Five Year

Strategic Plan

and

Operational Goals and Objectives

Fiscal Years 2014 - 2018

Arizona State Retirement
SYSTEM

Arizona State Retirement System (ASRS)

Five Year Strategic Plan and Operational Goals and Objectives

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Five Year Strategic Plan of the ASRS

Operational Goals and Objectives

Introduction

The aim of the Arizona State Retirement System (ASRS) Strategic Plan is to maintain a dynamic, forward-looking work environment that facilitates clear thinking and action toward ensuring the ASRS is a top performing benefit provider with a solid reputation and sustainable plan design.

In October, 2012, staff gave its final report on the agency's latest 3-year strategic plan. It was reported the ASRS had successfully addressed its strategic priorities, goals, and most business objectives. The Plan's final outcomes included a number of highlights.

Investment returns, although not meeting their medium-term benchmarks, have met their long-term benchmark of 8 percent. Service continues to be timely, accessible and reliable. The ASRS was characterized as a high-service, low-cost provider in its latest international benchmarking study. The migration of services and functions to the web is proceeding systematically, and the ASRS is more productive and cost effective because of it. Members and stakeholders continue to express satisfaction with the staff and service. The agency audited and reviewed its governance, stepped up its efforts to manage and mitigate risk, and did a credible job in keeping health care accessible and affordable.

Moreover, because of a forward-looking strategic agenda, the ASRS has acted to make its plan designs more cost efficient, reducing estimated liabilities between $5.4 and $8.5 billion. Additionally, the ASRS continues to refine its actuarial methods and assumptions to keep contribution rates relatively stable and mitigate rate volatility. The ASRS also demonstrated fiscal constraint by curbing operating expenses with only minor fluctuations in service and performance.

The new Strategic Plan is designed to build on past success and momentum, and includes updated operational goals and objectives. Staff and the Board have targeted the following areas of priority:

1. *Ensure* Plan Sustainability
2. *Optimize* Risk Management
3. *Optimize* Investment Organization and Strategies
4. *Ensure* Outstanding Customer Service
5. *Ensure* High Productivity

The Strategic Planning Process

Since 1998, the ASRS has built its operations around a strategic planning model based on 5 organizing principles. They are:

1. Look ahead with clarity of purpose (vision, mission, values, priorities, goals, and objectives),

2. Measure performance,

3. Launch strategic initiatives, as needed,

4. Construct cost-efficient budgets and an effective work force; and

5. Implement strong Governance practices.

The model is designed to be integrated, unified and self-renewing. We use it to help navigate the management and oversight of the various services and functions the ASRS is responsible for administering. Plan updates focus on the agency's vision, mission, values, goals and objectives, priorities, and initiatives.

Beginning with this iteration, the Plan duration will be changed from 3 to 5 years, in deference to State reporting requirements. The Plan will be reviewed with the Board annually, and can accommodate changes in thinking and direction.

The model's 5 organizing principles are described in greater detail below:
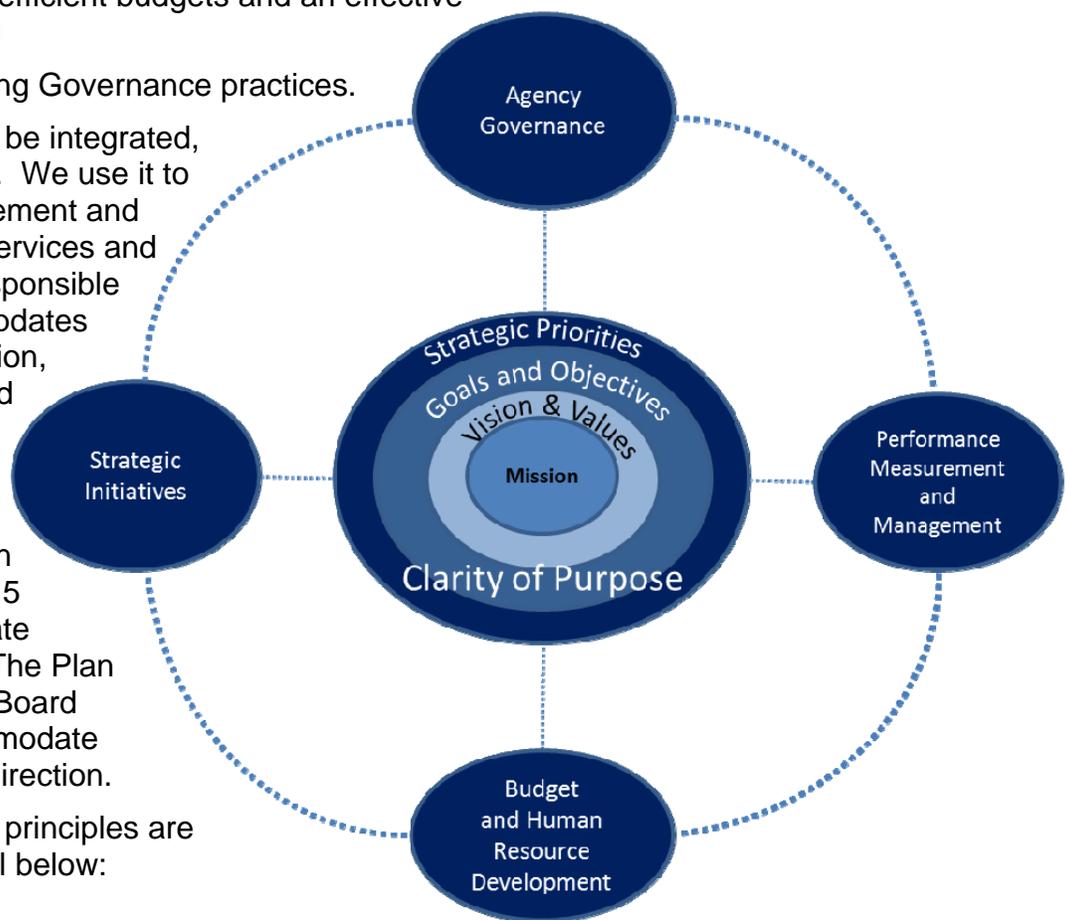
CLARITY OF PURPOSE (VISION, MISSION, VALUES, PRIORITIES, GOALS, OBJECTIVES)

