



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 10

MEETING DATE: May 23, 2018

SUBJECT: Customer Service Performance Management Update

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board approve ongoing participation in the Cost Effectiveness Management (CEM) Pension Benefit Administration Benchmarking service for a period not to exceed five years, and authorize the Chief Executive Officer to negotiate terms and enter into a service agreement.

PURPOSE

To present results of the CEM benchmarking survey, extend the CEM engagement, and discuss progress on current data collection, analysis, and reporting efforts as part of the SCERS Strategic Management Program.

DISCUSSION

As part of the ongoing continuous improvement program building on the SCERS Strategic Plan 2014-2018, SCERS participated in the global pension administration benchmarking service offered by CEM. The primary objective was to establish a baseline of performance from which to measure the impact of the strategic IT Modernization program.

Staff experience with the benchmarking has demonstrated that the information produced is also beneficial in identifying opportunities for service improvement as part of our IT system design decision-making but also in opportunities to improve our processes and practices in the near term.

SCERS entered into a one-time benchmarking exercise of 2016-17 data with CEM for \$20,000. Ongoing, annual costs are estimated to be approximately the same.

BACKGROUND

The SCERS Strategic Plan 2014-2018 Goal 3 Service Delivery directs management and staff to “establish a baseline for customer service performance, measures to enhance customer service, and quantitative and qualitative standards for ongoing evaluation of customer service.”

ATTACHMENTS

Presentation by Chief Strategy Officer

Prepared by:

/S/

Stephen Hawley
Chief Strategy Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

Customer Service Performance

Progress Toward a System for Measuring Results

Steve Hawley
Chief Strategy Officer

May 23, 2018





SCERS Strategic Management Program

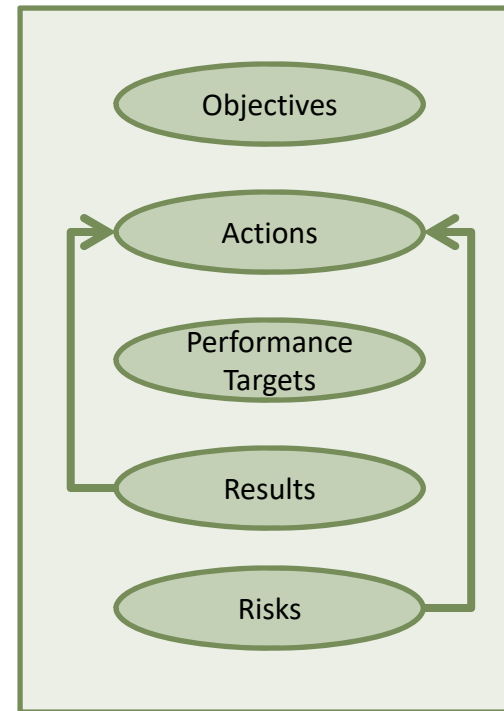
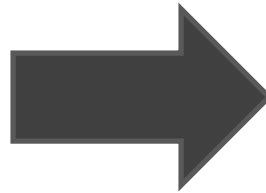
PERFORMANCE MEASUREMENT



