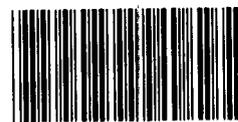


March 1993

DISTRICT'S WORKFORCE

Annual Report Required by the District of Columbia Retirement Reform Act



148860

—



**United States
General Accounting Office
Washington, D.C. 20548**

General Government Division

B-208412

March 31, 1993

The Honorable Thomas S. Foley
The Speaker of the House of Representatives

The Honorable Robert C. Byrd
President Pro Tempore
United States Senate

The Honorable John Glenn
Chairman, Committee on Governmental Affairs
United States Senate

The Honorable Fortney Pete Stark
Chairman, Committee on the
District of Columbia
House of Representatives

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate

The Honorable William H. Natcher
Chairman, Committee on Appropriations
House of Representatives

The Honorable Sharon Pratt Kelly
Mayor of the District of Columbia

The Council of the District of Columbia

In accordance with subsection 145(b) of the District of Columbia Retirement Reform Act (P.L. 96-122, as amended by P.L. 98-104), this letter includes our comments on the enclosed report (see app. I) prepared by Ms. Jane D. Pacelli, an enrolled actuary employed by Milliman & Robertson, Inc., on the disability retirement rate of District of Columbia police officers and fire fighters. The act provides for annual federal payments to the District of Columbia Police Officers and Fire Fighters' Retirement Fund. These payments, however, are to be reduced when the disability retirement rate exceeds an established limit. The purpose of making the payments subject to a reduction was to encourage the District government to control disability retirement costs.

Ms. Pacelli was engaged by the District of Columbia Retirement Board to (1) determine the 1992 disability retirement rate for District police officers and fire fighters hired before February 15, 1980; (2) determine if that rate exceeded eight-tenths of 1 percentage point; and (3) prepare the annual report required by the act. Subsection 145(a) of the act, as amended, established a "trigger mechanism" for determining whether the annual federal payment of \$34,170,000 to the District of Columbia Police Officers and Fire Fighters' Retirement Fund, authorized under subsection 144(a)(1) of the act, is to be reduced. The Comptroller General is required by the act to make this determination each year on the basis of a review of the disability retirement rate computed by the enrolled actuary. We have reviewed the actuary's report and other relevant data and conclude that no reduction is required in the fiscal year 1994 federal payment to the District's police officers and fire fighters' retirement fund.

Basis for Our Determination

As defined by subsection 145(a)(2) of the act, as amended, the disability retirement rate is a fraction, the numerator of which is the number of District of Columbia police officers and fire fighters hired before February 15, 1980, who retired on disability during the applicable calendar year. The denominator is the total number of police officers and fire fighters hired before February 15, 1980, who were on active duty as of January 1 of the applicable calendar year. This fraction is expressed as a percentage known as the disability retirement rate.

A disability retirement rate greater than eight-tenths of 1 percentage point triggers a reduction in the next annual federal payment. Thus, the trigger mechanism governing the fiscal year 1994 payment is based on members retiring on disability in calendar year 1992 (the numerator) and members on board on January 1, 1992 (the denominator). The enrolled actuary must report the determinations made under the act, along with related documentation, to the Retirement Board and to the Comptroller General no later than March 1 of each year.

The act requires that our comments include a statement as to whether the determinations made by the enrolled actuary fairly present, in all material respects, the requirements of the act. The act also requires that we make a determination as to the amount, if any, by which the annual federal payment is to be reduced. A reduction in the federal payment would amount to 1.5 percent for each whole tenth of a percentage point by which the disability retirement rate is greater than eight-tenths of 1 percentage point.

We have reviewed the enclosed actuary's report, which shows that 6 police officers and 10 fire fighters who were hired before February 15, 1980, retired on disability in 1992. The actuary's report was based on information provided by District officials showing that on January 1, 1992, there were 1,800 active police officers and 626 active fire fighters who had been hired before February 15, 1980. Thus, the actuary determined the disability retirement rate to be 0.660 percent.