This principle is based on the premise that public sector organizations like the ASRS operate best when they look ahead with clarity of purpose. To get that clarity, the ASRS uses traditional planning devices. It has a vision, and a mission, which is outlined in statute. Organizational values have been identified to outline the culture the ASRS is aiming to achieve. Strategic priorities have been identified to quantify the areas the ASRS will focus on over the 5 year period. Lastly, the agency has identified goals and objectives to operationalize the plan.

In the ASRS model, these devices are not intended to be merely inspirational; rather, they are meant to create standards of performance, with an expectation they be met.

PERFORMANCE MEASUREMENT

Measuring performance against planned outcomes is equally critical. The premise behind this is simply "what gets measured gets managed," and the intent here is to make the ASRS accountable. Reports are prepared internally at all levels of management to monitor every aspect of performance and outside trends. Additional reports commenting on ASRS performance are prepared by a variety of outside vendors, independent consultants, actuaries, and internal and external auditors.

Analysis and review take place internally by managers and executives, including the Director, and publicly with the Board and/or Board Committees at meetings held throughout the year.

STRATEGIC INITIATIVES

Meeting goals and being a top performer is not a static exercise. The best organizations are those able to adapt to changing environments and circumstance. What is timely or effective now may not be later. Our model anticipates this. A third organizing principle is to use internal analysis, outside feedback, reviews and audits to identify and implement initiatives necessary to meet strategic aims.

BUDGET AND HUMAN RESOURCES

Underlying all activity at the ASRS is the adequacy of our operating budget, and the capability of our human resources. Because of their critical nature, budget and staff requests are developed using the full range of analysis and metrics at our disposal. Establishing good relations and trust is likewise critical as there are a variety of decision makers from whom approval must be sought and obtained, including the Board, the Governor's Office and Legislature. The performance based approach used by the ASRS, with its emphasis on fiscal restraint and measurable outcomes, are counted on to establish and maintain credibility.

AGENCY GOVERNANCE

At the ASRS, the promulgation of effective governance is considered a principal success criterion, and it is the final organizing principle of our Strategic Plan. The policies and structures outlined in the agency's Board Governance Policy Handbook maximize the probability of successful outcomes at the agency by: a) clarifying duties and responsibilities, b) creating necessary checks and balances, c) facilitating proper oversight and risk management, d) delineating independent roles for internal and external auditors, actuaries and consultants, and e) scheduling open and transparent reporting of agency performance, trends and outlook.

our Vision

For the benefit of our members, the Arizona State Retirement System will be a top performing benefit plan administrator with a solid reputation and sustainable plan design. The agency will be a leader in the areas of:

- Core Member Services
- Operational Effectiveness
- Investment Performance
- Funded Status

This will be accomplished while maintaining actuarial and fiscal integrity and keeping program benefits and associated costs relatively aligned.

our Mission

Arizona's Revised Statutes § 38-712 outlines the purpose of the ASRS:

- Provide an incentive in the recruitment and retention of a quality work force.
- Contribute toward a total compensation package that is generally equivalent to comparable employment in other public and private organizations in the state.
- Provide a retirement system that encourages employees to remain in service for periods of time that will provide public employers with the full benefit of the training and experience gained by the employees.
- Provide an orderly method of promoting and maintaining a high level of service to the public through an equitable separation procedure that is available at retirement or on becoming disabled.
- Provide a base retirement benefit that is less than 100 percent of a member's post-retirement income requirements, recognizing that personal savings and social security also contribute toward total post-retirement income requirements.

In general, the statutory mission refers to the following programs managed by the ASRS:

1. The Defined Benefit Plan (The Plan).
2. The System (the plan in place prior to the DB plan which is closed to new participants).
3. The Long Term Disability (LTD) program for disabled members.
4. The coordination and administration of a Retiree Health Insurance program and premium benefit supplement.
5. The availability of optional, Supplemental Defined Contribution Plans to employers.

our *Values*

Our organizational culture will be based upon the following values

PROFESSIONALISM: A highly capable workforce will promote a professional and respectful environment and *lead* the organization.

RESULTS: A results-oriented approach to operations will *energize* the organization.

IMPROVEMENT: A climate of continuous quality improvement and enhanced efficiencies will *drive* the organization.

DIVERSITY: Engagement of diversity by the appreciation, recognition, and support for all people will *propel* the organization to ever greater achievement.

EXCELLENCE: A commitment to service excellence will *permeate* the organization.

Delivering service with PRIDE

Strategic Priorities

The agency has identified 5 strategic priorities for the 5-year period. Priorities are set and initiatives launched at the ASRS in order to leverage limited resources, fulfill our vision and mission, and meet goals and objectives. These priorities are:

