

# PERS EMPLOYER ADVISORY GROUP MEETING

Date: 4/21/2023

Time: 10:00 a.m. – 12:00 p.m.

Location: MS Teams

<b>TYPE OF MEETING</b>	EAG Meeting
<b>FACILITATOR</b>	Sam Paris
<b>NOTE TAKER</b>	Alex Gaub
<b>CALL-IN NUMBER</b>	+1 971-300-4342      Phone Conference ID: 715 143 891#
<b>ATTENDEES</b>	<p><b>EAG Members:</b> Trudy Vidal, State of Oregon; Nancy Brewer, City of Lebanon; Ronald Vaught, City of Portland; Lori Sattenspiel, Oregon School Boards Association; Jeff Rasmussen, Association of Oregon Counties; Michelle Morrison, Oregon School Boards Association</p> <p><b>PERS:</b> Sam Paris, Yvette Elledge-Rhodes, Heather Case, Shawn Harper, Jake Winship, Rebecca Craven, Brandon Armatas, Laurel Galego, Jonathan Yost, Theresa Tabish, Elli Probasco, Matthew Graves, Stephanie Vaughn, El Rossman, Christina Hampton, Richard Horsford, Cyndy Kirkwood, Alex Gaub</p> <p><b>Guests:</b> Suzanne Linneen, Ian Peterson, Jennifer Jones, Anita Gurule, Cheryl Carder, Brenda Watkins, Carol Samuels</p>

## NOTES

<b>TOPIC</b>	<b>Welcome</b>	Sam Paris
TIME: 10:01 – 10:05		
Sam Paris, PERS' Chief Operations Officer, welcomed the Employer Advisory Group (EAG) and went over the EAG meeting agenda.		

<b>TOPIC</b>	<b>Director's Office Update</b>	Kevin Olineck
TIME: 10:05 – 10:10		
Yvette Elledge-Rhodes, PERS' Deputy Director, provided a Director's Office update.		
<ul style="list-style-type: none"> <li>• <u>April 3 Board Meeting</u> – the meeting <a href="#">packet has been posted online</a>.             <ul style="list-style-type: none"> <li>○ Joint OIC and PERS Board meeting scheduled for May 31.</li> <li>○ In the Oregon Public Employees Retirement Fund (OPERF) Investment Report, February returns showed regular account earnings of 1.87%.</li> <li>○ Rex Kim, Chief Investment Officer, presented a performance review of the OPERF.</li> <li>○ Staff presented the final 2022 earnings.</li> <li>○ Milliman engaged the board in a preparatory discussion for the upcoming Experience Study.</li> </ul> </li> </ul>		

- Yvette welcomed Suzanne Linneen as the newest PERS Board member.
  - Linneen is the current Finance Director for the City of Hillsboro.
  
- PERS 2023-25 Budget
  - On April 6, PERS participated in phase II of the legislative budget process and presented the 2023-25 budget to the Joint Ways and Means subcommittee on General Government.
  - Next, PERS expects a work session regarding the requested budget, but we do not yet have a date.

TOPIC	Legislative Update	Heather Case
TIME: 10:10 – 10:30		
<p>Heather Case, PERS’ Senior Policy Advisor, gave a brief legislative update.</p> <ul style="list-style-type: none"> <li>• Bills moving through the current legislative session are everchanging.</li> <li>• 2023 Legislative Session began on January 16 and will run to June 25 at the latest.</li> </ul> <p><u>All three of PERS agency bills are still in play:</u></p> <ul style="list-style-type: none"> <li>• <b>HB 2283</b> – PERS modernization fixes. Bill has nothing to do with the structure and implementation of the PERS Modernization Program. This bill will ensure that statutes, the concepts of which are programmed into our modernization project, will be clean and will reflect agency practices ahead of modernization happening.</li> </ul> <p>Bill has made it through the house on a 42-0-17 excused vote and has had first reading on the senate side. It has been assigned to the Senate Committee on Business and Labor.</p> <ul style="list-style-type: none"> <li>○ Two amendments, which were not suggested by the agency, have been adopted into the bill. These two amendments cover the following three concepts: <ul style="list-style-type: none"> <li>▪ Make Work Share Oregon payments back to March 2020 subject salary.</li> <li>▪ Make Paid Leave Oregon subject salary and counted as PERS service credit.</li> <li>▪ Change five years of continuous service for Police &amp; Fire employees to take advantage of early Police &amp; Fire retirement age to “60 months retirement credit.” This would ensure that periods of unpaid leave (e.g., short-term disability) would not “reset the clock” on the member’s requirement to serve in a Police &amp; Fire position before retirement.</li> </ul> </li> </ul> <p>Much more conversation is needed on this bill. Please remain in touch with your government affairs representative to convey your concerns so everyone can be aware of them as there are more negotiations on HB 2283.</p> <p>PERS itself cannot lobby and, as so, must remain neutral. However, the agency will have ongoing conversations on the ways in which implementation may impact business processes.</p>		

