

**ORS BUSINESS PLAN  
FOR PROPOSED 2002 EARLY OUT**

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## **OVERVIEW**

This business plan describes the services to be provided and the resources needed to administer the proposed 2002 Early Retirement program. An important goal of this business plan is to ensure that the current processing goals established by ORS continue to be met, while proceeding to work on all identified initiatives.

It is important to understand that ORS has multiple, high priority, major initiatives that are occurring simultaneously with the efforts that will be required for the Early Retirement program. These initiatives are 1) Vision ORS project and 2) placing over 4,500 retiring public school employees on the pension payroll in the summer of 2002. Internal ORS staff resources available for this Early Retirement project are limited due to the State of Michigan's hiring freeze and the reassignment of staff due to DMB's recent restructuring. In addition, it should be noted that the 1997 Early Retirement program was augmented by 21 staff loaned by other Departments. Due to the very short implementation timeframes and the hiring freeze impact on all State Departments, obtaining loaned staff from other Departments was not considered a viable alternative.

## **ASSUMPTIONS**

1. Previous Early Out recommendations and summaries have been considered when documenting the resources needed for this plan. The ORS budget for the 1997 Early Out was \$1.7M. ORS had 3.5 months to plan for that program.
2. The resources identified in this document will be provided.
3. There are approximately 8000 state employees currently meeting the 80 point requirement.
4. There are approximately 5000 additional state employees that could meet the 80 point requirement with purchase of additional service.
5. Of the 13,000 current and possible eligible state employees, approximately 8000 will retire under the early out provisions between the beginning and end dates.
  - ❖ During the last early retirement, we planned for 3500 and retired 5000
  - ❖ Universal Service Credit was not an option in 1997
  - ❖ Members could not purchase service by rolling over moneys from their 401k or 457 accounts in 1997
6. ORS will receive approximately 35,000 inquiries related to the Early Out program.
7. The early out will have an application window period of approximately 30 days beginning April 1, 2002.
8. The early out effective dates will be July 1, 2002 to November 1, 2002.
9. Equipment (computers, phones,etc) will be needed to accommodate the extra staff.
10. Estimates are based on current processing capabilities.
11. ORS has other high priority major initiatives that occur simultaneously with this effort. These initiatives are 1) Vision ORS project and 2) placing over 4,000 retiring public school employees on the pension payroll in July, 2002,
12. DC transfers and administering sick leave payouts will require manual processing.
13. Supervision and training of additional staff will be done by current ORS staff which will then require backfilling.
14. There will be no diminishment in services to current customers of ORS.

## **SERVICES TO BE PROVIDED BY ORS**

- Early Retirement Seminar Programs will be scheduled for active employees as follows: 40 to occur with anticipated attendance of 8,000
- Five Training Seminars will be scheduled for HR offices
- A dedicated Early Out section will be created on the Website to include:
  - Benefit Estimator
  - Schedule of Future Mailings & Happenings
- A specific Early Out call routing system will be in place
- A dedicated Early Out e-mail address will be established
- Introductory letters with personalized information will be mailed to active employees that currently meet or could potentially meet the 80 point requirement. These letters will be mailed out within 10 days of when the proposal becomes law.
- Requests to purchase additional years of service will be processed within 10 business days from receipt of billing request
- Letters requesting years of service information will be responded to within 10 business days of receipt of request.
- Acknowledgement of receipt of application and a pension estimate will be sent to employees within 10 -15 business days of receipt of application in ORS
- 90% of applicants will be placed on payroll and receive their first pension check and insurance benefits within 60 days or less of their retirement effective date

<b>ADDITIONAL STAFF COSTS</b>					
<b>Process Area</b>	<b>Tasks</b>	<b>Peak # of Staff</b>	<b>Hours</b>	<b>Resource</b>	<b>Cost*</b>
<b>Customer Education</b>	Seminars (Preparation, registration & delivering)	3	1,544	Temporary Admn. Support	\$30,880
<b>Customer Accounts</b>	Responding to customer requests (phone calls, correspondence)	11	7,040	Temporary Admn. Support	\$140,800
	Overtime for current ORS staff responding to specialized requests		1,200	Dept. Tech 10	\$36,492
<b>Benefit Management</b>	Determine Eligibility & Generate Estimated Benefits	43	14,800	Temporary Admn. Support	\$296,000
	Obtain Final Pay Information & Calculate Final Benefit	20	17,040	Temporary Admn. Support	\$340,800
	Audit Final Benefit Calculation	5	960	Temporary Admn. Support	\$19,200
<b>Process Support</b>	Processing mail, logistics, supplies, space and procurement	4	8,160	Temporary Admn. Support	\$163,200
	Records Management	11	13,320	Temporary Admn. Support	\$266,400
<b>SUBTOTAL</b>					<b>\$1,293,772</b>

\* Rates as follows were used to calculate this cost:

- Temporary Admn. Support Rate: \$20.00 (Combined Acct. Temp/Pro-Temp rate)
- Dept. Tech 10 Overtime Rate: \$30.41

<b>OTHER RESOURCE COSTS</b>		
<b>Process Area</b>	<b>Description of Item</b>	<b>Total Cost</b>
<b>Customer Education</b>	Revision, printing and collating of forms and letters	\$30,000
	Postage for 8,000 introductory letter mailing (including retirement applications)	\$29,340
	Postage for 8,000 retirement applications sent on demand	\$29,340
	Room Cost for Seminars	\$1,000
	Seminar Travel Costs	\$3,000
<b>Customer Accounts</b>	Postage for 8,000 billings and years of service letters sent per request	\$2,800
<b>Benefit Management</b>	Postage for 8,000 letters verifying receipt of application	\$2,800
	Postage for 8,000 final benefit summary letters	\$2,800
	Revise Benefits Processing Program	\$150,000
<b>Process Support</b>	Equipment (Computers, Network Charges, Label Makers, Phones, Desktop Printers, Network Printers, & Copier)	\$259,865
	Supplies	\$14,000
	Microfilm Charges	\$12,800
<b>Leadership &amp; Business Strategy</b>	Customer Focus Groups and Surveys	\$25,000
<b>SUBTOTAL</b>		<b>\$562,745</b>

## **TOTAL COSTS**

• Additional Staff Subtotal:	\$1,293,772
• Other Resource Subtotal:	562,745
• Contingency Fund (10%):	<u>185,651</u>
<b>ESTIMATED GRAND TOTAL:</b>	<b>\$ 2,042,168</b>

## **SUMMARY**

In order to continue to meet our current processing goals while administering this program, the preliminary estimate of the total additional funding needed for this program is \$2.0 Million.

In 1997, \$1.7 Million was spent. However, ORS did not pay the salaries for the approximately 25 loaned employees. If you account for the loaned employees, we anticipate spending less than the last Early Retirement program. This is due to a number of improvements since 1997, including: a) implementation of the call center, b) having data in electronic form, and c) becoming a process based organization.