Although we did not verify the information on disability retirements and employment strength provided by District officials, we did test, on a limited basis, the integrity of the data provided to the actuary. To test the accuracy of the data used in the numerator and denominator, we obtained and compared various lists of retirees and active duty rosters for police officers and fire fighters who were hired before February 15, 1980. We primarily sought to determine whether, for 1992, the numerator included the appropriate number of disability retirees as identified by District officials and the denominator excluded retirees from prior years. We also compared 1989, 1992, and 1993 active duty rosters prepared at our request to determine whether new names of police officers and fire fighters were inappropriately added to the rosters and thereby inflated the 1992 denominator. District officials provided satisfactory explanations and documentation to resolve the apparent discrepancies we identified.

In our opinion, therefore, the determination made by the enrolled actuary meets, in all material respects, the requirements of the act.

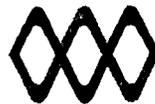
We are sending a copy of this report to the District of Columbia Retirement Board. Copies will also be made available to others upon request.

The major contributors to this report are listed in appendix II. If you have questions about this report, please call me at (202) 512-5074.



Nancy R. Kingsbury
Director
Federal Human Resource Management
Issues

Actuary's Report



MILLIMAN & ROBERTSON, INC.

Actuaries and Consultants

Suite 400
2445 M Street N.W.
Washington, D.C. 20037
Telephone: 202/429-9760
Fax: 202/331-3387

February 25, 1993

Mr. Charles A. Bowsher
Comptroller General of
the United States
General Accounting Office
441 G Street, NW - Room 7000
Washington, DC 20548

Re: Disability Retirement Rate for 1992 Calendar Year
District of Columbia Police Officers and Firefighters' Retirement Fund

Dear Mr. Bowsher:

Public Law 98-104 requires that the enrolled actuary determines the disability retirement rate and report on the disability retirement rate by March 1 of each year, with respect to the rate for the preceding calendar year.

The following employee data and disability retirement data was made available to me by the D.C. Retirement Board and D.C. Police and Firefighters Retirement and Relief Board respectively:

1. Number of active police officers as of January 1, 1992, hired on or before February 14, 1980: 1,800
2. Number of active firefighters as of January 1, 1992, hired on or before February 14, 1980: 626
3. Numbers of 1992 disability retirements among employees hired on or before February 14, 1980: 10 firefighters
6 police officers

Albany • Atlanta • Boston • Chicago • Cincinnati • Dallas • Denver • Hartford • Houston
Indianapolis • Irvine • Los Angeles • Milwaukee • Minneapolis • New York • Omaha • Philadelphia
Phoenix • Portland • St. Louis • Salt Lake City • San Diego • San Francisco • Seattle • Washington, D.C.

Internationally WOODROW MILLIMAN
Australia • Austria • Belgium • Bermuda • Canada • Channel Islands • Denmark
France • Germany • Ireland • Italy • Mexico • Netherlands • New Zealand • Norway
Philippines • Spain • United Kingdom • United States • West Indies

Mr. Charles A. Bowsher
February 25, 1993
Page 2

Based on this data, the disability retirement rate for 1992 as defined in Public Law 98-104 amending subsection 145(a) paragraphs (1) and (2) of the District of Columbia Retirement Reform Act (P.L. 96-122), is 0.660%.

The disability retirement rate calculated above is not greater than 0.8%, i.e., eight-tenths of a percentage point.

Sincerely,

MILLIMAN & ROBERTSON, INC.



Jane D. Pacelli, F.S.A.
Consulting Actuary

cc: Mr. Jorge Morales

JDP/DF/ST/DCR/13

MILLIMAN & ROBERTSON, INC.