- *Nancy Brewer, comment:* Will you be submitting anything now on the implementation of the bill? This seems like it could be a big lift such as SB 1049 and could possibly delay Modernization.
  - *Heather Case, answer:* PERS is working with Oregon Employment Department on sharing information about Paid Leave Oregon. And the agency will be testifying as to how it anticipates implementing the bill as we figure out the information sharing piece.
- *Lori Sattenspiel, comment:* Thank you for the update. Want to let you know that there are ongoing conversations in small groups behind the scenes, and we will be in touch over the coming months.
- *Carol Samuels, question:* Has PERS asked Milliman to do any assessment of the Paid Family Leave and how it might impact potential unfunded actuarial liability (UAL)?
  - *Heather Case, answer:* PERS has not asked Milliman to do an analysis. PERS does not believe there will be an impact to the UAL as the bill is written currently. PERS won't be working with amounts of salary that the employee will not receive.
- *Suzanne Linneen, question:* Paid Family Leave, paid by the state, how does the employer pay PERS on that payment to the employee?
  - *Heather Case, answer:* The way it was envisioned, employers would know the amount that Paid Leave Oregon has paid their employee and the amount they've paid them – reporting the total amount as subject salary. That's still the plan as it's written. If changed, there may be a couple streams of reporting (employer/OED).
- *Suzanne Linneen, follow-up question:* It sounds like, if the program is being funded by payroll, then ultimately wouldn't the funding come from the employer/employee Paid Leave Oregon contributions?
  - *Heather Case, answer:* Right now, PERS contributions are paid on the gross amount of salary. These contributions would technically go down when the employee is on Paid Leave Oregon leave because, under current law, their Paid Leave Oregon payments come from Oregon Employment Department.
 

If an employer is picking up the employee's portion of the 1% contribution to Paid Leave Oregon, that would count as subject salary as well.
- **HB 2284** – Divorce Fee Increase. The bill passed the house and will go to the Joint Committee on Ways and Means.
- **HB 2285** – Social Security Update Statutes. The least controversial bill of the three. Mainly just a clean-up bill.

Other bills that may impact PERS/state operations:

- **HB 2054** - District attorney Police and Fire (P&F) job classification.
- **HB 2296** – Work After Retirement sunset extension for 10 years.
- HB 2297\* - Employers to purchase up to three years of military service credit for employees.
- HB 2875 - Raising limit on average overtime for Oregon State Police.
- HB 3387\* - Allowing Police & Fire members to retire at lower retirement age if they have served 25 years in a P&F position, regardless of position at time of retirement.
- SB 987\*\* - Lowering contribution rates for charter schools.

\*Bill is not moving forward.

\*\*This is a study bill.

If you have any questions regarding the current legislative sessions or proposed bills, please reach out to Heather Case at [heather.case@pers.oregon.gov](mailto:heather.case@pers.oregon.gov).

TOPIC	Modernization Update	Rebecca Craven
TIME: 10:30 – 10:34		
<p>Rebecca Craven, PERS' Modernization Program Director, gave a general program update.</p> <p><u>Update:</u></p> <ul style="list-style-type: none"><li>• Modernization program activity will be picking up in 2023-25.</li><li>• Early activities begin in a few months with hiring staff and mapping procedures.</li><li>• First modernization efforts include telephony. PERS will be looking to gather requirements and functionalities from employers and users of the agency's phone system.<ul style="list-style-type: none"><li>○ To help the agency gather information, Rebecca and her staff will be reaching out to gather feedback from both employers and members.</li><li>○ At the next EAG meeting, Rebecca will provide more information about how EAG and employers and give input.</li></ul></li></ul> <p>If you or your employees/coworkers have any questions about PERS' Modernization Program, please email Rebecca Craven at <a href="mailto:rebecca.craven@pers.oregon.gov">rebecca.craven@pers.oregon.gov</a>.</p>		

TOPIC	<b>Actuarial Update</b>	Jake Winship
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TIME: 10:34 – 10:50

Jake Winship, PERS' Actuarial Manager, gave an actuarial update.

