

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 7/21/2023

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: Shauna Tobiasson, State of Oregon; Ronald Vaught, City of Portland; Jeff White, Marion County</p> <p>PERS: Kevin Olineck, Yvette Elledge-Rhodes, Sam Paris, Heather Case, Jake Winship, Rebecca Craven, Elli Probasco, Brandon Armatas, Shawn Harper, Jonathan Yost, Matthew Graves, Richard Horsford, Troy Phillips, Christina Hampton, Laurel Galego, Theresa Tabish, Alison Burman</p> <p>Guests: Suzanne Linneen, Katie Kizca, Morgan Allen, Ian Peterson, Carol Samuels, Jennifer Jones, Cheryl Carder, Dina Farrell, Jackie Olsen, Crystal Ayres, Mikayla Mann, Tom Andrews</p>

NOTES

TOPIC	Welcome	Sam Paris
TIME: 10:00 A.M. – 10:05 A.M.		
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: 10:02 A.M. – 10:05 A.M.		
Kevin Olineck, PERS’ Director, provided a Director’s Office update.		
The next PERS Board meeting will take place on July 28, 2023.		
At the meeting, there will be a Milliman valuation update, which will involve setting preliminary actuarial assumptions and methodologies that lead to an advisory and rate setting valuation. Board meeting materials have been posted online and a summary sent to EAG members and interested parties.		
There should be robust conversation on the assumptions and methodologies – to be approved on a preliminary basis. The board will formally approve the assumptions and methodologies at the September 29 PERS Board meeting.		

2023-25 Budget

- The full budget has been approved.
- Requested in the budget:
 - More staff to assist in workload.
 - Senate Bill 1049 funding.
 - \$9.6 million for PERS Modernization.

TOPIC	Senate Bill (SB) 1049 Program Update	Yvette Elledge-Rhodes, Elli Probasco, Christina Hampton
TIME: 10:05 A.M. – 10: 16 A.M.		
Yvette Elledge-Rhodes, PERS' Deputy Director, went over the SB 1049 Roadmap and gave a general project update. Yvette's update was followed by an EDX walkthrough presented by Elli Probasco and supported by Christina Hampton.		
SB 1049 Program is making good progress.		
Member Redirect Project		
Deployment for two work packages took place on June 29. Work Package 9.1 and 9.2. Within the deployment:		
<ul style="list-style-type: none">• Updates to Employee Pension Stability Accounts (EPSA) that allow us to process, distribute, and make general ledger transactions of EPSA withdrawals.		
There are six remaining work packages to be deployed.		
Technical Debt Project		
<ul style="list-style-type: none">• June 29 deployment contained Work Package 6, General Ledger Reviews.• There is one remaining work package to be deployed in February 2024.		
Additional information		
Yvette shared the SB 1049 Road Map with EAG. PERS has now moved into the final two years of the road map. This is a big milestone for PERS.		
Employer Statement Download		
Elli shared the new employer statement download functionality:		
<ul style="list-style-type: none">• This will allow employers to download invoice details from employer statements into a Microsoft Excel file (.xlsx).• Internal testing begins October 20, 2023.• Deployment to production is currently projected for evening of February 15, 2024.		
If anyone from EAG is interested in trying out the functionality during testing, please let Elli know. You may contact her via email at Product.Owner.Team@pers.oregon.gov .		
Elli walked the group through how employers would access the Excel download functionality.		

- *Carol Samuels, question:* Can this functionality be deployed for valuations?
 - *Jake Winship, answer:* This can be considered, but is not in development at this time.

- *Suzanne Linneen, question:* Carol, it would be great to understand better what your request is, as I am not sure I understand entirely.
 - *Carol Samuels, comment:* Suzanne, as you know, the valuation provides information on payroll rates, side account info, UALs, etc. of each category on either an advisory basis (2022), or on a rate setting basis (2023). I'm just asking for that information to be available on a downloadable basis into Excel so that employers can easily compare from year to year.