SCERS Strategic Management Program



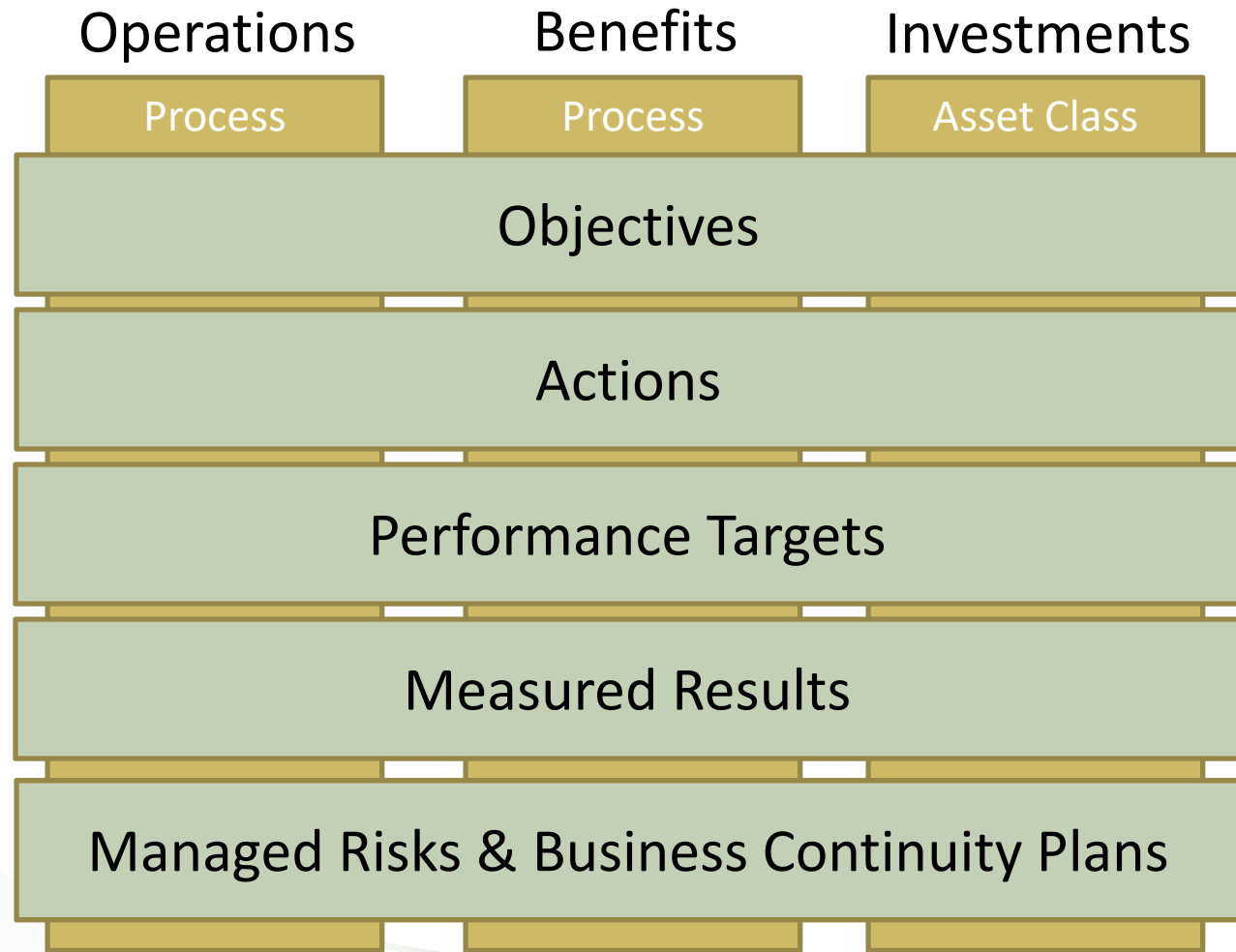
Strategic Plan 2014-2018



Strategic Management Program



Strategy Management Matrix Organization





Summary of 2017 Results

CEM BENCHMARKING



Benchmarking Objectives

- What gets measured gets managed
 - Identify what is important
 - Monitor progress using an independent outside benchmark
 - Provide a catalyst for change
- Focus on customer service
 - Identify service gaps
 - Learn about industry trends; what others are doing
- Communicate to stakeholders
 - Demonstrate success and achievement
 - Demonstrate commitment to continuous improvement
 - Support resource requests
- Collaboration
 - Conferences
 - Communities of Practice