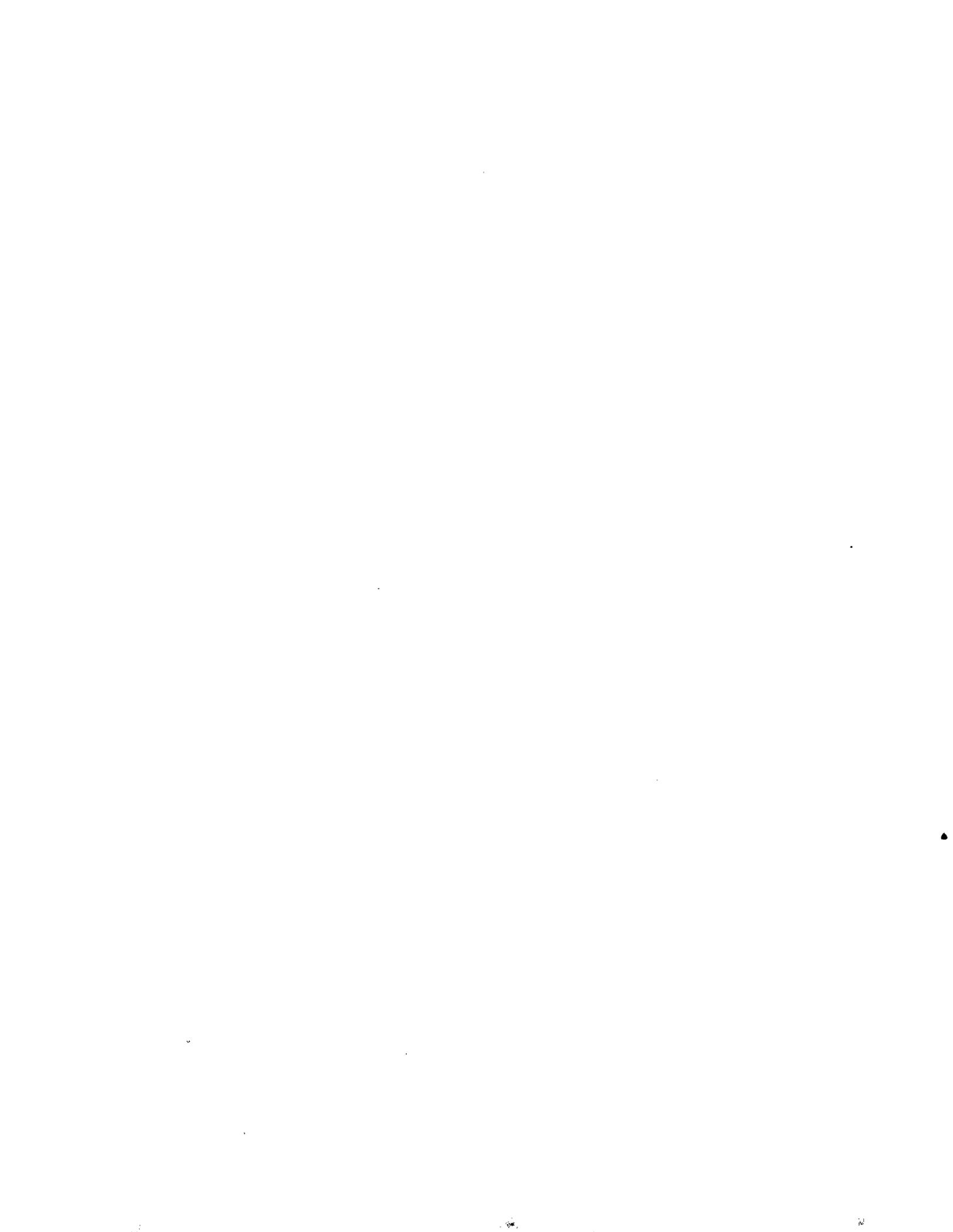
Major Contributors to This Report

**General Government
Division, Washington,
D.C.**

**Larry H. Endy, Assistant Director, Federal Human Resource Management
Issues
Brenda J. Bridges, Evaluator-in-Charge
David P. Alexander, Technical Advisor
Gregory H. Wilmoth, Technical Advisor**

**Office of the General
Counsel**

Jessica B. Botsford, Attorney



Initial Distribution Continued

[3. Internal]

