

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 10/20/2023

Time: 10:00 a.m. – 12:00 p.m.

Location: MS Teams

| | |
|------------------------|--|
| TYPE OF MEETING | EAG Meeting |
| FACILITATOR | Sam Paris |
| NOTE TAKER | Alex Gaub |
| CALL-IN NUMBER | +1 971-300-4342 Phone Conference ID: 715 143 891# |
| ATTENDEES | <p>EAG Members: Anne Willis, State Universities; Ronald Vaught, League of Oregon Cities; Jeff White, Association of Oregon Counties; Shauna Tobiasson, State of Oregon; Michelle Morrison, Oregon School Boards Association; Jeff Rasmussen, Association of Oregon Counties; Bonny Ray, State Universities; Gina Turner, State Universities</p> <p>PERS: Kevin Olineck, Yvette Elledge Rhodes, Sam Paris, Heather Case, Brandon Armatas, Jake Winship, Laurel Galego, Rebecca Craven, El Rossman, Richard Horsford, Matt Graves, Alison Burman, Troy Phillips, Shawn Harper, Elli Probasco, Theresa Tabish, Christina Hampton, Holly Effenberger, Alex Gaub</p> <p>Guests: Rhonda Miller, Jennifer Jones, Katie Kizca, Suzanne Lineen, Brenda Watkins, Cheryl Carder, Sandra Montoya, Anita Gurule, Ian Peterson, Morgan Allen, Tom Andrews, Kristy Komes, Dina Farrell</p> |

NOTES

| | | |
|---|----------------|-----------|
| TOPIC | Welcome | Sam Paris |
| TIME: 10:00 – 10:01 | | |
| Sam Paris, PERS' Chief Operations Officer, welcomed the Employer Advisory Group (EAG) and went over the EAG meeting agenda. | | |

| | | |
|---|---------------------------------|---------------|
| TOPIC | Director's Office Update | Kevin Olineck |
| TIME: 10:01 – 10:05 | | |
| Kevin Olineck, PERS' Director, provided a Director's Office update. | | |
| September 29, PERS Board Meeting highlights | | |
| Employer Satisfaction Survey Results: | | |
| <ul style="list-style-type: none"> 87% of employees' responses were positive. Participation in the survey decreased, however. | | |
| PERS Expo: | | |
| <ul style="list-style-type: none"> The 2023 PERS Expo was very successful; more than 6,700 members attended this year's event. More than 72% of participants were first-time attendees. | | |

2025-27 Budget planning

PERS is already engaged in our budget planning for the 2025-27 biennium.

| TOPIC | Modernization Update | Rebecca Craven |
|---|----------------------|----------------|
| TIME: 10:05 – 10:15 | | |
| Rebecca Craven, PERS' Modernization Program Director, gave a modernization update. | | |
| Curent work | | |
| The Modernization Team is still working on program establishment. | | |
| The first project being initiated is the Telephony Project. PERS is currently in the process of identifying requirements and meeting/gathering feedback from stakeholders to better upgrade PERS' telephony options and capabilities. | | |
| Upcoming work | | |
| There is early planning for 2025-27 projects. These include: | | |
| <ul style="list-style-type: none">• Client relationship management (CRM) system implementation.• Online service provision planning. | | |
| The project team is also working to establish employer engagement channels. They plan to use EAG and other channels to learn what employers want in a modern and nimble PERS. | | |
| Rebecca turned the presentation over to Elli Probasco, PERS' Product Owner, to poll members on telephony requirements. | | |
| Telephony Modernization Project poll | | |
| 1) Is it easy to navigate the options when calling in to PERS? | | |
| <ul style="list-style-type: none">• Agree/Disagree<ul style="list-style-type: none">○ Results: 81% Agree, 18% Disagree | | |
| 2) An option to hear recorded FAQs related to employer activities would be helpful/useful. | | |
| <ul style="list-style-type: none">• Agree/Disagree<ul style="list-style-type: none">○ Results: 41% Agree, 58% Disagree | | |
| 3) I have experienced a technical issue when trying to contact PERS via phone. | | |
| <ul style="list-style-type: none">• Agree/Disagree<ul style="list-style-type: none">○ 27% Agree, 72% Disagree | | |
| 4) I primarily communicate with PERS using a phone (rather than virtual meetings or email). | | |
| <ul style="list-style-type: none">• Yes/No<ul style="list-style-type: none">○ 30% Yes, 69% No | | |

Rebecca, question to the group: Is there more desire for phone conversations with PERS?

- Sandra Montoya, answer: It would be best to communicate by phone when needing an immediate answer.

