

**BEFORE THE PERSONNEL RESOURCES BOARD
STATE OF WASHINGTON**

YUK CHENG

Appellant,

vs.

DEPARTMENT OF LABOR AND
INDUSTRIES

Respondent.

CASE NO. R-ALLO-17-015

ORDER OF THE BOARD
FOLLOWING HEARING ON
EXCEPTIONS TO THE
DETERMINATION OF THE DIRECTOR

Hearing on Exceptions.

This appeal came before the Personnel Resources Board, NANCY HOLLAND-YOUNG, Chair; and SUSAN MILLER, Member. The hearing was held on December 13, 2017, at Capitol Court, Room 110, 1110 Capitol Way, Olympia, WA.

Appearances.

Appellant Yuk Cheng was present and represented by Tony Jones, Representative for the Washington Federation of State Employees (WFSE). Respondent Department of Labor and Industries (L&I) was present and represented by Vicki Kamin.

Background.

On April 14, 2016, Appellant submitted a Position Review Request (PRR) to L&I's Human Resources (HR) office requesting allocation from a Washington Management Service (WMS) Band III to Actuary 3.

By letter dated September 3, 2016, Appellant was notified his position was removed from WMS and allocated to an Actuary 2.

1 On January 2, 2017, the Office of Financial Management State HR (OFM-HR) received Appellant's
2 request for a Director's Review of L&I's determination.

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4 By letter dated August 4, 2017, Appellant was notified his position remained allocated to Actuary 2.

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6 On September 20, 2017, Appellant filed timely exceptions to the director's determination. In his
7 appeal, Appellant contended his position should be reallocated to Actuary 3.

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9 As summarized in his PRR, Appellant states:

10 The position is directly responsible for actuarial predictive modeling within
11 the Actuarial Service. This work includes the research, planning, creation,
12 training, testing, deployment and maintenance of the design of actuarial
13 predictive models used within Insurance Services Division. Output from
14 these predictive models, e.g., early claim case reserve, medical only claim
15 closing date, will be used by staff in actuarial services, claims, integrated
16 claims services, employer services, Retro, and other areas as described
17 below. The position is responsible to provide the latest actuarial predictive
18 modeling and computing programming training to staff within actuarial
19 services.

20
21 Appellant reports to Dr. Bill Vasek, Chief Actuary.

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23 **Primary Issue.** Whether the director's determination should be affirmed in that Appellant's position
24 should remain allocated to Actuary 2.

25
26 **Relevant Classifications.** Actuary 2; Actuary 3.

1 **Decision of the Board.**

2 In *Norton-Nader v. Western Washington University*, PRB Case No. R-ALLO-08-020 (2008), the
3 Personnel Resources Board (Board) stated the following standards are the hierarchy of primary
4 considerations in allocating positions:

- 5 a) Category concept (if one exists).
- 6 b) Definition or basic function of the class.
- 7 c) Distinguishing characteristics of a class.
- 8 d) Class series concept, definition/basic function, and distinguishing characteristics of other
9 classes in the series in question.

10
11 **Actuary Class Series Concept:**

12 Positions in this occupational category resolve complex actuarial problems.
13 Researches, develops and designs new and alternative actuarial methods for
14 use by staff. Some positions manage the department's actuarial unit,
15 supervising and directing actuarial staff. Provides training, support, and
16 assistance to actuarial analysts. Reviews and analyzes benefits, reserves,
17 rating plans, underwriting procedures and statistical plans. Performs analysis
18 in rate-making for classification ratings, experience rating, retrospective
19 rating and scheduled rating.

20
21 **Actuary 2**

22 **Definition:**

23 Performs full range of actuarial analyses and interprets calculations for
24 rate-making, reserving, management reporting, and special studies. Full
25 range of actuarial analyses includes reserving and accounting in estimating
26 liabilities, rate-making, loss adjustment, underwriting expenses,
27 performance analysis of groups of insured, rate level of funds, and
28

1 financial analysis of insurance entities which involve forecasting, cash
2 flow analysis, and asset liability matching.

3
4 There are no distinguishing characteristics for Actuary 2.

5
6 **Actuary 3**

7 **Definition:**

8 Positions in this level serve as the actuary for life, disability and/or health,
9 or property and/or casualty insurance; review insurance policy provisions
10 and rate filings. Positions provide training, support and assistance to
11 actuarial analysts. Researches, develops and designs new and alternative
12 actuarial methods for use by staff. Positions are also responsible for final
13 completion and presentation of actuarial staff's analyses in rate-making,
14 reserving, management reporting and special studies.

15
16 There are no distinguishing characteristics for Actuary 3.

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18 The primary focus and majority of Appellant's position is centered around
19 predictive modeling. As Respondent stated, the class specifications for Actuary 2
20 and Actuary 3 do not include work in predictive modeling.

21
22 The Board finds Appellant does not fit the definition of Actuary 2 or Actuary 3
23 and the duties and responsibilities of the position do not fit other relevant job
24 classes. This matter should be remanded to the Department of Labor and
25 Industries and Appellant and Respondent should work together to conduct a
26 thorough review to decide if Appellant's position is properly allocated or should
27 be placed into the Washington Management Service (WMS) as an individual
28 contributor.

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DATED this _____ day of _____, 2018.

NANCY HOLLAND-YOUNG, Chair

SUSAN MILLER, Member