

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 10/14/22

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: Brian Knowles, Oregon Community College Association; Michelle Kirby, City of Portland; Trudy Vidal, State of Oregon; Shauna Tobiasson, State of Oregon; Jeff White, Association of Oregon Counties; Jeff Rasmussen, Association of Oregon Counties; Heather Mercer, State Universities; Nancy Brewer; League of Oregon Cities; Lori Sattenspiel, Oregon School Boards Association</p> <p>PERS: Alex Gaub, Alison Burman, Brandon Armatas, El Rossman, Elli Probasco, Heather Case, Jake Winship, Laurel Galego, MaryMichelle Sosne, Richard Horsford, Sam Paris, Jonathan Yost, Stephanie Vaughn, Yvette Elledge-Rhodes, Cyndy Kirkwood, Matthew Graves, Rebecca Craven</p> <p>Guests: Eric Arellano, Ian Peterson, Deborah Tremblay, Cheryl Carder, Kristy Komes, Christine Moody, Kate Knop, Jennifer Jones, Rhonda Miller, Scott Winkels, Morgan Allen, Gay Lynn Bath</p>

NOTES

TOPIC	Welcome	Sam Paris
TIME: 10:00 – 10:03		
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: 10:03 – 10:10		
Yvette Elledge-Rhodes, PERS' Deputy Director, provided a Director's Office update on Kevin's behalf, as he was not able to attend the meeting.		
<p>Sept. 30 Board meeting</p> <p>The agency presented:</p> <ul style="list-style-type: none"> ▪ The updated 2023-28 Strategic Plan Goals and Objectives – if you are interested in learning more, take a look at the board agenda and materials online. ▪ Results from the PERS Member and Employer Satisfaction Surveys. ▪ An overview of the Modernization program (more to come further in the presentation). <p>Milliman presented: 2021 actuarial valuation results.</p>		

Additionally, the Director's Office has received questions and concerns from employers on how to interact with the PERS Board. If employers wish to provide written or oral comments at a board meeting, they must email pers.board@pers.oregon.gov at least three days before the meeting to submit their written testimony or request oral testimony.

PERS Board meeting agenda and materials are provided two weeks in advance of each meeting. Public testimony or comments are taken on action items at the Chair's discretion.

Board member Lawrence Furnstahl's term will be coming to an end soon. In December, there will be a confirmation of the board's new employer representative. If you have specific concerns, the new employer representative will be there to discuss them. There is ongoing discussion of the possibility that the new employer representative might join EAG meetings.

2023-25 budget planning

The agency-requested budget has been submitted. PERS is waiting for the Governor's Recommended Budget to be completed. Due to the current election cycle, the agency will also be going through another Governor's Recommended Budget process after a new governor has been elected in the state.

Modernization

The agency provided a lengthy presentation at the [September 30 board meeting](#). It outlined all the work done to assess business capabilities and build out a Modernization Roadmap.

PERS was granted six new positions, including that of the new Modernization Program Director, Rebecca Craven. She comes to PERS from Business Oregon and DAS.

Rebecca introduced herself to the EAG members and thanked them for working in their important advisory role.

As PERS develops the Modernization governance process, the agency will be standing up a few advisory committees – one of which will be an employer committee.

TOPIC	Legislative Update	Heather Case
TIME: 10:10 – 10:15		
<p>Heather Case, PERS' Senior Policy Advisor, gave a brief legislative update.</p> <p>Agency Legislative Concepts are in the drafting stage now. The agency is wrapping up its round of edits.</p> <p>The agency received drafts back and is recommending edits now on:</p> <ul style="list-style-type: none">▪ Divorce fee increase.▪ Technical changes in advance of Modernization.▪ Deleting obsolete parts of Social Security statuses.		

PERS is happy to help any groups with the language in their proposed legislative concepts, ensuring PERS can administer any possible legislation that might stem from them.

If employers have any questions regarding legislative concepts they may have heard about involving PERS, Heather welcomes them to reach out via email to heather.case@pers.oregon.gov.

Additionally, if employers have any concepts they would like to introduce, please speak to the government affairs coordinators at your respective membership groups (e.g., League of Oregon Cities, Association of Oregon Counties, Oregon School Boards Association, Special Districts Association of Oregon).