Please send any questions or comments to Modernization.Program@pers.oregon.gov.

| TOPIC | SB 1049 Program Update | Elli Probasco |
|---|------------------------|---------------|
| TIME: 10:15 – 10:16 | | |
| Elli Probasco, PERS' Product Owner, went over the SB 1049 Road Map and gave a general project update. | | |
| Employer statement download functionality | | |
| The functionality is set to deploy on February 15, 2024. | | |
| There will be a preview opportunity in late November or early December. Those employers who have already expressed interest in participating in the preview will hear from PERS soon with more details. | | |
| It's not too late to participate in the preview. If you would like to be included, please email: Product.Owner.Team@pers.Oregon.gov . | | |

| TOPIC | Actuarial Update | Troy Phillips and Jake Winship |
|--|------------------|--------------------------------|
| TIME: 10:16 – 10:33 | | |
| Troy Phillips, PERS' Actuarial Business Specialist, and Jake Winship, PERS Actuarial Manager, gave an actuarial update. | | |
| Changes since last valuation | | |
| Troy informed the group that the PERS Board left the assumed investment return at 6.90%, which is the assumed rate adopted by the board in 2021. | | |
| The actual rate of return for 2022 was well below the assumed rate of 6.90%. That's not something the agency likes to see, but it is a reality that the agency must work with. | | |
| As of July 31, this year, the rate was at a positive 3.79%. We hope this positive rate continues through the remainder of 2023. | | |
| System projected payroll increased by more than 9%. The assumed rate of payroll increase was 3.4%. Any time payroll increases, future retirement liabilities also increase. | | |

Most side accounts are set to fully amortize by December 31, 2027. The agency will continue to calculate the offset amount for these side accounts with a lag adjustment. This will allow for better management of the expiring amortizations.

Change in base rate

Troy showed an illustration of the projected increases in both the uncollared and collared rates (slide #13 in the handout) from the current biennium to the 2025-27 biennium. Actual contribution rates will be calculated in the December 31, 2023, valuation, based on asset and demographic information as of that date.

The projected collared base rate increase is due to normal cost rate increases for all tiers and an OPSRP unfunded actuarial liability (UAL) amortization rate increase. The increase is primarily driven by updates to the individual member pay increase assumption.

System-total pension funded status

Troy showed the group the system-wide pension funded status (slide #14 in the handout). The combined actuarial liability increased, while there was a decrease in total assets, which created a higher UAL for 2022 than there was in 2021.

Both factors contributed to a decline in the funded status from 79.6% in 2021 to 73% (without side accounts). The funded status including side accounts went from 86.4% down to 79%.

Projected 2025-27 total (employer + member) contributions

Troy showed the group the projected payroll and contributions for both the 2023-25 and 2025-27 biennia (slide #15 in the handout).

The projections indicate an increase in all categories.

Factors driving the increase

Of the projected \$1.3 billion increase in contributions, \$900 million is due to investment losses in 2022 and higher liabilities attributed to recent and future salary growth. The remaining \$400 million of the increase is due to projected payroll growth during the next two biennia.

During the next biennium, we expect that member redirect will likely continue (the redirect from members' IAP accounts to their Employee Pension Stability Accounts (EPSA) occurs whenever PERS is less than 90% funded).

Effect of 2023 returns on final 2025-27 rates

The advisory valuation uses assets and liabilities as of December 31, 2022. This shows an increase in uncollared base and net contribution rates.

The rate collar will not limit the size of the increase for the two large employer pools (SLGRP and School Districts) or OPSRP. The final 2025-27 rates will use assets and liabilities as of December 31, 2023.

Returns through July were positive. If year-to-date returns continue, the actual rates will be close to the advisory rates. If they decline, however, the rate increases could be higher.

Side account example

Troy provided the group with an example of an expiring side account (slide #19 in the handout).

Side account expiration process

1. 12/31/2026 side account balances with 2026 earnings will be determined and confirmed at the spring 2027 PERS Board meeting when earnings are adopted.
2. PERS will calculate an employer statement pension credit of 30% of the value of the side account balance determined in step 1 (above).
3. The statement credit from step 2 will be credited to employers as of 7/1/2027 to apply to future pension invoices. *
4. The applicable side account rate offset will be shut off as of 7/1/2027 so that no further benefit can be derived from the side account.
5. In September 2027, PERS will calculate earnings through 6/30/2027 and apply those to the remaining side account balance as of 6/30/2027 after amortization that occurred during the period of 1/1/2027 – 6/30/2027.
6. In October 2027, PERS will complete the final true-up. The net amount of the side account balance as of 6/30/2027 — including mid-year earnings, less the 30% of the 12/31/2026 balance already credited — will be credited to employer statements as a pension credit.*

*Employers may also have the option to convert their remaining balance as of 6/30/2027 to a new side account in lieu of a statement credit.

Morgan Allen, question: Does your slide showing contribution rates for 2025-27 include side accounts?

- Jake Winship, answer: Side accounts were not factored into the rates. Your organization's side account is for your organization's benefit. If you have a side account, it will leverage the impact of your returns. If there is a strong side account year, then that will positively impact the net contribution rate and vice versa.

Morgan Allen, question: Was there any discussion from the Actuarial Team at the board meeting on work-after-retirement staff contributions impacting the 2025-27 rate collar? A full 10% of the workforce in K-12 may be in work-after-retirement status this biennium.