1. *ENSURE* PLAN SUSTAINABILITY

Sustainability refers to the ability of employees and employers to afford the cost and volatility of the programs with relative cost and benefit equity. The agency will perform regular analysis of ASRS benefit programs and make recommendations when necessary to ensure sustainability for the:

    a. Defined Benefit Plan

    b. Health Insurance Program and Health Benefit Supplement

    c. Long Term Disability Program

    d. The System (closed to new participants)

    e. Optional, Supplemental Defined Contribution plans

2. *OPTIMIZE* RISK MANAGEMENT

Effectively organize an enterprise-wide risk management program designed to provide reasonable assurance that the ASRS is taking appropriate steps to manage and mitigate risks. The agency will proactively monitor and mitigate risks, including those related to:

    a. Investment management and volatility

    b. Data and systems security

    c. Agency effectiveness and efficiency

    d. Customer service and satisfaction

    e. Diminished independence and autonomy of the ASRS

    f. Contribution rate volatility

    g. Benefit spiking

3. *OPTIMIZE* INVESTMENT ORGANIZATION AND STRATEGIES

In an increasingly sophisticated and complex investment environment, effectively organize, manage and motivate an investment management program that develops and supports investment strategies that outperform their benchmarks. The agency will:

a. Design an organizational, staff, and consultant model that is congruent with the current, and forward-looking, relevant investment market place

b. Develop a program to motivate, retain and attract top investment-related staff

c. Implement investment strategies and manage returns for given levels of risk

4. *ENSURE* OUTSTANDING CUSTOMER SERVICE

A quality workforce will deliver outstanding customer service directed toward:

a. Retirees

b. Active members

c. Inactive members

d. Employers

e. Other stakeholders

5. *ENSURE* HIGH PRODUCTIVITY

Maximize productivity by:

a. Effective development and deployment of technology

b. Reducing member reliance on physical and member contacts for service and transaction processing

c. Developing alternate ways for members and employers to receive education and counseling services without having to rely upon in-person counseling

d. Being a high-service, low-cost service provider when compared to other public retirement systems

e. Consolidating and reducing the need for physical work space

f. Mitigating the need for additional staff due to increases in service demand

g. Recruit, engage, utilize and retain a high caliber, professional staff capable of optimizing performance

Strategic Priorities Crosswalk to Goals

STRATEGIC PRIORITY	GOALS AND BUSINESS FUNCTIONS
PRIORITY #1 *Ensure* Plan Sustainability	**Goal 1:** Related to agency governance, strategic planning, legislation and sustainable benefit programs **Goal 2:** Related to health, disability and defined contribution programs
PRIORITY #2 *Optimize* Risk Management	**Goal 1:** Related to agency governance and a robust risk management program **Goals 2 through 10:** Related to risk mitigation
PRIORITY #3 *Optimize* Investment Organization and Strategies	**Goal 1:** Related to agency governance **Goal 3:** Related to investment management **Goal 4:** Related to the PRIDE initiative
PRIORITY #4 *Ensure* Outstanding Customer Service	**Goal 2:** Related to health and disability programs **Goal 5** Related to member service timeliness and accessibility **Goal 6:** Related to disbursements and benefit calculation promptness and accuracy **Goal 7:** Related to collection of contributions and data **Goal 8:** Related to communications **Goal 9:** Related to employer relations
PRIORITY #5 *Ensure* High Productivity	**Goal 1:** Related to strategic planning and cost effectiveness **Goal 4:** Related to human resources and the PRIDE initiative **Goal 5:** Related to web services **Goal 8:** Related to communications **Goal 9:** Related to employer relations **Goal 10:** Related to technology

Operational Goals and Objectives

Fiscal Years 2014 - 2018

ARIZONA CENTENNIAL 1912 2012

ROUTE 66

Arizona State Retirement SYSTEM

Last Updated: March 2013

Strategic Goals: Fiscal Years 2014 – 2018

The ASRS has identified 10 strategic goals for the next 5 years:

1. Apply superior governance, strategic planning, a forward-looking legislative agenda, and a robust risk management program to ensure cost-effective and sustainable benefit programs.

2. Provide health, disability, and supplemental defined contribution programs that are accessible, affordable, reliable, and efficiently run.

3. Design, implement, and maintain an investment management program that:
   - Maximizes fund rates of return for acceptable levels of fund risk.
   - Achieves 75th percentile rates of return compared to peers.
   - Achieves long-term fund rates of return equal to or greater than the actuarial assumed interest rate.
   - Achieves long-term economic and actuarial funded statuses of 100 percent.
   - Mitigates contribution rate volatility.

4. Ensure consistent, high performance within the agency by supporting an effective operating cost structure and a workforce that reflects agency values.

5. Provide outstanding customer service that satisfies members, and is timely, accessible, and responsive to member needs.

6. Distribute member disbursements and benefit calculations in an accurate, prompt, and secure manner.

7. Collect contributions and member data in an efficient and effective manner; and manage financial data to ensure compliance with generally accepted governmental accounting principles.

8. Use media and technology to communicate in a way that informs, educates and fosters trust and confidence among members and stakeholders.

9. Engage employers in a manner that is proactive, mutually beneficial, and ensures greater compliance with State laws and agency rules, policies and procedures.

10. Provide members and business users with technology that is high-performing, secure, and able to support evolving business needs.

For each of the goals, the ASRS has identified key performance objectives for each of the business functions that must work together to successfully achieve the goal. The goals, and their corresponding performance objectives, begin on page 15.

Goal 1

Apply superior governance, strategic planning, a forward-looking legislative agenda, and a robust risk management program to ensure cost-effective and sustainable benefit programs.

Agency Governance

Objectives:

1. Participate in organizations that help the agency to identify best practices. Report and follow up with Executive Management at least annually.

2. Conduct an annual staff level review of the Board Governance Policy Handbook to ensure internal and external consistency. Every 3 years, or earlier, if recommended by the Board Chair or Director, engage the Board in a thorough review of the Handbook, processes, and outcomes, to ensure best practices remain in place.

3. Perform regular analysis of ASRS benefit programs to identify inequitable or non-standardized program offerings, their cost, suggestions for changes, and the potential cost savings or administrative benefits.

4. Direct and manage an ongoing review of agency risks and controls in place to mitigate risks. Develop risk mitigation strategies for risks that have been identified.

5. Conduct supplementary, independent external audits, experience studies, security audits and reviews resulting in risk mitigation which satisfies Executive Management, the Board, and internal auditors.