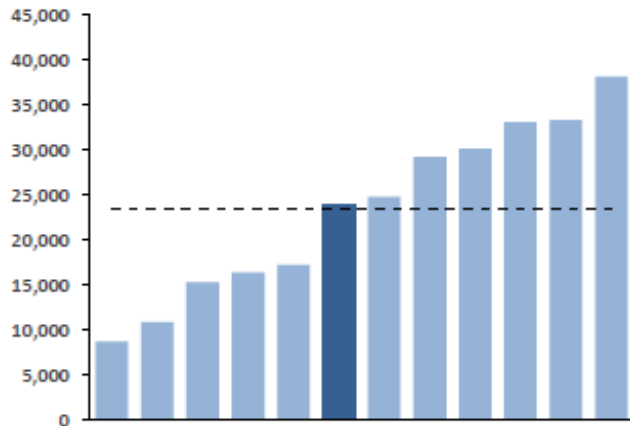
Benchmark Peer Group

Peers	Membership		
	Actives Members	Annuitant	Total
Sonoma County ERA	4,071	4,653	8,724
Fort Worth ERF	6,551	4,328	10,879
City of Austin ERS	9,364	5,934	15,298
San Diego City ERS	7,149	9,210	16,359
Saskatchewan Teachers	15,428	1,802	17,230
Sacramento County ERS	12,587	11,396	23,983
District of Columbia RB	10,500	14,301	24,801
Fairfax County RS	18,207	10,995	29,202
City of Detroit	9,142	20,997	30,139
ERFC	21,748	11,367	33,115
San Bernardino CERA	21,110	12,179	33,289
Orange County ERS	21,746	16,369	38,115
Peer Average	13,134	10,294	23,428