- Jake Winship, answer: If a retired member is working, they do not accrue more retirement benefits. Their costs are lower, and they are not part of the valuation payroll used to calculate UAL. We calculate all contribution rates as if the retired members did not exist.
- Heather Case, answer: But Morgan, just to clarify — employers do pay contributions on those employees.
- Morgan, comment: Yes. Thanks, Heather. We take those out of their pay, not in additional employer costs.
- Kevin Olineck, answer: Even though they are not accruing benefits, those employees are still paying contributions. As Jake alluded to, PERS does not take those contributions into consideration when determining rates.

If you have any questions or feedback for PERS Actuarial, please send them to Actuarial.Services@pers.oregon.gov.

| | | |
|--------------|---------------------------------------|--------------------------------|
| TOPIC | Employer Service Center Update | Laurel Galego and Heather Case |
|--------------|---------------------------------------|--------------------------------|

TIME: 10:33 – 10:40

Laurel Galego, Employer Service Center Manager, and Heather Case, PERS' Senior Policy Advisor, gave an Employer Service Center update.

Year-end reconciliation

This is the annual push to get all reports posted, for current and past years.

This reconciliation process involves:

- Runing eligibility reports.
- Checking for and terminating inactive employees.
- Correcting suspended records.

The agency's goal is to get employers to post all records by 2023 official year-end in March. The benefits for doing so are:

- 2023 earnings (if any) paid by PERS instead of employer.
- Faster retirement processing.
- More accurate annual statements and retirement estimates for employees.
- Faster and less frustrating reporting.

Ronda Miller, question: I am trying to figure out how often I should try to submit the suspended files for retired employees before they will post. If I know that it is at least, say, 60 days, I won't waste my time trying to get files to post that will continue to suspend.

- Alison Burman, answer: It can take PERS up to 90 days to process a member's retirement.
- Laurel Galego, answer: Hi Rhonda, as soon as the member receives their first benefit check, then their retiree suspended records will post. Reach out to me if you have further questions.

To help employers reconcile their records, ESC is offering resources and support. We've published [employer guides online](#), and we are available by phone and email to help with questions.

Paid Leave Oregon reporting

To help employers understand how to correctly report a Paid Leave Oregon leave and payments, we have published resources:

- [News Bite email](#)
- [Guide 13, Family and Medical Leave](#), "Paid Leave Oregon" section.
- [Website FAQ](#)
- [Employer announcement 102](#)
- [Webinar](#) hosted by Teresa Tabish and Alison Burman. There were more than 350 folks in attendance!

Heather Case, PERS' Senior Policy Advisor – House Bill 2054 adds deputy district attorneys to Police and Fire job classification

PERS is in the middle of implementing this bill. We are working with the Oregon District Attorney's Association and other stakeholders to ensure successful implementation.

House Bill 2054 adds deputy district attorneys to the definition of "police officer" under ORS 238.005(19). This means that, as of January 1, 2024, deputy district attorneys will be classified as Police and Fire PERS members rather than General Service. The bill is effective for all services provided on and after 1/1/2024. There is no retroactivity. Elected deputy district attorneys are not included in this bill.

ESC will be sending targeted communication to county employers; however, if you have any contact with counties, please inform them that this bill is coming.

If you or any county employers have any questions regarding this bill or any other employer-related issue, please contact your ESC employer representative or the ESC manager.

ESC Call Center: 888-320-7377

[ESC contact information](#)

| TOPIC | Communications Update | Shawn Harper |
|--|-----------------------|--------------|
| TIME: 10:40 – 10:45 | | |
| Shawn Harper, Employer Communications Specialist, presented updates on three Communications activities: | | |
| New Resources | | |
| ESC and Communications are continuing to publish employer guides. New guides include: | | |
| <p>9, Reporting Wages for a Qualifying (Full-time) Employee. 11, Reporting a Leave. 13, Family and Medical Leave (including Paid Leave Oregon). 20, Creating a Demographic Correction Request (DCR).</p> | | |
| New resources also include short training videos. | | |
| <ul style="list-style-type: none">• “Reporting a New Employee.”• “The Role of the Web Administrator.”• “The Role of the Employer Reporter” (coming soon). | | |
| Live, virtual training classes: | | |
| <ul style="list-style-type: none">• Beginner Employer Reporting: this will be a two-hour live course presented via GoTo Webinar. | | |
| Please send any feedback or ideas to Communications@pers.oregon.gov . | | |

| TOPIC | Additional Items | Sam Paris |
|---|------------------|-----------|
| TIME: 10:45 – 10:47 | | |
| <p>Sam Paris introduced the additional items.</p> <p>2024 EAG meeting dates</p> <p>Sam presented the proposed 2024 EAG meeting dates and asked for any feedback or concerns with their placement.</p> <p>The dates are:</p> <ul style="list-style-type: none"> • January 19, 2024. • April 19, 2024. • July 19, 2024. • October 18, 2024. <p>There were no concerns with the proposed EAG dates.</p> | | |

| TOPIC | Open Discussion | Sam Paris |
|---|-----------------|-----------|
| TIME: 10:47 – 10:49 | | |
| <p>With the remaining time, Sam opened the meeting to EAG members for questions and discussion.</p> <p>There were no additional discussion items.</p> | | |

| |
|--|
| Next meeting facilitator: Sam Paris |
| Next meeting date and time: January 19, 2024, at 10:00 a.m. |