Employer Rate-Projection Tool (ERPT) updated on January 25, 2023.

- Data was uploaded to reflect the 2021 rate-setting valuation.
- Some labels displayed in the user interface (UI) were misleading.
  - Outcome of communication challenges during ERPT development.
  - Dates displayed were erroneous or confusing.
- Deployed additional update (March 16, 2023).
  - Removed most date references.
  - Should simplify future updates.
  - Will establish a procedure for future enhancements.

Edits to the 2022 Valuation Report.

- Based on recommendations from the EAG and Gabriel Roeder, Smith & Company (GRS) audit.
- Employer contribution rates display will:
  - Compare new contribution rates to current contribution rates.
  - Show Multnomah Fire District #10 and rate collar impact to unfunded actuarial liability (UAL).

Side account information:

Dec 31, 2027 – most side accounts are scheduled to fully amortize.

We have explored a number of solutions subject to a few key considerations:

- Cash flow concerns for employers using pension obligation bonds.
- Challenges implementing mid-biennium rate changes.
- Desire to not “over withdraw” side account balances.

Based on these considerations, the agency is pursuing one strategy in particular. On the 2025 valuation, we will direct Milliman to determine the 2027-29 biennial rate, assuming there are no side account offsets. Starting in July 2026, the agency will monitor the amount in each account and calculate if it is in risk of depleting prior to 7/1/27. If so, PERS Actuarial Services will reach out to the employer and work with them to explore options.

We will develop concepts and have additional conversation at these EAG meetings.

- *Carol Samuels, question:* I believe the concept consists of: in July 2027, the agency will look at the amounts remaining in a side account and decouple it from payroll, then the remaining balance would be offered as a credit to potentially close-out 12/31/2027.
  - *Jake Winship, answer:* It would establish a credit and not directly deplete by 12/31, it should deplete prior to that date. There will be a lot of conversation and work between our IT team and legal team to ensure proper processes and actions are taken.

Notes:

- Jake will be speaking at the June 2023 Board meeting, so please stay tuned for more information.
- The Actuarial Section has recently hired a new team member, Troy Phillips. He will be joining the group at the July 2023 meeting.

If you have any questions regarding PERS' Actuarial Activities Section, please email the team mailbox at [Actuarial.Services@pers.oregon.gov](mailto:Actuarial.Services@pers.oregon.gov).

TOPIC	<b>Employer Service Center Update</b>	Laurel Galego
TIME: 10:50 – 10:55		
<p>Laurel Galego, PERS' Employer Service Center Manager, presented an update on ESC training:</p> <p>ESC is bringing instructor-led training to employers. Theresa Tabish will be conducting the trainings.</p> <p>The trainings will consist of five different courses.</p> <p>While the trainings are being developed, training handouts will be available online for self-study <a href="#">on the training webpage</a>.</p> <p>Please note that Laurel is the contact for employer reporters. You may reach her at: <a href="mailto:laurel.galego@pers.oregon.gov">laurel.galego@pers.oregon.gov</a>.</p>		

TOPIC	<b>Communications Update</b>	Shawn Harper
TIME: 10:55 – 11:03		
<p>Shawn Harper, PERS' Employer Communications Specialist, presented updates on Communications activities:</p> <p><u>Ongoing projects</u></p> <ul style="list-style-type: none"><li>• Employer reporting guides: these guides are replacing the outdated <i>Employer Manual</i> and <i>EDX User Guide</i>. There will be 28 guides available online when complete.<ul style="list-style-type: none"><li>○ Next guides being published: <i>Understanding Your Statement</i> and <i>Paying Your Invoice</i>.</li></ul></li></ul>		

- Agency annual member and employer satisfaction surveys:
  - May 1 to 31.
  - We will send a link by email and post it on the website.
  
- Increasing subscribers on PERS email list in [GovDelivery](#).
  - Members must subscribe to receive emails from GovDelivery.
  - GovDelivery emails are top method for reaching PERS members, but only about 30,000 out of nearly 400,000 members are subscribed and have chosen topics. We discovered that if you don't choose your topics, you don't receive any emails from PERS.
  - More than 175,000 members have subscribed without choosing topics – meaning they aren't receiving emails.
  - *Actions:*
    - The agency has emailed the 175,000 subscribers with instructions to choose their topics.
    - They will be emailed again in six months.
    - Providing posters employers can hang in the office or email to remote employees. The QR code on the poster opens to the email subscriber page. (Posters available online at the bottom of the [Onboarding New Employees](#) webpage.)
  - *Results:*
    - As of April 1, 12,000+ members have added 48,000+ subscriptions.