TOPIC	Legislative Update	Heather Case
TIME: 10:16 A.M. – 10:20 A.M.		
<p>Heather Case, PERS' Senior Policy Advisor, gave a brief legislative update.</p> <p>2023 legislative session ended on June 25, 2023.</p> <p>All PERS agency bills passed:</p> <ul style="list-style-type: none"> • House Bill (HB) 2283, PERS Modernization Fixes. • HB 2284, Divorce Fee Increase. • HB 2285, Social Security Statute Updates. • HB 5033, PERS Agency Budget Bill. <p>On the heels of the legislative session, PERS has already begun implementation this month for bills that affect both PERS the agency and PERS the plan. The implementation plan involves identifying sections affected by each bill, and meeting with those affected sections to ensure that the folks who conduct the business being affected by the bills have a hand in implementation. The agency will be informing employers about bills that affect them through employer announcements, the employer newsletter, and future EAG meetings as needed. PERS will continue to inform employers about bills that impact them.</p> <p>By July 31, the Legislation Impacting PERS webpage will be updated with a list of 2023 legislation that was passed that affects PERS.</p> <p>Please follow this link to learn more about bills impacting the agency and members: https://www.oregon.gov/pers/Pages/Legislation/Legislation-Impacting-PERS.aspx</p>		

TOPIC	Actuarial Update	Jake Winship
TIME: 10:20 A.M – 10:57 A.M.		

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

Jake introduced Troy Phillips, PERS' new Actuarial Business Specialist.

- Troy joined the agency on May 8, 2023. Previously he worked for the Oregon Employment Department.
- He will be responsible for duties previously performed by MaryMichelle Sosne.
 - Troy will monitor the actuarial.services@pers.oregon.gov inbox, as the primary point of contact for requests.
 - He will also be the primary communications coordinator for the Actuarial Section:
 - Crafting guides to understanding.
 - Updating website information.
 - Answering side account inquiries.
 - Answering contribution rate questions.

Side account overview

Definition of side accounts:

Lump-sum payments to prepay all or part of an employer's pension liabilities. A side account:

- Is attributed solely to the employer.
- Is held separately from other employer reserves.
- Cannot be withdrawn once deposited.

Invested:

- Money is invested in the PERS Trust.
- Accounts are subject to the same earnings and losses as all other investments in the Oregon PERS Fund.

Benefits:

- Establishing a side account increases employer assets.
- Side account balances are used to calculate side account rate offsets.

Calculation of side account rate offset

Rate offset reduces employer net contribution rates for specified period.

- Calculated similarly to Unfunded Actuarial Liability contribution rate.
- Starting with 2022 valuation, will reflect lag in implementing new rate.
- Annuity factor is calculated based on:
 - Remaining period of amortization.
 - Assumed interest rate (currently 6.9%).
- Side account balance is divided by this annuity factor.
- This quotient determines dollar amount to be charged in upcoming period.
- The dollar amount thus determined is divided by valuation payroll projected for period to determine offset rate.

Expiration of side accounts

- Majority (183 out of 349, or 52%) are scheduled to fully amortize on December 31, 2027.
- OHSU has two expiring before this date (out of seven current side accounts).

- Only 15 other side accounts are set to expire before the December 31, 2027, date.

Key items to consider when planning an action to resolve:

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

Proposed method when side accounts expire:

- For the 2025 valuation, consulting actuary will determine the 2027-29 biennium contribution rate for each employer.
- Contribution rate will not reflect any offset for side accounts expiring 12/31/2027.
- Side account offset rates will be calculated for all other side accounts.

Shortly after the end of 2025-27 biennium, account balance of every expiring side account will be determined as of 6/30/27.

Account balance will be credited to employer’s EDX account. Subsequent contributions due will reduce this credit limit until it is depleted.

PERS will continue to develop these concepts and provide more information at upcoming EAG meetings.

In late August and September, the 6/30/27 balance will be available for estimating the credit and true-up value. The full benefit would accrue to the employer, and the side account would be removed.

There will be more elaboration to follow at future meeting and in [Employer News](#).

- *Carol Samuels, question:* Is the current thinking in December 2027, to take value and update it for April, then take 30% of that balance and provide it as credit for July payments? After that update the value for August/September and additional credit until fully amortized in December?
 - *Jake Winship, answer:* Those are the basic mechanics. PERS needs to wait until April when 2026 earnings are fully reported by Financial Services Division. If no election is made to transfer into another side account, then a credit will be made. The 30% at beginning of year is a credit to reduce contributions. PERS will determine calculation including mid-year earnings of mid-year balance and make an additional credit available to employers before the end of 2027.
 - *Carol Samuels, comment:* That sounds like the main message in first six months of 2027-28 biennium, the impact of side account will add variable contributions.
 - *Jake Winship, comment:* Hopefully we are aiding in frontloaded credit, and we are preparing employers to properly manage their funding to go forward with contributions in the next biennium.
 - *Carol Samuels, comment:* I think a lot of communication will be necessary to aid employers in preparation.
 - *Jake Winship, comment:* Agreed. PERS is planning a robust communication plan including articles in the *Employer News*.

