

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 7/18/2025

Time: 10:00 a.m. – 12:00 p.m.

Location: Microsoft Teams

TYPE OF MEETING	EAG meeting
FACILITATOR	Sam Paris
NOTE TAKER	Chloe Harris
CALL-IN NUMBER	+1 971-300-4342 Phone conference ID: 881 244 608#
ATTENDEES	<p>EAG members: Matt Warner, League of Oregon Cities; Shauna Tobiasson, State of Oregon; Lori Sattenspiel, Oregon School Boards Association; Jeff Rasmussen, Association of Oregon Counties; Sharie Lewis, Oregon School Boards Association; Gina Turner, Portland State University; Anne Willis, University of Oregon</p> <p>PERS staff: Kevin Olineck, Yvette Elledge-Rhodes, Sam Paris, Heather Case, Jake Winship, Laurel Galego, Troy Phillips, Shawn Harper, Jonathan Yost, Elizabeth Rossman Weber, Elli Probasco, Matthew Graves, Stephanie Vaughn, Kristi Ivers, Brandon Armatas, Chloe Harris, Holly Effenberger</p> <p>Guests: Suzanne Linneen, Katie Kicza, Carol Samuels, Donna Chastain, Gay Lynn Bath, Jackie Olsen, Jennifer Jones, Morgan Allen, David Jarvis, Esther Orozco, Ian Petersen, Cheryl Carder, Stacy Michaelson, JoAnn Zahn, Dina Farrell</p>

NOTES

TOPIC	Welcome	Sam Paris
TIME: 10:00–10:02		
Sam Paris, PERS Chief Operations Officer, welcomed the Employer Advisory Group (EAG) and reviewed the meeting agenda .		

TOPIC	Director's Office update	Kevin Olineck
TIME: 10:02–10:09		
Kevin Olineck, PERS Director, gave an overview of highlights from the May 2025 board meeting. The board meeting packet is available on the website .		
May Board Recap		
The May 30, 2025, PERS Board meeting topics included the PERS Health Insurance Program (PHIP) annual report, PHIP renewals and rates for 2026, actuarial request for proposal (RFP) process and timing, employer contribution-rate changes, and an overview of Milliman actuarial methods and assumptions.		

July 2025 board meeting preview

The [July 25, 2025, PERS Board Meeting](#) topics include the final Senate Bill (SB) 1049 update, PERS Modernization Program update, legislative wrap-up, and a preliminary adoption of valuation methods and assumptions presented by Milliman.

Milliman has conducted an experience study that looks at hires, fires, retirements, deaths, and other statistics. They have updated their assumptions based on the information. The 2024 Experience Study led to adjustments to actuarial mortality tables.

Milliman will present the valuation methods and assumptions at the September 25, 2025, board meeting. The board will be asked to adopt the assumed rate of return.

Q: *Carol Samuels*: I want to clarify what I heard. The changes result in a payroll rate decrease, but unfunded liability increase?

A: *Kevin Olineck*: No, it will decrease both the UAL and contribution rates.

PERS budget 2025-27

Senate Bill 5534 for the PERS budget was passed and will provide most of the requested funding. Additional funding requests will be made in the 2026 legislative session.

The budget request in 2026 will include modernization program funding and a House Bill (HB) 4045 update.

TOPIC	Legislative update	Heather Case
TIME: 10:09–10:24		
Heather Case, PERS Senior Policy Advisor, gave a wrap-up of the 2025 legislative session.		
2025 Legislative Session (1/21 – 6/27)		
Passed:		
<ul style="list-style-type: none">• Senate Bill (SB) 849* – Changes to usage of School Districts Unfunded Liability Fund (SDULF). Effective 5/5/2025 with new rates in effect July 1, 2025.• SB 851* – Clarifications to employer and member reporting. Effective 1/1/26.• SB 852* – Clarifications to post-retirement death benefits. Effective 1/1/26.• SB 588 – Changes to disability eligibility requirements for Police and Fire job classification for all programs (Tier One, Tier Two, and Oregon Public Service Retirement Plan (OPSRP)). Allows OPSRP disability benefit recipients to earn “intermittent and unpredictable” income of less than 10% of their previous working salary without sacrificing their disability benefits. Also establishes timelines for referring contested Police and Fire disability cases that have requests for hearings. The PERS Board must refer a case for a hearing within 180 days. If member requests an extension, the case must be referred for hearing within 360 days.• SB 757 – Addition of OSHU chaplains to SB 128 (2023) ensuring OHSU chaplain housing allowance is included as subject salary for PERS purposes.		
*PERS-introduced bill		

- HB 2728 – Requires PERS to list the following in a member’s Notice of Entitlement (NOE):
 - The total hours of overtime the member has.
 - The number of overtime hours PERS used to calculate the member’s final average salary. An article will be coming out soon to explain more of the “why” behind this.
- SB 5534 – PERS budget bill.
- SB 5530 – Allocation of lottery funding to remove all on-going allocations from sports betting to the Employer Incentive Fund (EIF) for 2025-27 biennium. No new funds to EIF for the 2025-27 biennium. EIF will remain open, and interest will accumulate until program sunsets in 2042.