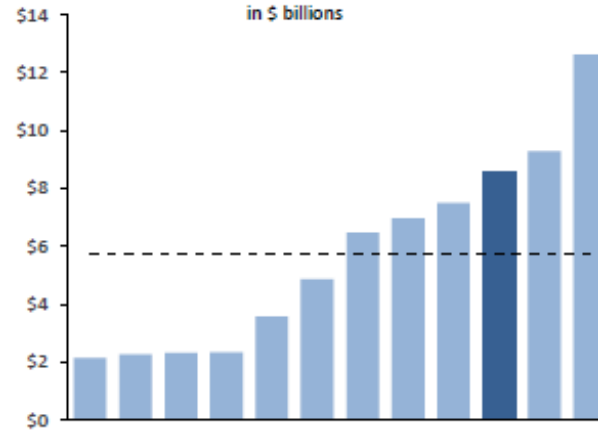


Graphical Comparison of Peer Characteristics

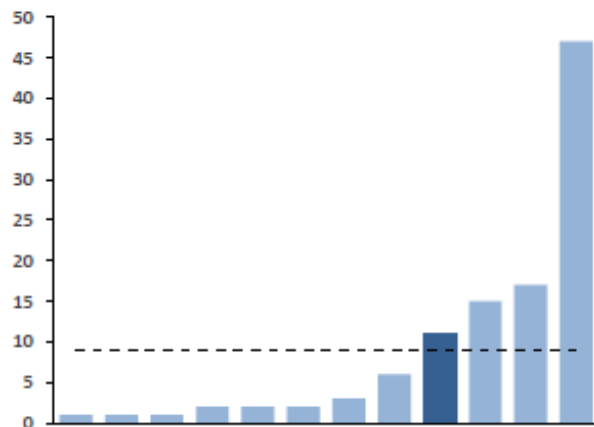
Active Members and Annuitants



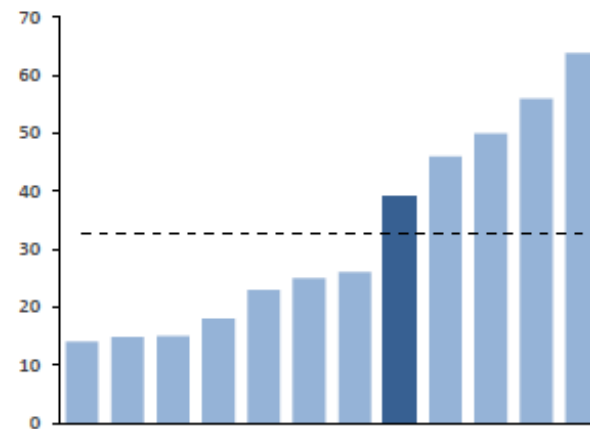
Total Assets
in \$ billions



Number of Employers



Number of Administration Staff

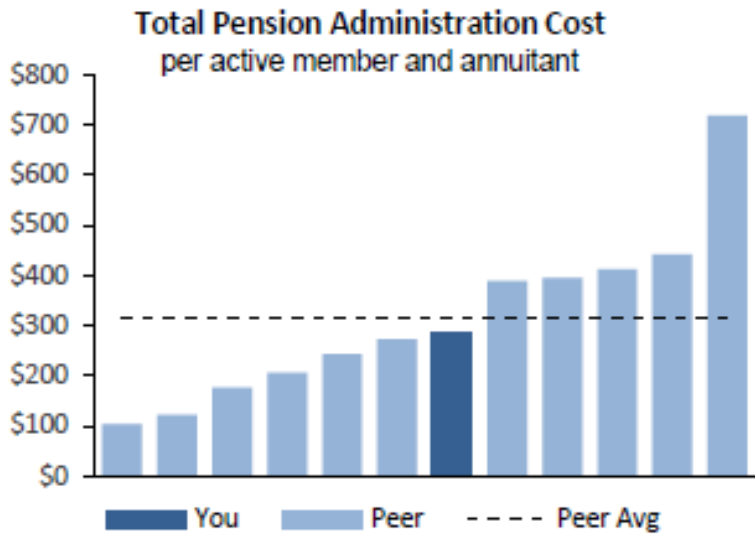


■ You ■ Peer

--- Peer Avg



Key Takeaways

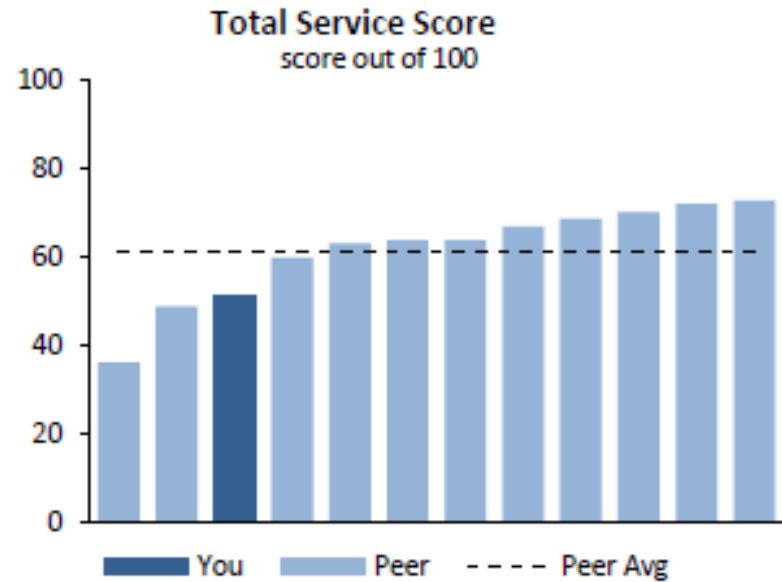


SCERS
Peers

\$288
\$314

SCERS
Peers

51
61



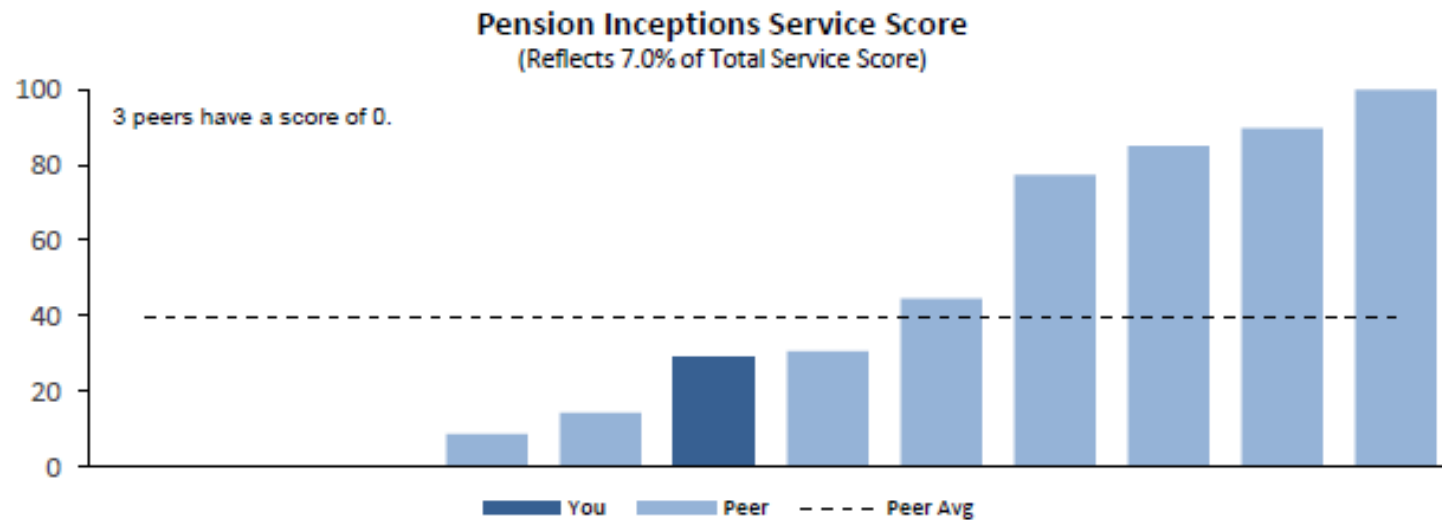
Service Score Details

Service Scores by Activity			
Activity	You	Peer Average	Weights
Paying Pensions	100	100	20.0%
Pension Inceptions	29	40	7.0%
Benefit Estimates	28	52	5.0%
1-on-1 Counseling	100	92	7.0%
Presentations	75	81	6.0%
Member Contacts	25	40	21.0%
Website	38	54	11.0%
News and Targeted Communication	16	56	4.0%
Member Statements	48	56	6.0%
Disability	0	34	4.0%
Red Tape	80	54	4.0%
Satisfaction Surveying	0	20	5.0%
