



Office of the State Actuary

“Supporting financial security for generations.”

January 19, 2023

TO: Members of the State Actuary Appointment Committee
Chair, Select Committee on Pension Policy
Vice Chair, Select Committee on Pension Policy
Secretary of the Senate
Chief Clerk of the House

FROM: Matthew M. Smith, FCA, EA, MAAA
State Actuary

SUBJECT: 2023 REPORT ON OSA PERFORMANCE

On behalf of the staff of the Office of the State Actuary (OSA), I'm very pleased to provide the 2023 Performance Report for OSA. This is the sixth performance report prepared by the office. We hope you find these reports helpful in your on-going oversight of the agency.

This year's report includes the summary below and supporting details within Attachments A through I.

Report Summary

OSA promotes the security of public benefit programs including state pension and medical plans, the prepaid tuition plan (GET), and the state's WA Cares Fund. As of our latest actuarial measurements, these programs, excluding the WA Cares Fund, have a present value of future benefits for current members totaling \$166 billion (with a future value of \$839 billion for the state pension systems). The WA Cares Fund, as of our latest actuarial measurements, has \$95 billion in expected future disbursements from 2023 – 2098 on a present value basis.

OSA established objective measures of critical agency functions to monitor and manage our performance while identifying areas of improvement. To inform these measurements, we conduct on-going interviews with our clients. We use these interviews to document expectations, measure levels of satisfaction within those expectations, and identify new or emerging expectations. We also conduct regular staff surveys to measure employee satisfaction.

Apart from achieving our spending goal for staff training, partially meeting our SCPP meeting materials distribution goal and timely completion of employee performance evaluations, the office met all other performance measurement goals. You'll find supporting information on the following pages.

We greatly appreciate your input and welcome any questions you may have on this report and process for OSA. For example, if you would like to see different measurements, goals, or



outcomes for the office, please let us know. We're also happy to share additional context on the selection and development of the current measurements.

We appreciate your input and continued support and look forward to serving you.

Summary of OSA Performance Measurements

Performance Measurements	
Goal	Outcome
Fiscal Notes	
Complete actuarial fiscal note (AFN) or “certified actuarial analysis” for fiscal committee hearing on all pension bills. Certified actuarial analysis must be certified by the reviewing actuary as adequate for decision-making purposes.	100 percent for 2022 Legislative Session.
Actuarial Valuation Reports (AVRs)	
Complete final annual actuarial valuation reports (AVR, VAVR, GAVR, HAVR Roll-Forward) by target posting/adoption dates.	100 percent of dates met for 2021 AVR.
Financial Management	
Limit OSA Maintenance Level (ML) budget growth to no more than 10 percent each biennium (including salary growth).	8.0 percent growth in ML budget from 2019-21 to the proposed 2021-23 budget. 8.4 percent for proposed 2023-25 budget.
Return 5 percent of agency budget at the close of each biennium.	15.6 percent of the 2019-21 budget was returned.
State Auditor reports no findings in any financial audit of our agency.	No findings in last three audits, and the most recent audit closed in January 2021.
Human Resources	
Timely annual staff performance evaluations (excluding state actuary).	94 percent of staff evaluations were completed timely during the 2022 performance cycle.
Spend \$196,000 on training in 2019-21.	Spent \$52,830 on training (27% of goal).
At least a 4.4 overall employee satisfaction score. <i>(1.0 = not meeting expectations)</i> <i>(2.0 = partially meeting expectations)</i> <i>(3.0 = meeting expectations)</i> <i>(4.0 = partially exceeding expectations)</i> <i>(5.0 = exceeding expectations)</i>	4.7 overall employee satisfaction score for 2022.
Client Satisfaction	
Successfully complete client satisfaction interviews resulting in an overall score that exceeds 4.0 at the end of 2022.	4.9 overall client satisfaction score for 2022.
SCPP Client Satisfaction and Meeting Materials	
Successfully complete SCPP client satisfaction interviews resulting in an overall score that exceeds 4.0 at the end of 2022.	4.7 overall SCPP client satisfaction score for 2022.
Timely completion and distribution of required SCPP meeting materials.	93 percent of the materials standard met.

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ATTACHMENT A – WHO WE SERVE

We serve both the legislative and executive branches of government, boards and committees, and the public. You'll find a summary of who we serve in the following table.

