal office to properly respond to challenges.

In addition, new legislation, directives from the Board of Administration, and/or CalPERS Strategic Plan initiatives may drive the need for new policy creation. Policies related to payment of benefits and the associated programs and processes are currently being vetted through the Division Chief of this area.