Total Service Score	51	61	100.0%
Total Service Score - Median		64	



Pension Inception Details

Your service score for pension inceptions was 29 out of 100. This compares to a peer average of 40.



Pension Inception Details (cont'd)

1. Scoring Method		Your Data	Your Score
+ 85	<u>Cashflow Interruptions</u> 85 x percent of inceptions that occur within 1 month of final pay check (0% is assumed if unknown)	25.0%	21.3
+ 15	<u>Survivor Pensions</u> 15 x percent of pensions paid without interruption to survivors (0% is assumed if unknown)	50.0%	7.5
Total Score			28.8

2. Rationale for the scoring method

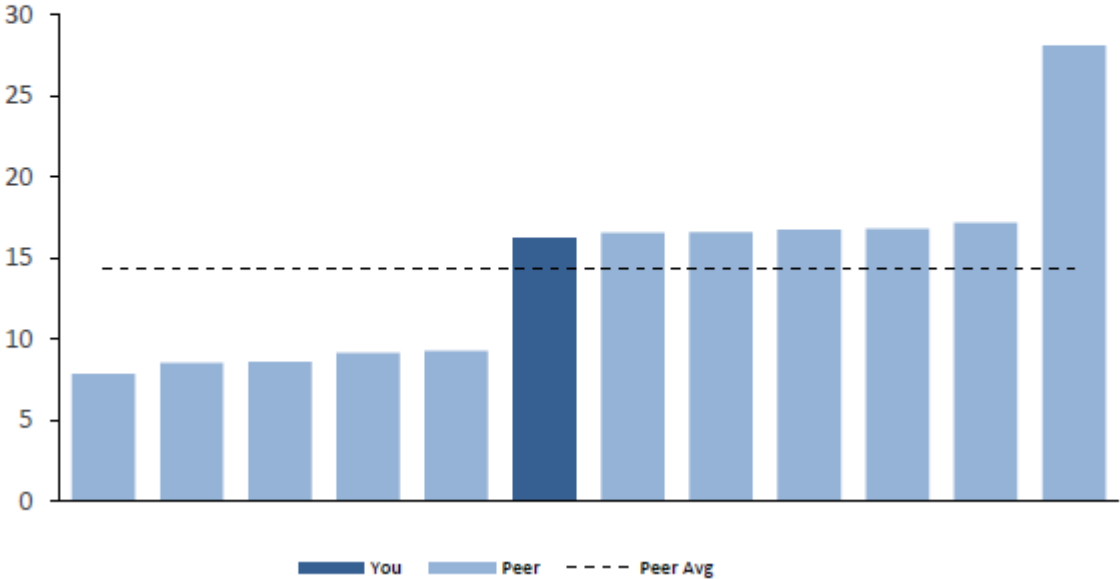
Cashflow interruptions can cause hardships and irritation for members. In case of a survivor pension this potential hardship comes at a difficult time. A perfect score requires that you can accept a pension or survivor benefit without an interruption of cashflow.