Summary of OSA Clients

OSA Clients	
Legislative Branch	Pension Funding Council, Select Committee on Pension Policy, Legislators and Legislative Staff, and Fiscal Committees.
Executive Branch	Governor's Office, Office of the State Treasurer, Health Care Authority, Department of Retirement Systems, Office of Financial Management, Office of the Attorney General, and Department of Social and Health Services.
Boards	Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund, State Investment Board, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board, Public Employees' Benefits Board, WA529 Committee, Institutions of Higher Education, LTSS Trust Commission, and LTSS Trust Council.
Public	Pension community, local governments, and citizens at large.



ATTACHMENT B – FISCAL NOTE MEASUREMENTS

Goal

- ❖ Complete actuarial fiscal note or “certified actuarial analysis” for fiscal committee hearing on all pension bills. Certified actuarial analysis must be certified by the reviewing actuary as adequate for decision-making purposes.

Measurement Period

- ❖ Each legislative session (last measurement, April 2022).

Measurements/Outcomes

Actuarial Fiscal Notes	
Number of pension bills introduced (includes companions and substitutes requested)	22
Number of pension AFNs completed (submitted to OFM) or actuarial analysis provided to client	20
Number of AFNs that received fiscal hearing with at least 3-day notice	17
Number of AFNs completed before fiscal hearing when provided at least 3-day notice	17
Percent of AFNs completed before fiscal hearing when provided at least 3-day notice	100%



ATTACHMENT C – ACTUARIAL VALUATION REPORT (AVR) MEASUREMENTS

Goal

- ❖ Complete final annual actuarial valuation reports (AVR, VAVR, GAVR, HAVR Roll-Forward) by target posting/adoption dates and meet 75 percent of AVR preliminary posting dates for publishing to the web.
- ❖ Pension Funding Council-hired auditors certify all AVRs as compliant with Actuarial Standards of Practice (ASOPs) and are able to replicate our calculations with no material differences.

Measurement Period

- ❖ Annually for AVR publication dates (last measurement, August 2022, for 2021 AVRs).
- ❖ Every two years for actuarial audit (last measurement, 2021 AVR).

Measurements/Outcomes

AVR Preliminary Postings		
Report Section(s)	Target Date	Date Published
Assets and Participation Data	2/22/22	2/1/22
Plan Provisions, Intro Letter, and Actuarial Methods/Assumptions	3/16/22	2/22/22
Actuarial Information	5/20/22	5/19/22
Preliminary Results	6/30/22	6/24/22
Number of Target Publish Dates		4
On-Time Publish Dates		4
Percent of Target Publication Dates Met		100%
2021 Final AVR	8/31/22	8/23/22
Final 2021 VAVR Report for Client Adoption	10/31/22	9/27/22
Final 2022 GAVR Report for Client Adoption	11/30/22	11/8/22
Provide UW with Roll-Forward Results (Numbers and Letter)	9/30/22	9/28/22
Compliance of AVR with ASOPs (2021 AVR)		Compliant
Replication of Calculations with No Material Differences		Compliant



ATTACHMENT D – FINANCIAL MANAGEMENT MEASUREMENTS

Goal

- ❖ Limit OSA Maintenance Level (ML) budget growth to no more than 10 percent each biennium (including salary growth).
- ❖ Return 5 percent of agency budget at the close of each biennium.
- ❖ State Auditor reports no findings in any financial audit of our agency.

Measurement Period

- ❖ Each biennium for budget measurements following completion of budgeting period (last measurement, 2019-21).
- ❖ Each State Auditor report (last measurement, audit report for FY 2017-20).

Measurements/Outcomes

Financial Management*	
2021-23 Budget	\$7,453,000
Proposed 2021-23 Budget	\$7,460,000
Maintenance Level (ML) Budget Growth	8.0%
2019-21 Budget	\$6,827,000
2019-21 Budget Returned	\$1,062,349
Percent of Budget Returned	15.6%
Findings in Audit Report (2017-20)	No Findings

**Includes any supplemental budget adjustments.*



ATTACHMENT E – HUMAN RESOURCES MEASUREMENTS

Goal

- ❖ Timely staff performance evaluations (excluding state actuary – outside of agency control).
- ❖ Spend \$196,000 on training in 2019-21, but not to exceed \$260,680.

Measurement Period

- ❖ Annually for performance evaluations (last measurement, 2022 cycle).
- ❖ Each biennium for training (last measurement, 2019-21 Biennium).