Edits to 2022 Valuation Reports

Based on recommendations from EAG and Gabriel, Roeder & Smith Company 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.

Side account information:

- Rate offset beginning date for every account.
- Rate offset ending date for every account.

Jake went on to share a draft of the revised version of the Employer Contribution Rates.

Jake shared additional side account information to include how to read balances in a valuation report.

- Additional verbiage has been created to share more information about the development of side accounts.

Actuarial updates

- July 20 PERS Board Meeting
 - Assumptions and methods to be adopted by the board in consultation with actuary.
- September 29 PERS Board Meeting
 - System-wide December 31, 2022, actuarial valuation results.
- December 1 PERS Board Meeting
 - Advisory 2025-27 employer-specific contribution rates.
- December 2023
 - Individual employer valuations available online.
 - Please [sign up for GovDelivery](#) to be notified of their posting.

TOPIC	Employer Service Center (ESC) Update	Brandon Armatas
TIME: 10:57 A.M. – 11:11 A.M.		
Brandon Armatas, Data Services Section Manager, gave an Employer Service Center update.		
Paid Leave Oregon		
<ul style="list-style-type: none">• The program went into effect January 1, 2023.• Benefits will begin September 3, 2023.		
PERS reporting requirements remain the same.		

- Read the [“How do I report Paid Leave Oregon contributions and payments?” FAQ](#)

ESC update

The agency has zeroed in on how critical education and training are to building capabilities, trust, and confidence. Employer reporting can be challenging. PERS recognizes this and has been working to update and publish employer training materials/resources to help build that trust and confidence.

Signals that indicate a need to revitalize training:

- Changes to PERS technology and policy.
- Employer feedback.
- Counter-effort to turnover.
- Gaps identified in training model and platform offerings.

What is PERS doing?

A group of key individuals from across the agency is mapping out training and engagement plans. Training that PERS provides will be learning-centric, meaning accessible when needed.

Other highlights:

- Designed for both beginners and advanced users.
- Interactive by nature.
- Supplements instructor-led offerings.
- Adjustable in real-time.

Where is the agency now, and what is coming?

Current and future offerings:

- The Employer Reporting Guides series
 - Replaces existing employer manuals.
 - 28 guides and 8 quick references.
 - Final 16 guides in development.
- Videos
 - Short snapshot training videos, such as “How to Hire a New Employee.”
 - Four in development.
- Instructor-led training
 - Webinars led by ESC experts.
 - Two previous courses being updated and expanded into five courses with companion manuals.
 - These are currently in development.
- Interactive training
 - On-demand, interactive trainings set up via Workday Learnings.
 - This training is currently in development.

TOPIC	Communications Update	Shawn Harper
TIME: 11:11 A.M. – 11:19 A.M.		

Shawn Harper, Employer Communications Specialist, and Jonathan Yost, Senior Marketing and Communications Specialist, gave a Communications update.

[The new PERS website](#) launched on June 29, 2023.

- The site is designed for easier, faster navigation, as well as optimized for mobile use.

Shawn gave the group a tutorial on website navigation (more detail can be found in the [July EAG presentation starting on slide 37](#)).

Yost provided a quick expo update.

- Registration for the PERS Expo opens in August.
- [Registration link can be found here.](#)
- The expo theme going forward will be “Destination: Retirement.”
- Please encourage employees to attend the PERS Expo to:
 - Better understand their retirement benefits.
 - Know when to check in with PERS.
 - Learn how to get an estimate of a future pension.
 - Understand the payout options available based on tier.

TOPIC	Open Discussion	Sam Paris
TIME: 11:19 A.M. – 11:21 A.M.		
With the remaining time, Sam opened the meeting to EAG members for questions and discussion. <ul style="list-style-type: none">• <i>Rhonda Miller, question:</i> Happy to see download feature for employer statements. Is there a plan to add a print feature?<ul style="list-style-type: none">○ <i>Christina Hampton, answer:</i> Yes, there is a plan to do that; however, it is not in development yet. The download functionality will be deployed in February next year as part of the next round of SB 1049 deployments. The new .xlsx feature should help with the printing and reconciliation process.		

Next meeting facilitator: Sam Paris
Next meeting date and time: October 20, 2023