Staff Productivity

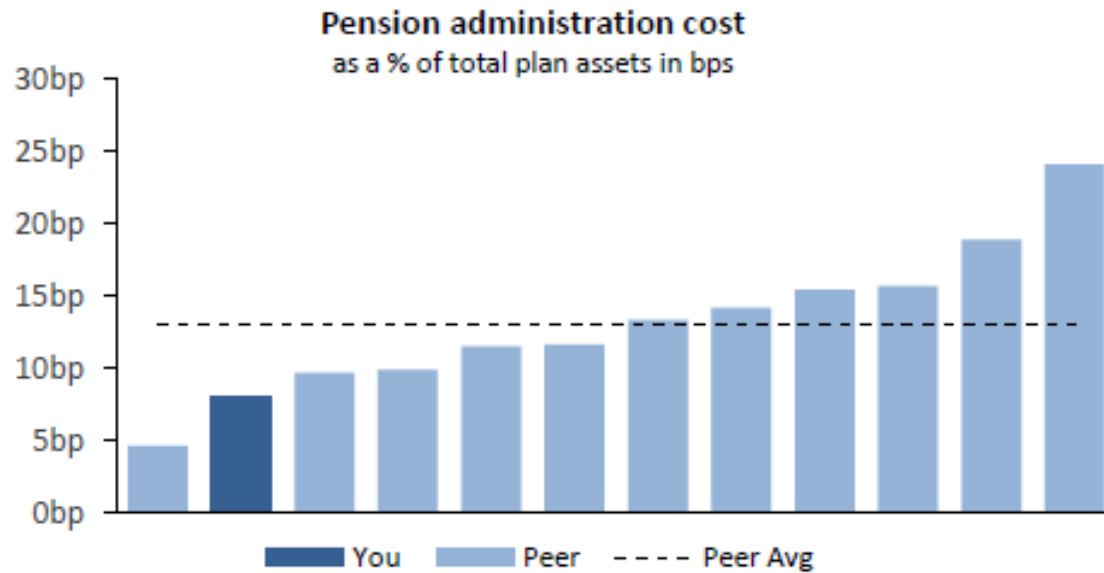
You used 14% more FTE to serve your members in comparison to the peer average.

FTE per 10,000 active members and annuitants



Benefit Admin Costs vs. Assets in BPS

An alternative way of comparing costs is as a percentage of total assets. Your cost of 8.0 bps was below the peer average of 13.1 bps.



CEM Service Ongoing Participation

- Benchmarking Service – moving to continuous, online
- Annual Conference – 2018 included sessions on INPRS iPad retirement application, KPERS new employee mobile app, member driven customer experience design, fraud prevention, behavioral science applications in pension administration
- Research – Performance Dashboard Case Studies, Social Media Best Practices
- Communities of Practice
- Peer-to-peer Network – online discussion forums





SCERS Strategic Management Program

PERFORMANCE MEASUREMENT



What Data is Available Today?