6. Meet with members, legislators, or other interested parties to discuss agency initiatives or solicit feedback regarding agency operations, initiatives and programs.

7. Facilitate the completion of an actuarial valuation each fiscal year for all ASRS administered benefit programs, ensuring that results are presented to the Board prior to the end of the calendar year, and stakeholders are notified of the result.

8. Facilitate the completion of an actuarial audit and actuarial experience study according to the schedule outlined in the Governance Manual. Review reports and make recommendations for changes to actuarial methods and assumptions, if necessary, to the Board.

9. Facilitate the completion of an asset allocation study for the ASRS investment portfolio every 3 years or earlier, if recommended by the Director or Board Chair. Review report and make recommendations for changes, if necessary, to the Board.

10. Ensure all Board and Committee Meeting agendas and materials are posted in an accurate and timely manner and in compliance with applicable laws.

11. Demonstrate the effectiveness and sustainability of ASRS benefit programs by ensuring:
    a) Sound actuarial assumptions are utilized.
    b) Benefit programs have a normal cost that employees and employers can sustain over the long-term.
    c) Contribution volatility is mitigated.

Strategic Planning

Objectives:

1. Develop a 5-Year Strategic Plan and report annually to the Board the agency's ability to meet strategic priorities, goals, and objectives.

2. Submit the agency strategic plan to the Governor's Office on or before the established deadline each fiscal year.

3. Provide a quarterly report to Executive and Senior Managers on the agency's progress meeting strategic priorities, goals, and objectives, providing recommendations, if necessary, to mitigate risks that have been identified.

4. Be high-performing and cost-effective when measured against peer retirement systems. When necessary, recommend strategic and tactical actions to improve service or reduce cost.
   a) Investment performance at or above the 75th percentile of peers.
   b) Operations performance at or above the 75th percentile of peers.
   c) Operations cost with a goal of at or below the 25th percentile of peers.

5. Conduct satisfaction surveys. Increase agency use of electronic surveying methods each fiscal year, with an overall objective of 80 percent or higher by the end of the strategic planning period.

Government Relations

Objectives:

1. Direct and manage an annual review of all staff and Board legislative proposals, presenting recommendations to Executive Management each fall about the agency's next legislative agenda.

2. Review ASRS-suggested legislation with the External Affairs Committee and the Board each fall, ensuring that bill folders are open by November 15 of each year, or other date required by the Arizona Legislative Council.

3. Monitor all ASRS-related legislation and provide updates to the Director, Board, staff and other interested parties as required.

4. Prepare a legislative summary and make a presentation regarding the prior year's legislative enactments to the Board at the earliest possible Board meeting following the conclusion of the legislative session.

Internal Audit

Objectives:

1. Develop a Board and Director approved biennial audit plan based on the Risk Assessment of the agency. Provide quarterly status reports to the Operations and Audit Committee.

2. Audits will identify and make recommendations to address:
   a) Deficiencies in the internal control structure.
   b) Deficiencies in employer compliance with ASRS laws, rules, and policies.
   c) The agency's ability to meet strategic goals and objectives within designated timeframes.

3. Conduct an audit at least every 3 years to verify that annuitants living abroad are not deceased.

4. Expand the number of Employer audits conducted annually by developing methods that audit without ASRS staff travel.

5. Respond to Director and Trustee requests for audits.

6. Maintain an agency fraud hotline. Conduct research as appropriate and report results to the Director or Board as necessary.

7. Perform periodic quality reviews of ASRS calculations and disbursements.

Rules Administration

Objectives:

1. Perform an annual review of agency rules, making recommendations to Executive Management and the Board, when necessary, on:

   a) Current rules that should be amended or repealed; and

   b) New rules that should be considered.

2. Submit 5-Year-Review reports to the Governor's Regulatory Review Council on or before the due date and in compliance with all established guidelines.

3. Ensure rules are amended or repealed by the dates cited in the agency's 5-Year-Review report.

Goal 2

Provide health, disability, and supplemental defined contribution programs that are accessible, affordable, reliable, and efficiently run.

Health Insurance Program Development and Administration

Objectives:

1. Conduct an annual review of the affordability, competitiveness and accessibility of ASRS plans through comparative analysis with other plans. Present results to Executive Management and the Operations and Audit Committee.

2. Maintain access to a choice of healthcare plans (EPO/HMO and PPO/Indemnity) for all Medicare eligible ASRS retirees within Arizona.

3. Distribute open enrollment materials to retirees no later than 15 days prior to the start of the open enrollment period each year.

4. Increase the number of members receiving open enrollment materials electronically in lieu of paper each year, with an overall objective of 98 percent or more of new retirees and 50 percent or more of all retirees receiving materials electronically by the end of the strategic planning period.

5. Review medical vendor performance reports within 60 days of the quarter's end and collect penalties within 120 days of the quarter's end.

Medical Carrier Customer Service

Objectives:

1. Receive an overall satisfaction rating of 90 percent or higher for overall administration of the medical insurance plan on the annual survey of member satisfaction.

2. Receive an overall satisfaction rating of 90 percent or higher for call center services on the annual survey of member satisfaction.

3. Answer 80 percent or higher of calls within 30 seconds.

4. Maintain a call abandonment rate of 5 percent or less.

5. Resolve 90 percent or more of member questions during the first contact.

6. Process 98 percent or higher of enrollment applications within 7 days of receipt.

7. Achieve an accuracy rating of 95 percent or higher for claims processed.

8. Distribute 99 percent of new identification cards within 10 business days after final member eligibility data is received and passes quality assurance checks.