TOPIC	Additional Items	Sam Paris
TIME: 11:03 – 11:15		
Sam Paris introduced the remaining additional items.		
<b><u>Employer Penalties, Brandon Armatas:</u></b>		
<ul style="list-style-type: none"> <li>• Recap:           <ul style="list-style-type: none"> <li>○ Oregon Administrative Rule updates triggered a review of the employer penalties process.</li> </ul> </li> <li>• Penalties are set in statute for:           <ul style="list-style-type: none"> <li>○ Late reporting.</li> <li>○ Late payment.</li> <li>○ Incorrect payment method.</li> </ul> </li> <li>• Penalties have been waived for all employers for the last decade because of programming challenges.</li> </ul>		

- Moving forward:
  - PERS is reviewing how to strategically manage penalties.
  - The agency has done some preliminary analysis on what and how the programming works.
  - Currently, the agency is looking into process mapping to help determine what programming may be needed.

As of now, the agency is dealing with quite a few competing priorities, so it may be some time before this project really kicks off. Before anything goes live, the agency will circle back to EAG to share and discuss.

#### **Member Annual Statements, Brandon Armatas:**

- Changes were limited this year for member annual statements. There have been no additional data changes other than the change of year.
- MAS is in the testing phase right now – extracting member data and ensuring the data is clean before sending out to members.
- Working with DAS Publishing & Distribution on a mid-May mailing date.

#### **Impacts to employers:**

- Efforts to update member addresses should continue to reduce the number of returned statements.
  - Sent several different notifications to members to update incorrect addresses.
  - Using the National Change of Address Database.

#### **Notes:**

- Statements will have a back page to provide high-level information that should help provide a narrative to the data provided in the statement.
- MAS FAQs on PERS website will be updated:  
<https://www.oregon.gov/pers/MEM/Pages/Member-Annual-Statement-FAQs.aspx>
  - Interactive example statements provide additional assistance.
- PERS Member Services can provide additional assistance.
  - By phone: 888-320-7377
  - By email: [Customer-Service.PERS@pers.oregon.gov](mailto:Customer-Service.PERS@pers.oregon.gov)

#### **Employer Support Announcement, Laurel Galego:**

##### **Please share: How to reach ESC**

- By email: All ESC representatives are available to answer emailed questions Monday to Friday from 8 a.m. to 5 p.m. Email your assigned representative directly or through the [Employer Support Inbox](#). Most emails are answered within 24 hours.
- By phone: ESC representatives are available to assist by phone Monday through Friday. Call your assigned representative's direct phone line between 8:00 a.m. to 4:00 p.m. or the Employer Call Center line between 8:30 a.m. to 12:00 p.m. at 888-320-7377.



<b>TOPIC</b>	<b>Open Discussion</b>	Sam Paris
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TIME: 11:15 – 11:21

With the remaining time, Sam opened the meeting to EAG members for questions and discussion.

**PERS Website Update, Jonathan Yost:**

- New website is launching at the end of May.
- The website re-structure has taken years to complete.
- Most URLs are the same; however, if there are changes, you will be redirected to the main page – from there you may search for the topic you’re trying to find.
  - *Cheryl Calder, question:* She was wondering what the status was of having the employer statements downloadable in an Excel format. She was told this was functionality that was being worked on previously.
    - *Yvette Elledge- Rhodes, answer:* We are looking to deploy early next year. More information and discussion will come at the July EAG Meeting.
  - *Carol Samuels, question:* I get a lot of phone calls and emails from jurisdictions asking to know where their valuation is. Going forward, is there a more direct way of emailing notice that valuations have been posted.
    - *Sam Paris, answer:* Took question as an action item to look into internally and discuss possible solutions.
    - *Shawn Harper, answer:* PERS sends an email specifically about new valuations and how to get them in addition to the newsletter article (sent through [GovDelivery](#)). We will look at increasing communication about valuations.

**Next meeting facilitator:** Sam Paris

**Next meeting date and time:** July 21, 2023, at 10:00 a.m.