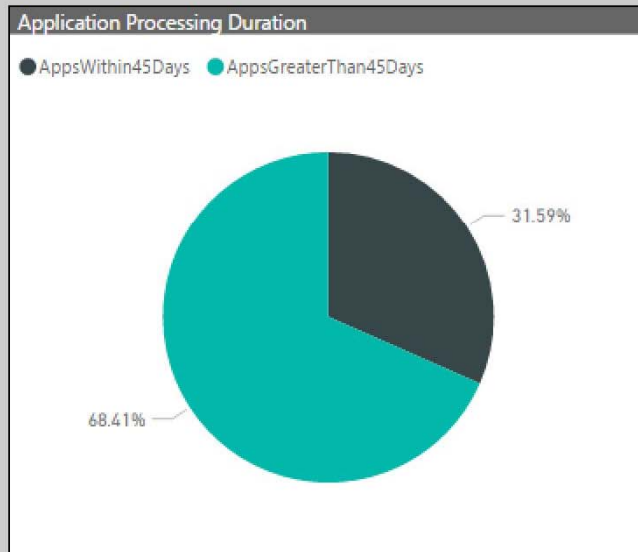
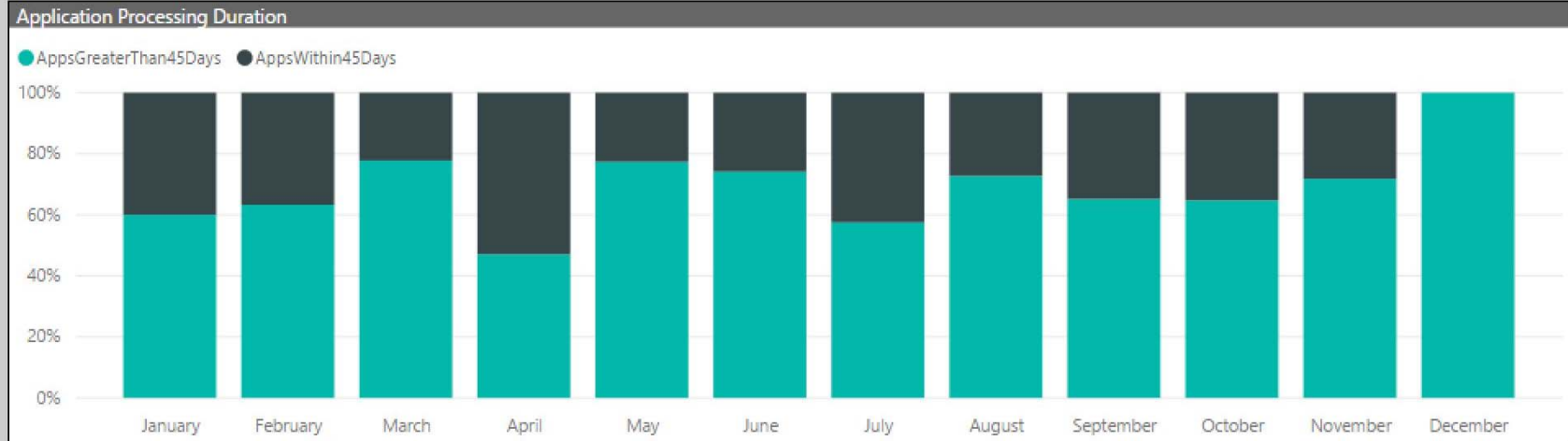
- 10 years of tracking data (status and dates of some processes that are manually entered in MS Access)
 - Service Retirement
 - Disability Retirement
 - Service Purchase
 - Terminations
- MBASE participant status codes and change history
- Combine available data with some manual process
- Can export to reporting tools such as Power Business Intelligence (Power BI) and create web pages with limited / secure access



Retirement Metrics: 2017 by Month



Payroll Start vs. Retirement Date Example



Next Steps

- May - July
 - Choose key performance indicators from available data
 - Analyze historical performance and set target performance
 - Define and test analytics processes
- June-September
 - Pilot analysis and reporting processes
 - Refine measures, reports, and processes
- July
 - Present Strategic Management Program and 2018-19 Plan to Board
- October
 - Begin quarterly benefits administration performance reporting