Copies Room No. Recipient

22 7124 Asst. Comptroller General, Planning & Reporting
1 6800 Dir., Office of Policy
8 7023 Office of Congressional Relations
1 3858C ACG, Originating Division/Office- Mr. Finch
2 3858C Cognizant Director of P & R - Mr. Stevens
5 3858C Cognizant Director - Ms. Kingsbury
1 3858C Cognizant Associate Director - Mr. Bowling
5 3150 Cognizant Assistant Director - Mr. Endy
2 3660 Cognizant Division Report Review
10 7049 Information Office

To participating regional offices and audit sites:

1 6536 Mike Volpe
0
0
0
0

Add the Total No. of Copies listed in [3] above: 60

[A] Enter Total Initial External & Internal Distribution: 110 (Add items [1], [2] and [3] above)

Subsequent Distribution

[4.] Subject Codes	No. Copies	Subject Codes	No. Copies
<u>1135</u>	<u>50</u>	_____	<u>0</u>
_____	<u>0</u>	_____	<u>0</u>
_____	<u>0</u>	_____	<u>0</u>

[5.] Distribution to the News Media	No. Copies
<u>2</u>	<u>225</u>
_____	<u>0</u>

[6.] Enter Number of Copies for One-Time Recipients (Listed in Part B of Form 115-1): 0

[B.] Enter Total Subsequent Distribution: 225 (Add items [4], [5], and [6] above.)

Determining Number of Copies to be Printed

[C.] Reserve Stock: [1,000] Add [A,B,C & D] 1397

[D.] Federal Depository Libraries: [2] Add No. of Copies on GAO Form 115-R 0
 Office of Mgmt & Budget: [2] Enter Grand Total (Total No. Copies to be Printed) 1397

Approvals and Contact Information

Approved by:

For more infor., contact

Signature of Director or Comparable Official

3/29/93
Date

Larry Endy
Name

Signature of ACG or Comparable Official

3/30/93
Date

2-3511
Telephone Number



United States General Accounting Office

GAO

Continuation Sheet for Report Distribution (Form 115-1)

(Attach this form to GAO Form 115-U or 115-R)

Report Number and Title

GAO/GGD-93-81

DISTRICT'S WORKFORCE: Annual Report Required by the District of Columbia Retirement Reform Act

Check appropriate box:

[X] Attachment to 115-U, Unrestricted Report

[] Attachment to 115-R, Restricted Report

Assignment Code

966590

Classification: (check one, if applicable) [] Classified [] Proprietary

[Part A] Continuation of Initial External Distribution

Copies Recipient

Transmittal Document (Check one if applicable)

Brief Basic Nonbasic Ltr.

- 1 The Honorable ^{For Tracy H. STARK} ~~Ronald V. Dellums~~ Chairman, House Comm. on the District of Columbia 1310 Longworth House Office Bldg.
1 The Honorable Robert C. Byrd Chairman, Senate Committee on Appropriations U.S. Capitol, S-128
1 The Honorable William H. Natcher Chairman, House Comm. on Appropriations U.S. Capitol, H-218
5 D.C. Retirement Board 1025 Vermont Avenue, N.W. Suite 1030 Washington, D.C.
1 Jim English U.S. Capitol, S-128
2 Mathew Fletcher 2153 Rayburn House Office Bldg.
0

- [X] []
[X] []
[X] []
[] []
[] []
[] []
[] []

Add Total No. of Copies in Part A: 11

[Part B] Subsequent External Distribution for One-Time Recipients

Typed Mailing labels must be attached. Each label should indicate the number of copies, if more than one, for the addressee. Make photocopies of your labels and include them in the Master Report Folders.

Enter No. Of Labels Attached 0

Enter Total No. of Copies in Part B: 0

U.S. GENERAL ACCOUNTING

'93 MAR 31 AM 1:19

RECEIVED

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015**

or visit:

**Room 1000
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066.**

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

**First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100**