Not passed:

- SB 847* – Updates to PERS Health Insurance Program (PHIP).

*PERS-introduced bill.

What’s next?

Heather led us through the next steps of implementation activities on bills in order of effective dates and priorities. Managers and subject-matter experts (SME) will identify tasks necessary for implementation.

PERS has completed its statutory reporting for 2025 session. We have new reporting requirements for 2026.

Implementation activities have already started on bills that were passed. Department of Administrative Services (DAS) usually puts together Implementation materials for statewide bills.

Planning for 2027 PERS legislative concepts will begin in September 2025.

Q: *Carol Samuels*: How will the rate collar be implemented for SB 849? Will 2027-29 start with the old, non-adjusted rate or the new rate?

A: *Kevin Olineck*: The decision will need to be made by the board during the 7/25 meeting. The decision will come down to how quickly it should be paid off. There is a benefit for both scenarios. The board packet contains the slides from Milliman.

Q: *Morgan Allen*: How come the board must decide so soon?

A: *Kevin Olineck* – Milliman needs to finalize the rate collar decision so that they can finalize the 2024 actuarial valuation and provide employers their advisory rates. It is part of our rate setting flow to have these decisions made a year or two in advance. It is an integral part of the advisory rates process.

TOPIC	Modernization update	Kristi Ivers
TIME: 10:24 - 10:32		
<p>Kristi Ivers, PERS Modernization Program Director, presented an update on modernization efforts.</p>		
<p>Telephony Modernization Project</p> <p>This project will upgrade our call centers. Phase 1 implementation went live 7/14/25 to add call transcripts and other tools to improve the overall call experience. Members are offered a call back after one minute, which reduces call-wait times and increases customer service. Agents receive call transcripts after a call, which reduces manual work and call wait time for our callers.</p> <p>Phase 2 will implement additional functionality/features to further improve customer service.</p>		
<p>UX/UI Project</p> <p>A new project to update Online Member Services (OMS) for members and Employer Data Exchange (EDX) for employers be compliant with the Americans with Disabilities Act (ADA) by April 2026. An example would be images on websites that have additional text explaining the photo so screen readers can describe images for the visually impaired. Working with oversight bodies to start planning this work effort.</p>		
<p>Data Cleaning</p> <p>Funding to implement jClarety data cleaning was not approved for 2025-26. We will be requesting budget again in February 2026. What was worked on has been completed on time and on budget for current scope.</p>		
<p>Hybrid Integration Platform (HIP)</p> <p>Partial funding was approved for 2025-26 to allow seamless connections between business-critical applications. Scope has been reduced because of partial funding. We will work on planning activities in the meantime and will ask for more funding in 2026. May not have updates until more funding is approved.</p>		
<p>Planning – Options Decision Framework</p> <p>PERS worked with Gartner to assess options for a new pension administration system (PAS). They delivered their scoring on May 23, 2025. PERS has been evaluating the scoring of the framework to decide the best option between buying, building, or customizing existing systems.</p> <p>Once an option is approved, we will present a new roadmap at the September 26, 2025, board meeting.</p>		

TOPIC	Actuarial update	Troy Phillips
TIME: 10:32–10:43		
<p>Troy Phillips, PERS Actuarial Business Specialist, presented an update on actuarial activities.</p> <p>2025 Employer Incentive Fund (EIF) program</p> <p>Phase one, April 1 – June 30, 2025: Application period for employers with an unfunded actuarial liability (UAL) greater than 200% of valuation payroll.</p> <ul style="list-style-type: none"> • Fund starting balance: \$39 million • Employers who were approved for matching funds: 8 • Matching funds allocated: \$5.7 million <p>Phase two, July 1, 2025 – March 31, 2026: Application period for all employers.</p> <ul style="list-style-type: none"> • Fund starting balance after phase 1: \$33.3 million • Employers who were approved for matching funds: 28 • Matching funds allocated: \$33.3 million • Funds allocated in: one hour 51 minutes <p>Interest in the program exceeded expectations. After both phases, Actuarial Activities Section approved a total of \$39 million in matching funds to 36 employers. A wait list is currently being maintained in case an employer does not pay their deposit on time or reduces their deposit. There are six employers currently on the wait list.</p> <p>Actuarial update – Economic Assumptions</p> <p>These numbers influence employer contribution rates. Milliman reviews and proposes adjustments to these numbers to the board based on past data, current data, and future trends.</p> <p>Inflation assumption has a large impact as it varies significantly over time.</p> <p>Break-even inflation is calculated to make assumption recommendations. Recommendation continues with 2.4% inflation assumption.</p> <p>Real wage growth is the increase of wages more than inflation. Currently it is 1%. Aligns well with historical average. Social Security uses 1.4%. Reviewed national growth compared to PERS. PERS had five basis points higher than national average but fell over the last 10 years. Recommend no changes.</p> <p>System payroll growth is also used to determine employer contribution rates. Current assumption is 3.4%, which consists of 2.4% inflation and 1% real wage. Recommended no change.</p>		