Dental Carrier Customer Service

Objectives:

1. Answer calls in an average of 30 seconds or less.

2. Maintain a call abandonment rate of 4 percent or less.

3. Less than 5 percent of member calls will receive a busy signal.

4. Process 90 percent of clean claims within 10 days and 80 percent of all claims within 15 days.

5. Claims processing accuracy ratings will be 97.5 percent or greater.

6. Respond to 100 percent of disputed Indemnity claim requests within 30 days.

On-site Vendor (medical, dental, and disability) Customer Service

Objectives:

1. Respond to member phone inquiries and staff research requests within 2 business days.

2. Respond to 90 percent or higher of written member correspondence within 5 business days.

3. Respond to 80 percent or higher of walk-ins within 30 minutes.

4. Process 90 percent of medical and dental enrollments, coverage changes and adjustments on or before the coverage effective date.

Health Benefit Supplement Payments to Employers

Objectives:

1. Process all Authorization and Change/Delete forms received from employers within 5 business days of receipt in good order, with an accuracy rate of 98 percent or higher.

2. Process all Employer Rate Surveys within 10 business days of receipt in good order, with 100 percent accuracy.

3. Process 6 month health benefit supplement reimbursement forms within 15 business days of receipt in good order, with an accuracy rate of 98 percent.

Long Term Disability Program Administration

Objectives:

1. Conduct a periodic review of the affordability, adequacy and competitiveness of the long term disability program. Present results to Executive Management and the Operations and Audit Committee.

2. Process all payments to the third party administrator within 5 business days of invoice receipt.

3. Review the disability payment exception report to ensure any variances that have occurred are reasonable.

4. Conduct a monthly audit of members who are no longer receiving disability benefits to ensure ASRS insurance coverage has been discontinued.

5. Review disability vendor performance reports within 90 days of the quarter's end and collect penalties as required at the end of each contract year.

Long Term Disability Claim Administrator Customer Service

Objectives:

1. Answer incoming calls in an average of 30 seconds or less.

2. Maintain a call abandonment rate of 5 percent or less.

3. Achieve accuracy ratings of 97 percent or higher for payments (net dollar amounts) being disbursed.

4. Process 90 percent or more of all claims (decision approved or denied) within 90 days of receipt of the claim (or date of disability if claim filed earlier).

5. Deliver 97 percent or more of standard reports within 5 business days of their due date.

6. Achieve an overall satisfaction rating of 90 percent or more each quarter for the initial application process.

7. Achieve an overall satisfaction rating of 90 percent or more each quarter for open claims.

Supplemental Defined Contribution Program Administration

Objectives:

1. Conduct a periodic review of the competitiveness and accessibility of ASRS supplemental defined contribution programs. Present results to Executive Management and the Operations and Audit Committee.

2. Conduct a quarterly review of the performance for each of the defined contribution programs.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that health, disability, and supplemental defined contribution programs are accessible, affordable, reliable, and efficiently run.

Goal 3

Design, implement, and maintain an investment management program that:

- Maximizes fund rates of return for acceptable levels of fund risk.
- Achieves 75th percentile rates of return compared to peers.
- Achieves long-term fund rates of return equal to or greater than the actuarial assumed interest rate.
- Achieves long-term economic and actuarial funded statuses of 100 percent.
- Mitigates contribution rate volatility.

Total Fund Performance

Objectives:

1. Achieve a 20-year rolling annual total fund net rate of return equal to or greater than the actuarial assumed interest rate.

2. Achieve 1-year and 3-year rolling annual total fund net rates of return equal to or greater than the return of ASRS Strategic Asset Allocation Policy (SAAP) Benchmark.

Asset Class Performance

Objectives:

1. Achieve 1-year and 3-year rolling annual net rates of return for ASRS strategic asset classes that are equal to or greater than their respective strategic asset class benchmarks.

Cash Flow Performance

Objectives:

1. Ensure sufficient monies are available to meet pension benefits, health insurance, member refunds, administrative payments, and other cash-flow requirements.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that investment management programs are designed, implemented and maintained to achieve investment goals and objectives.

Goal 4

Ensure consistent, high performance within the agency by supporting an effective operating cost structure and a workforce that reflects agency values.

Budget Administration

Objectives:

1. Develop, complete, and deliver to the Governor's Office, on or before the established deadline, a budget request designed to support strategic priorities and meet agency goals and objectives.

2. Maintain a budget that is fiscally conservative, responsive to changes in service demand and flexible enough to address concerns such as inflation, changes in technology, opportunity for efficiencies, and similar matters.

3. Provide regular reports to Executive (monthly) and Senior Management (quarterly) regarding the appropriated operating budget for the current fiscal year. The report should include expenditures made to date, current forecasts through the end of the fiscal year, and actions recommended to address strategic priorities or mitigate risks that have been identified.

Contracts and Procurement

Objectives:

1. Post 90 percent or higher of ASRS contracts on the ASRS intranet within 10 business days of the contract signing.

2. Provide monthly updates to interested parties on the status of an open procurement.

3. Provide semi-annual reports to Executive and/or Senior Management on all open and upcoming procurements.

4. Achieve a 90 percent or higher satisfaction rating from staff who utilized procurement services within the current fiscal year.

Facilities Management

Objectives:

1. Respond to 90 percent or higher of facility-related requests within 2 hours.

2. Achieve a 90 percent or higher satisfaction rating from staff making facilities-related requests during the fiscal year.

3. Log all assets into the asset database within 5 business days of receipt and conduct an annual inventory of assets to update and verify records. Provide a report to Senior Management on the results of the annual review.

Human Resources Development

Objectives:

1. Complete 90 percent or higher of authorized recruitments in 60 days or less.

2. Maintain a rolling average annual turnover rate of 18 percent or less.

3. Provide a quarterly report to Senior Managers that analyzes recruitment and turnover statistics within the agency, anticipates future trends and risks, and provides recommendations, if necessary, to mitigate risks that have been identified.

4. Provide a semi-annual report to Senior Managers that analyzes current classification and compensation structures within the agency, highlights current risks, anticipates future risk events, and provides recommendations, if necessary, to mitigate risks that have been identified.