Measurements/Outcomes

See following page for employee satisfaction measurements.

Human Resources	
Number of Staff in Evaluation Cycle (Excluding State Actuary)	15
Number of Performance Evaluations On Time	14
Percent of Timely Employee Evaluations	93%
2019-21 Training Budget/Goal	\$196,000
2019-21 Budget Spent on Training	\$52,830
Percent of Training Budget/Goal	27%



ATTACHMENT F – EMPLOYEE SATISFACTION MEASUREMENTS

Goal

- ❖ At least a 4.4 overall employee satisfaction score.
 - 1.0 = Not meeting expectations.
 - 2.0 = Partially meeting expectations.
 - 3.0 = Meeting expectations.
 - 4.0 = Partially exceeding expectations.
 - 5.0 = Exceeding expectations.

Measurement Period

- ❖ Annually for employee satisfaction (last measurement, 2022 cycle).

Measurements/Outcomes

The process of collecting Employee Satisfaction scores was revamped in 2022 to include one scored performance question and three open-ended questions related to overall satisfaction.

Employee Satisfaction	
Satisfaction Criterion	Score
1. How satisfied are you with your overall employee experience?	4.7
2. What are the things that contribute to your overall satisfaction?	
3. What are the things that take away from your overall satisfaction?	
4. Any other comments or feedback?	



ATTACHMENT G – CLIENT SATISFACTION MEASUREMENTS

Goal

- ❖ Overall client satisfaction score exceeds 4.0 at the end of 2022.

Measurement Period

- ❖ Annually for client satisfaction (last measurement, 2022 cycle).

Measurements/Outcomes

For purposes of this measurement, overall client satisfaction will be calculated as the average of all confirmed client satisfaction scores during the year (December 1, 2021 – November 30, 2022).

The SCPP client satisfaction scores are included in the SCPP Client Satisfaction measure in Attachment H and excluded from this measure.

Client Satisfaction	
Satisfaction Criterion	Score
1. Overall, how satisfied are you with the <i>products</i> you received from OSA over the past year (rate from 1 to 5)?	4.9
2. Overall, how satisfied are you with the <i>service</i> you received from OSA over the past year (rate from 1 to 5)?	4.9



ATTACHMENT H – SCPP CLIENT SATISFACTION AND MATERIALS MEASUREMENT

Goal

- ❖ Overall SCPP client satisfaction score exceeds 4.0 at the end of 2022.
- ❖ Satisfy timely completion and distribution of required SCPP meeting materials.

Measurement Period

- ❖ Annually for SCPP client satisfaction (last measurement, 2022 cycle).
- ❖ Monthly for SCPP meeting materials (last measurement, November 2022)

Measurements/Outcomes

For purposes of this measurement, overall client satisfaction will be calculated as the average of all confirmed client satisfaction scores during the year (December 1, 2021 – November 30, 2022).

SCPP Client Satisfaction	
Satisfaction Criterion	Score
1. Overall, how satisfied are you with the <i>products</i> you received from OSA over the past year (rate from 1 to 5)?	4.7
2. Overall, how satisfied are you with the <i>service</i> you received from OSA over the past year (rate from 1 to 5)?	4.7

For purposes of this measurement, the following SCPP meetings were included: April, May, June, July, September, October, and November.

SCPP Meeting Materials	
Measure	
Material content standards met?	7 of out 7 meetings
Material distributed at least 2 business days prior to meeting?	6 out of 7 meetings



ATTACHMENT I – EDUCATION OUTREACH

OSA’s education and outreach program provides timely and effective educational materials to help our target audience make informed decisions regarding the programs we support.

All items listed in this table were completed in 2022.

Education Outreach Accomplishments

Revamped the Education section of the OSA website to include the following resources:

- ❖ **Added resources on Pension Costs and Measuring Assets**
 - **Asset Smoothing presentation**
 - **Pension Funding presentation**
- ❖ **Added presentation on Early Retirement Options**
- ❖ **Added resources on Administrative Factors**
- ❖ **Replaced Pensions 101 videos with ‘Get Up to Speed on Pensions’ webinar**

Collaborated with the State Auditor’s Office to publish OSA’s OPEB Educational Video on their website.

Updated the Fiscal Notes section of the OSA website to include infographics showing the framework that Actuarial Fiscal Notes follow.

Distributed the first Quarterly Email Update via GovDelivery. These emails are intended to highlight key updates and new publications from OSA.