Administrative expenses were reviewed over the last four years. PERS had an increase in administrative expenses. Modernization costs are expected to increase annual expenses. Expense increased 12.5% from previous year's expenses.

PERS Board will review these recommendations at the July 25 board meeting. The 2024 Experience Study will be presented; it is used to recommend actuarial methods and assumptions for the 2024 and 2025 valuations.

Mortality assumptions have been adjusted, and new pension mortality tables were created and released in July 2025. A lot of data provided by PERS and other public systems allow actuaries to accurately report the new basis consistent with mandates to use the most up-to-date mortality assumptions.

The recommended changes to demographic assumptions will **reduce UAL** by approximately \$0.9 billion and **reduce base contributions** by about 0.5% of payroll (50 basis points).

TOPIC	Communications update	Shawn Harper
TIME: 10:43–10:51		
Shawn Harper, Employer Communications Specialist, gave a Communications update.		
Employer Satisfaction Survey		
<p>The member and employer satisfaction surveys wrapped up on May 31, 2025. We set a goal to get 500 responses to the employer survey this year. We received 566 responses. Communications and ESC made a big effort this year to meet and surpass our 2024 number. Those efforts included weekly reminder emails, alerts on the Employer website homepage, and ESC representatives including a link to the survey in emails. Feedback results will be presented at the September 26, 2025, board meeting.</p>		
New and updated resources for employers		
<p>Shawn reviewed new and updated resources that have been published for employers. There are two more guides in the series of 28 employer reporting guides yet to be completed. We are aiming to have these done this fall. Communications is constantly updating guides as things change. Guide 22 is a new guide about how employers can change their own demographic information plus that of their employees. It also explains how inactive members, retirees, working retirees, beneficiaries, and alternate payees can change their own information. We also released a new reference guide that explains correct usage of subject and non-subject salary fields.</p>		
Awards		
<p>Oregon PERS entered four projects in the National Association of Government Communicators (NAGC) Blue Pencil and Gold Screen Awards held May 21, 2025. Awards are given based on points, not on competition. Only a third of the entries won any award at all.</p>		
<p>Employer reporting guides won 3rd place (there was no 1st place winner) in Digital/Electronic Publications.</p>		
<p><i>PERS By the Numbers</i> received 2nd place in Annual Reports.</p>		
<p>PERS Expo won 3rd place for Special Event or Conference.</p>		

TOPIC	Open discussion	Sam Paris
Time: 10:51–10:57		
<p>The meeting was opened for questions and discussion.</p> <p><i>Suzanne Linneen:</i> Suzanne announced that she will be retiring and will no longer be able to serve on the PERS Board. If you are interested in participating on the board, please reach out to Kevin Olineck or Heather Case. Suzanne's last board meeting will be the September meeting.</p> <p><i>Suzanne Linneen:</i> Regarding the OPSRP overtime cap, called average overtime – if you aren't familiar with this process, we encourage you to get familiar with that as OPSRP members are starting to retire. The City of Hillsboro is putting policies in place. I encourage others to create policies regarding the average overtime cap.</p> <p><i>Kevin Olineck:</i> – Please talk to advisor groups and associations regarding the open board position. There is a process we must follow and deadlines to meet. Senate looks at the appointment list and the deadline for Governor's Office review is sometime early to mid-September. Please reach out to Kevin or Heather.</p> <p><i>Laurel Galego:</i> With the new phone system, the ESC option is now option 4 on the phone tree instead of 2. If you have questions about your employees' average overtime, ESC can pull reports for your agency to see where your numbers are. Also, we will have an article in the August Employer News on this topic.</p>		
Next meeting facilitator: Sam Paris		
Next meeting date and time: October 17, 2025		
EAG information: Employer Advisory Group webpage		