5. Analyze employee survey results and work with managers or other established workgroups to identify, develop and implement strategies to improve employee satisfaction, retention and work environment.

6. Provide continuing education to management and staff regarding employment laws, rules, and regulations to ensure compliance.

PRIDE Initiative

Objectives:

1. Foster a culture where individual and organizational behaviors align with the strategic values of the ASRS:

    a) Recruit and retain a workforce that reflects the agency's PRIDE values, achieving a 90 percent or higher satisfaction rating for all PRIDE-related questions.

    b) Maintain a workforce where 90 percent or higher of employees are satisfied with their work environment, and are capable of meeting agency priorities, goals, and objectives.

    c) Ensure PRIDE values are communicated to potential employees and incorporated into the hiring process.

    d) Ensure training and reinforcement is provided throughout an employee's career which integrates the PRIDE values.

    e) Prioritize PRIDE projects annually and roll out 80 percent of projects within the stated timelines.

    f) Promote recognition within the agency which satisfies 80 percent or higher of employees.

    g) Hold 4 or more agency-wide PRIDE sponsored events during each fiscal year, with 75 percent or more of staff attending at least one of the events.

Training and Development

Objectives:

1. Partner with program areas to identify training needs agency wide. Develop and deliver training to meet those needs, improve efficiencies, and to integrate PRIDE values in alignment with strategic objectives.

2. Partner with Security Officers and Senior Managers to coordinate annual safety and security awareness training for staff.

3. Partner with MSD to ensure that member contacts are consistent, timely, accurate, and reflect the PRIDE values.

4. Identify, compose, publish and update all ASRS standard operating procedures and establish a regular cycle for review.

5. Establish business objectives and guidelines for maintaining and monitoring InfoQuest (IQ). Improve IQ usefulness and usability; provide initial and advanced IQ training for staff.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that consistent, high performance is achieved by supporting an effective operating cost structure and a workforce reflecting the agency values.

Goal 5

Provide outstanding customer service that satisfies members, and is timely, accessible, and responsive to member needs.

Appeals

Objectives:

1. Respond to 90 percent or higher of all health and disability appeals (assistant director and/or director level) within 15 business days, and be legally defensible.

2. Respond to 90 percent or higher of all other member appeals (assistant director and/or director level) within 10 business days, and be legally defensible.

Benefit Estimates

Objectives:

1. Distribute electronic benefit estimates to 98 percent or higher of members attending a *Retire Now* meeting 1 week prior to their scheduled meeting.

2. Distribute 95 percent or higher of requests for benefit estimates within 3 business days of request.

3. Continue to increase the number of members utilizing online benefit estimators while reducing the number of benefit estimates generated by ASRS staff.

4. Maintain an overall satisfaction rating of 90 percent or higher.

Correspondence

Objectives:

1. Respond to 90 percent or higher of email inquiries within 1 business day of receipt.

2. Respond to 90 percent or higher of written correspondence within 5 business days of receipt.

Member Advisory Center

Objectives:

1. Answer 80 percent or higher of member calls within 20 seconds of entering the queue.

2. Maintain a call abandonment rate of 5 percent or less.

3. Resolve 97 percent or more of member questions during the first contact.

4. Maintain a quality rating of 95 percent or higher.

5. Maintain an overall satisfaction rating of 90 percent or higher.

Member Educational Programs

Objectives:

1. Increase member educational touch points through the development of web content, e-newsletter articles, web tutorials, webinars, webcasts, and web applications that incorporate educational material into the application process.
2. Increase the number of members who utilize online educational materials.
3. Maintain an overall satisfaction rating of 90 percent or higher.

One-on-one Counseling

Objectives:

1. Assist 80 percent or higher of members with pre-scheduled appointments within 5 minutes of their appointment or arrival time (whichever is later).
2. Assist 80 percent or higher of walk-in customers within 30 minutes of arrival.
3. Increase the number of one-on-one counseling sessions that are pre-scheduled each year, with an overall objective of 80 percent or higher by the end of the strategic planning period.
4. Reduce the overall number of members who receive one-on-one counseling.
5. Maintain a quality rating of 95 percent or higher.
6. Maintain an overall satisfaction rating of 90 percent or higher.

Web Services

Objectives:

1. 99 percent or higher of in-person group meetings and webinars will be scheduled online.
2. 99 percent or higher of member enrollments will be completed online.
3. 90 percent or higher of refund applications will be submitted online.
4. Increase the number of refunds and retirements that utilize online ending payroll verification, with an overall objective of 75 percent utilization by the end of the strategic planning period.
5. Increase the number of members electing to update their address online each year, with an overall objective of 75 percent utilization by the end of the strategic planning period.
6. Increase the number of members electing to update their beneficiary information online each year, with an overall objective of 75 percent utilization by the end of the strategic planning period.
7. Increase the number of members electing to change their tax withholding online each year, with an overall objective of 75 percent utilization by the end of the strategic planning period.
8. Increase the number of members electing to change their direct deposit information online each year, with an overall objective of 75 percent utilization by the end of the strategic planning period.
9. Increase the number of members utilizing the online retirement process each year, with an overall objective of 90 percent of retirements conducted online by the end of the strategic planning period.
10. Increase the number of members with a valid email address on file each year, with an overall objective of 80 percent or higher active and retired members with a valid email address on file by the end of the strategic planning period.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Staff and the Board that outstanding customer service that satisfies members is timely, accessible, and responsive to member needs.

Goal 6

Distribute member disbursements and benefit calculations in an accurate, prompt, and secure manner.

New Retirees

Objectives:

1. Disburse an estimated retirement benefit to 90 percent or higher of applicants within 10 business days of their retirement date.

