

October 2017

## OPSRP IAP First Wage Clean-Up Project – EAG Update

### Recap on priority determination:

- The clean-up population is divided into 4 groups.
  - Group 1: Active members whose accounts have no other data issues and who have not yet applied for benefits. The only correction needed is to add the missing contributions for the first eligible pay date(s) on or after their Contribution Start Date.
  - Group 2: Active members who have not yet applied for benefits whose accounts need to be individually reviewed by PERS staff for other potential data issues.
  - Group 3: Active members who have applied for retirement, withdrawal, or have a Data Verification Request pending whose account either have or don't have other data issues - these members are also in either Group 1 or Group 2 queries.
  - Group 4: Members whose accounts are closed (retired or withdrawn) and either have or don't have other data issues.
- First priority will be on Group 3.
- Next priority will be on Group 1. PERS staff will:
  - send each employer a list of employees to validate, and
  - use .dat files to make corrections.

The work on developing the tracking tool is still in progress. The accounts in the cleanup population have been identified and are ready to be loaded into the tool as soon as it's ready.

| Full population         |        |
|-------------------------|--------|
| # of PERS IDs           | 56,865 |
| # of impacted employers | 656    |

| Group 1                 |          |
|-------------------------|----------|
| # of PERS IDs           | 15,892 * |
| # of impacted employers | 532      |

| Group 2                 |          |
|-------------------------|----------|
| # of PERS IDs           | 31,850 * |
| # of impacted employers | 517      |

| Group 4                 |         |
|-------------------------|---------|
| # of PERS IDs           | 9,123 * |
| # of impacted employers | 382     |

\* These numbers will shift: Members from Group 1 and Group 2 will move in Group 3 when they apply for benefits, or to Group 4 if the corrections are yet completed at the time PERS issues their benefits.

# Data Reliability Breakthrough – Update to EAG 10/20/2017

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## Review:

- Data Reliability efforts have been ongoing since our last update to the EAG.
- In our last update to you we talked about starting on the Objective and Situational Statements.
- We really want to thank you for your interest, questions and comments from the last meeting. Your thoughts mirrored those of the core team working on this, especially on software changes, employer engagement, and potential root causes of data issues.

*Provided with this presentation are copies of the Objective and Situational Statements, our modified timeline, and the sub-team's list of data to gather.*

## Objective:

- An objective provides a clear and concise ideal statement of **where we should be when we're done**.

## Situation:

- The situation is the opposite of the objective. It is a series of descriptive sentences defining the **starting point** including any barriers or opportunities we can take advantage of.

## Forming sub-teams:

- Sub-teams formed for each category will work to define the path from the situation statements to the objective.
- The core team is still working to recruit for four of five sub-teams.
- We have recruited for our first sub-team – the Employer team. Their Co-Captain, Kimberly Johnson will be presenting their work ...

## Next steps:

- The sub-team's job will be to figure out how to get from the current situation to our objective, one step at a time.
- We're identifying statistics that define the situation and will measure our data health and project success.
- We're also looking for opportunities to build employer confidence in the data and our fiscal stewardship.
- We created a list of data we would like to gather, and are requesting specific feedback from the EAG.

## Feedback requested:

- Does the list seem complete? If not, what are we missing?
- Building on your suggestions, we want to tailor outreach to employers with similar data challenges by grouping them. Does the EAG have any suggestions of what these groups should be?
- Some data will need to be gathered from the employers. What is the best way to do this?

## **OBJECTIVE:**

*Stakeholders confident in validated, complete data*

## **SITUATIONAL STATEMENT:**

Data Reliability is the cornerstone of PERS' mission to "pay the right person the right benefit at the right time." PERS currently suffers from a lack of reliable data.

### **Employers:**

- a) PERS' complexity and reporting requirements place a heavy burden on employer resources which contribute to unreliable data.
- b) Incomplete, inaccurate, and late data, and/or not reconciling every year, results in additional unbudgeted cost to employers proportional to the length of the delay. For example, prior year earnings on \$100 in member contributions for a Tier One member reported in March 2017 for year 2015 would cost \$7.75 versus \$2,059.20 for the same contribution amount for 1985.

### **Members:**

- a) PERS and the Online Member Services tool do not empower members with the knowledge, transparency and education needed to review, understand, and verify their data.
- b) Changes affecting the treatment, accuracy, and reporting of data frequently happens which erodes member confidence and sense of control.

### **Data Maintenance:**

- a) Unreliable data results in 25% of withdrawals and 15% of service retirements requiring data correction at benefit calculation.
- b) Resource constraints and lack of agility as an agency result in a cycle of reactive account maintenance, leading to a growing backlog of approximately 200,000 accounts with identified data issues requiring research and resolution.

### **Information System:**

- a) PERS' information system was not designed to meet all the requirements of the law, and is not flexible enough to quickly accommodate changes to laws and P&P, forcing workarounds that add risk and inefficiencies.
- b) Lack of automation, input controls and validations allows retroactive adjustments and perpetuation of unreliable data.

### **Business:**

- a) PERS' current business model is reactive and does not provide structure or resources, including sufficient training, to accommodate proactive solutions.
- b) Changes to interpretation and application of laws, rules and regulations complicate business operations, impact data integrity, and erode trust.

Improving the way we serve our stakeholders will strengthen trust and confidence in Oregon's Public Employee Retirement System.

# Employer Sub-Team Data Gathering Initiative

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## Questions for the EAG:

- Do the following lists seem complete? If not, what is missing?
- What would be good ways to group employers for tailored outreach?
- What is the best way to gather data from employers?

### 1. Data to gather from Employers:

- What prompts employers to change data? Requests from PERS, requests from employees, internal audits or review, or something else? What percentage of requests come from PERS vs. other sources?
- Of the time (FTE) employers spend on PERS reporting, what percentage is spent researching and correcting data?
- Do employers find it useful to keep submitted records unposted for any period of time? If so, why?
- What strategies do employers use to get suspended records to post?
- What is your level of confidence in the data?
- What would increase employers' confidence in the data?
- What information do employers need to post data with confidence?
- What are the main challenges employers face when reporting to PERS?
- What reporting practices do employers use to minimize risk?

### 2. Data to gather internally from PERS' systems:

- Annual financial impact to employers from prior year adjustments
- Number of adjustments resulting in invoices
- Number of adjustments resulting in credits
- Frequency of corrections to posted data
- Reasons to change posted data
- Typical ratio of posted vs. suspended/valid records per month
- Average number of times a suspended/valid record is modified/saved before it posts
- Reasons records don't post the first time
- Average age of data being modified (display on a graph)

# DATA RELIABILITY BREAKTHROUGH

## High-Level Timeline

*February 2016 through June 2019*