At the December PERS Board meeting, Heather will be presenting the agency's legislative concepts for review as final bills.

TOPIC	SB 1049 Program Update	Yvette Elledge-Rhodes
TIME: 10:15 – 10:18		
<p>Yvette Elledge-Rhodes went over the SB 1049 Road Map and gave a general project update.</p> <p>Employer-related impact through SB 1049 is decreasing greatly.</p> <p>However, there is one date to keep in mind this fall:</p> <ul style="list-style-type: none">▪ November 17, 2022, EDX deployment: Small wording change near <i>This Statement at a Glance</i> based on feedback from employer testing in June 2022. The new wording will be “If an ending balance is zero or less, no amount is due. Any credits will be applied to the next statement activity.” <p>Yvette shared the SB 1049 Road Map to give employers a high-level view of where the agency is in the implementation of SB 1049.</p> <p>The agency is focused on wrapping up SB 1049 by the end of the next biennium.</p>		

TOPIC	Communications Update	Jonathan Yost
TIME: 10:18 – 10:23		
<p>Jonathan Yost, PERS' Senior Marketing and Communications Specialist, presented updates on three Communications activities:</p> <ol style="list-style-type: none">1) Progress on updating employer manuals.2) Plan for informing employers about new EDX design.3) Spreading the word about year-end reconciliation.		

Updating employer manuals

Employer manuals (e.g., EDX User Guide, Employer Manual) are being combined to provide a streamlined and updated source of employer reporting information and instructions.

The new consolidated guide will comprise 26 Employer Reporting Guides and 7 Employer Quick Reference Guides that will be published on the [Employer Manuals webpage](#).

The guides will be downloadable and printable.

EDX design

On November 18, 2022, EDX will have an updated look. More communication will be coming soon:

- Nov. 7 – November *Employer News* article
- Nov. 17 – NewsBite email
- Nov. 18 – NewsBite email, if any issues (unlikely)
- More communication as needed

Year-end reconciliation push

To support employers in getting all their reports submitted by year end in March 2023, Communications is sending out more information this year.

- *Employer News* articles throughout fall and winter.
- Special NewsBite with links to instructions.
- New “Correcting Suspended Records” employer reporting guide.
- Spreading awareness of ESC representative support.

TOPIC	Actuarial Update	Jake Winship and MaryMichelle Sosne
TIME: 10:23 – 10:37		
Jake Winship, PERS’ Actuarial Manager, and MaryMichelle Sosne, Actuarial Business Specialist, gave an actuarial update.		
At the September 30 PERS Board meeting, PERS Actuarial Services gave a presentation on the upcoming funded status and unfunded actuarial liability.		
Jake shared a graphic comparing the system-wide results for two most recent rate-setting valuations.		
Summary of actuarial results		
Starting July 2023:		
<ul style="list-style-type: none">▪ Average collared base employer contribution rates will increase 1.07% of pay.▪ Average collared net employer contributions will increase 0.68% of pay.		
Factors affecting contribution rate calculations:		
<ul style="list-style-type: none">▪ The decrease in investment return assumption to 6.9% increased normal costs and accrued liability.▪ Actual 2021 returns of ~20% decreased uncollared UAL rates.		

- Updated rate-collaring policy adopted mid-2021 led to **no decrease** to average collared base UAL rates.
- Strong 2021 side accounts earnings **increased** 2023-25 side accounts offsets (reducing net contribution rate increase).

Key takeaway – There should be more stability in rates over the next several years. This should put PERS into good standing to fully fund the pension program in the future.

Individual employer rates

Employers pay separate rates on different payrolls.

- Tier One/Tier Two payroll:
 - Most employers pay a single average rate for both General Service and Police & Fire.
 - Some SLGRP employers pay distinct General Service and Police & Fire rates.
- OSRP General Service payroll – everyone is part of OSRP and they receive the same normal cost and OSRP UAL rates.
- OSRP Police & Fire payroll – contribution rates reflect higher normal-cost rates.

Employer valuation reports are now available. They are provided for more than 600 employers:

- 362 SLGRP employers.
- 127 independent employers.
- School Districts Pool:
 - 125 school district employers **with** side accounts.
 - All other (169) school district employers **without** a side account will receive an identical report.