2. Finalize retirement calculations for 80 percent or higher of new retirees in the first month possible following receipt of all documents and third-party information.

3. Maintain an overall satisfaction rating of 90 percent or higher.

Pension Payroll

Objectives:

1. Disburse pension payments to 99.5 percent or higher of annuitants on or before the first day of each month.

2. Complete an audit for 90 percent or higher of account exceptions within 20 business days of identification, and process 90 percent or higher of adjustments identified during an audit in the first month possible.

3. Distribute 1099R documents for all disbursement types on or before January 31 of each year.

4. Calculate and disburse 13th Checks to eligible System members prior to the end of the calendar year, ensuring notification is provided to System members prior to the distribution date.

5. Pension calculation reviews by internal audit will receive an accuracy rating of 98 percent or higher.

Refunds

Objectives:

1. Disburse refund benefits to 90 percent or higher of applicants within 10 business days following receipt of the application and any additional documents needed for processing.

2. Refund calculation reviews by internal audit will receive an accuracy rating of 99 percent or higher.

3. Maintain an overall satisfaction rating of 90 percent or higher.

Service Purchase

Objectives:

1. Distribute cost invoices to 90 percent or higher of members within 10 business days of application receipt.

2. Process 90 percent or higher of service purchase payments and payment-related documents within 5 business days of document or payment receipt.

3. Service purchase calculation reviews by internal audit will receive an accuracy rating of 98 percent or higher.

4. Maintain an overall satisfaction rating of 90 percent or higher.

Survivor Benefits

Objectives:

1. Distribute materials to 90 percent or higher of beneficiaries within 10 business days of notification.

2. Disburse lump sum payments to 90 percent or higher of beneficiaries within 10 business days of document receipt.

3. Finalize annuity calculations for 90 percent or higher of survivor benefit annuity calculations within the first month possible following receipt of all documents, working to eliminate payment disruptions for joint and survivor annuitant beneficiaries wherever possible.

4. Survivor benefit calculation reviews by internal audit will receive an accuracy rating of 98 percent or higher.

5. Maintain an overall satisfaction rating of 90 percent or higher.

Transfers

Objectives:

1. Distribute transfer-in invoices to 90 percent or higher of members within 60 days of application receipt.

2. Disburse transfer-out payments for 90 percent or higher of members within 60 days of application receipt.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that member disbursements and benefit calculations are accurate, prompt, and secure.

Goal 7

Collect contributions and member data in an efficient and effective manner; and manage financial data to ensure compliance with generally accepted governmental accounting principles.

Membership Accounting

Objectives:

1. Post retirement contributions and service purchase payroll deduction authorization transactions for 90 percent or more of employer reporting units within 10 business days of receipt of funds.

2. Reconcile the contributions receivable ledger within 10 business days of credit posting.

3. Reconcile lump sum service purchase payments by the 25th of the following month.

4. Complete 90 percent or higher of adjustments to non-retired member service, salary, or account balance within 5 business days of receipt.

5. Complete the fiscal year end roll process by August 10 of each year.

General Accounting

Objectives:

1. Obtain a "clean" audit opinion for the yearly financial statement.

2. Pay 99 percent of valid approved invoices within 30 days of receipt.

3. Pay 99 percent of all approved invoices with a discount within the discount period.

4. Reconcile trial balance accounts according to schedule.

5. Reduce accounts receivable balance by at least 5 percent annually.

6. Ensure that 100 percent of employees are paid timely and accurately.

7. Deliver month-end financial reports within required time frames.

8. Complete 100 percent of private investment capital calls on time.

Records Management

Objectives:

1. Complete data entry for 90 percent or higher of address, name, and beneficiary change forms within 5 business days of receipt of the form or receipt of the first contribution, whichever is later, for non-retired members.

2. Image 98 percent or higher of documents for workflow enabled processes and expedited documents within 24 hours of receipt.

3. Image 98 percent of non-expedited and non-workflow enabled documents within 5 business days of receipt.

4. Ensure 95 percent or more of active members have a complete demographic profile that contains a valid:

   a) Social Security Number

   b) Name

   c) Date of Birth

   d) Address

5. Ensure 85 percent or more of inactive members have a valid:

   a) Date of Birth

   b) Address

Abandoned Property

Objectives:

1. Update the abandoned property list on the ASRS website at least annually, ensuring new abandoned accounts are added to the website, and accounts that have been disbursed or have been designated as abandoned are removed.

2. On an annual basis, ensure member accounts that have exhausted all of the steps in the abandoned property process are designated as abandoned in the ASRS database.

3. On a semi-annual basis, send a list of inactive member accounts to the Arizona Department of Vital Records or other data sources to identify deceased members.

4. Conduct research on all deceased inactive member accounts within 6 months of identification from the Arizona Department of Vital Records or other data sources.

5. Provide an annual report to Executive and Senior Management regarding the current status of abandoned member accounts, current risks, and recommendations to mitigate any risks that have been identified.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that contributions and member data are collected efficiently and effectively and financial data is managed in compliance with generally accepted governmental accounting principles.

Goal 8

Use media and technology to communicate in a way that informs, educates and fosters trust and confidence among members and stakeholders.

Communications and Media Relations

Objectives:

1. Distribute periodic electronic communications to members for whom the ASRS has a valid email address. Communications will be sent to member groups at the following intervals:

    a) Annuitants: Quarterly

    b) Active members: Quarterly

    c) Inactive members: Annually

    Targeted electronic communications may also be sent to other member or constituent groups as needed.

2. Distribute at least 1 communication each fiscal year to all members for whom the ASRS has a valid address (email or home).

3. Increase the overall effectiveness and use of the ASRS website (secure and non-secure) by monitoring utilization and updating page views and/or content in response to user traffic or other feedback (surveys, focus groups, etc.).

4. Increase communication touch-points with members, employers, or other interested parties through greater utilization of electronic media.

5. Engage members, employers, and other interested parties in timely, two-way communication via social media outlets.

6. Monitor and adjust the ASRS visual brand and image as appropriate; review main branding, such as the ASRS logo and/or images for website, materials, etc.

7. Develop a branded communication program in support of the retirement process, with the objective of increasing member knowledge, informing them of milestones and relevant learning opportunities, simplifying the process of retiring and migrating members to an online retirement process.

8. Recommend and implement communication strategies that bolster the ASRS public image and transparency. Report strategies annually to Executive Management.

9. Manage media relations for the ASRS; issue news releases as appropriate.

10. Design and conduct periodic surveys to determine whether communications strategies are informing, educating, and fostering trust and confidence among members and stakeholders, with 90 percent of survey respondents rating communications as effective.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that media and technology communicates in a way that informs, educates and fosters trust and confidence among members and stakeholders.

Goal 9

Engage employers in a manner that is proactive, mutually beneficial, and ensures greater compliance with State laws and agency rules, policies, and procedures.

Employer Relations

Objectives:

1. Communicate with 90 percent or higher of employers on a quarterly basis to provide updates on current ASRS initiatives, to provide educational information regarding common areas of employer non-compliance, to encourage employer utilization and promotion of ASRS web services, and to provide notification on new processes and procedures that will impact employers.

2. Increase accessibility by developing a series of tutorials, webcasts, and webinars that educate employers on common areas of non-compliance, provide information related to new processes and procedures that impact employers, and encourage utilization of web services for employers.

3. Increase participation rates at yearly Employer Conferences by ASRS employers by at least 5 percent per year, with a long-term objective of 80 percent attendance. Develop targeted communications (e-newsletters, webcasts, etc.) for employers who do not regularly attend, ensuring that these employers receive necessary information.

4. Work with employers, internal audit, and other stakeholders to reduce the number of employer audit findings related to member eligibility, compensation, and return to work statutes by 50 percent or higher.

5. Work with strategic planning, technology services and financial services to develop requirements for an employer contact system that will contain a repository of employer images, employer contact history, and future employer workflow.

6. Work with strategic planning to develop a series of employer surveys, with a long-term objective of 90 percent or higher overall satisfaction with employer services.

7. Manage the Section 218 agreement for the State of Arizona. Respond to inquiries any public employer may have regarding the 218 agreement they have in place, ensuring all ASRS employers are in compliance.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that employers are engaged in a manner that is proactive, mutually beneficial, and ensures compliance with state laws and agency rules, policies, and procedures.

Goal 10

Provide members and business users with technology that is high-performing, secure, and able to support evolving business needs.

Business Applications Development, Maintenance, and Upgrades

Objectives:

1. Manage the budgeted development hours for each project, ensuring that:

   a) 90 percent or more of all projects are completed within the hours outlined in the final development estimate, plus a 15 percent tolerance range.

   b) The agency does not exceed the total allotted project development hours for the fiscal year, unless priorities are adjusted by Senior or Executive Management.

2. Manage the budgeted development hours for production support activities, ensuring that:

   a) The number of development hours utilized for incidents does not exceed 15 percent of the hours budgeted for incidents in the fiscal year.

   b) The number of development hours utilized for data changes does not exceed 15 percent of the hours budgeted for data changes in the fiscal year.

   c) The number of development hours utilized for service requests does not exceed 15 percent of the hours budgeted for service requests in the fiscal year.

   d) The agency does not exceed the total allotted production support hours for the fiscal year, unless priorities are adjusted by Senior or Executive Management.

3. Manage project schedules, ensuring 90 percent or more of all projects are completed on time, or within 2 weeks after the scheduled completion date.

4. Manage project outcomes, by ensuring 90 percent or more of all stakeholders, in 90 percent or more of all projects, are satisfied that the project has met, or is likely to meet, the success criteria outlined in the project vision document.

5. Increase the quality of in-house applications by ensuring that:

   a) 90 percent or more of projects use no more than 10 percent of total project hours for post-production support.

   b) Staff identifies and presents to Senior Managers prior to the start of a fiscal year, its recommendations for business application upgrades in the upcoming fiscal year. The recommendations should include the reason for the upgrade, the estimated timeframe for implementation, additional costs to the agency, business resources required, and any risks associated with implementing, or not implementing, the upgrade.

   c) The agency does not exceed the total allotted hours planned for business application upgrades for the fiscal year, unless priorities are adjusted by Senior or Executive Management.

Continuity of Operations Plan (COOP)

Objectives:

1. Conduct an annual COOP functionality test, and one or more tabletop exercises.

2. In the event of business emergency, ensure that the crisis management team is capable of activating the COOP within 2 hours of notification, and, once activated, can:

   a) Restore telephone systems within 10 hours.

   b) Restore critical business applications within 24 hours.

   c) Restore network applications within 24 hours.

Maintain Network Applications, Hardware, and Upgrades

Objectives:

1. Present a schedule to Senior Managers prior to the start of each fiscal year of network hardware and software maintenance and upgrades recommended for implementation in the upcoming fiscal year. The schedule should include the reason for the upgrade, the estimated timeframe for implementation, additional costs to the agency, business resources required, and any risks to the agency associated with implementing, or not implementing, the upgrade.

2. Implement 90 percent or more of hardware and software upgrades that have been scheduled for implementation during the fiscal year.

3. Ensure that telephone systems are available 98 percent or higher of the time.

4. Ensure critical business applications are available 97 percent or higher of the time.

5. Ensure network applications are available 99 percent or higher of the time.

6. Maintain a helpdesk satisfaction rating of 90 percent or higher.

Risk Mitigation

Objectives:

1. In conjunction with the agency risk management program, take appropriate steps and provide reasonable assurance to Executive Management and the Board that technology is high-performing, secure, and able to support evolving business needs.

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