Employers were notified via [GovDelivery.com](https://www.oregon.gov/pers/Pages/Financials/Actuarial-Valuations.aspx) and valuations are posted on the [PERS website](https://www.oregon.gov/pers/Pages/Financials/Actuarial-Valuations.aspx).

For more information:

- For employers' individual valuations and the system-wide valuation, please visit: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Valuations.aspx>
- For a list of contribution rates, please visit: <https://www.oregon.gov/pers/EMP/Pages/Contribution-Rates.aspx>

Side accounts and employer incentive fund (EIF)

MaryMichelle Sosne provided an update on side accounts and the employer incentive fund (EIF).

A MAJOR DATE to keep in mind: **December 31, 2027**

- 181 of 297 side accounts will fully amortize by that date.
- 2021-23 medial offsets for affected side accounts are:
 - School Districts – 9.51%.
 - SLGRP – 4.84%.
 - Independents – 2.94%.
- Most impacted employers only have one additional side account.
- This will impact contributions in 2027-29.

PERS Actuarial welcomes any feedback to help make the transition process as smooth as possible.

Question, Nancy Brewer: Does this include actuarial surplus/liability?

Answer: All pre-SLGRP and most transition surplus and liabilities will amortize in 2027.

116 employers have both a pre-SLGRP and transition surplus.

As of the 12/31/2021 valuation, pre-SLGRP liability rate is 1.33% and surplus rate is -1.39%.

Average transitions liability/surplus rate is -3.11%.

Question, Nancy Brewer: Can you do a similar report as the side account offset for the surplus/liability account? Many have a surplus because they issued pension obligation bonds (POB) to fund pre-SLGRP liabilities.

Answer: MaryMichelle will investigate pulling that report.

Employer Incentive Fund

As of September 30, 2022:

- 29,577,545 has been deposited into 20 employer side accounts.
- \$7,134,160 remains to be matched.
 - The remaining 24 employers' matches total \$6,934,879.
- Matches end March 2023.
 - Employers *must* schedule their payments in advance.

The last time PERS can match funds is March 2023. Any unmatched lottery funds will remain in the EIF fund for the next cycle.

TOPIC	Additional Items	Sam Paris
TIME: 10:37 – 11:11		
<p>Sam Paris introduced the remaining additional items.</p> <p>2022 PERS Expo, Sam Paris Held October 5-6. More than 9,000 registered for the event. About 6,000 attended over the two days.</p> <ul style="list-style-type: none">▪ 4,000+ logged on day one. About 2,000 logged on day two. <p>Attendance was high at the OPSRP presentations, which speaks to the engagement of those within that group.</p> <p>A survey has gone out to those who attended, and PERS is still collecting the data. So far, 75% of those surveyed have not attended an Expo before.</p> <p>The Expo website will be up through the end of the year, and that will contain most of the materials shared on Oct. 5 and 6.</p>		

EDX user interface walk-through, *Elli Probasco, Senior Data Services Operations Specialist, and Alison Burman, Operations & Policy Analyst*

On the evening of Nov. 17, 2022, PERS will release changes to the EDX interface.

Most of the changes are cosmetic and PERS-branding oriented.

Alison Burman shared her screen and went over the new design aspects of the EDX update.

Employer penalties, *Brandon Armatas, Data Services Manager*

PERS has not been consistent about charging penalties for late reporting and late payments because of technical issues. A review of updates to the Oregon administrative rules that require penalties is triggering another look at automating this functionality.

This review will take place in three parts:

- Looking at functionality and ensuring PERS has the capabilities and processes in place to enact the penalties.
- Looking at data on employers reporting on time, and those who are not, and asking why.
- Looking at an escalation process, rather than a hardline approach to the penalties. Such as when a new reporter is in the role, giving them some grace.

The agency is looking to develop a plan to strategically manage penalties, and it will be shared with the EAG for feedback in the future.

Nancy Brewer, comment: I like the concepts you are discussing in terms of grace period for new people but applying penalties for those who know better.

Paid Family Leave, *Heather Case*

This item was added to the agenda based on a question from an EAG member.

There has been some confusion around paid contributions *to* and payments made *from* Paid Leave Oregon.

Contributions as they concern Paid Family Leave have a different meaning than PERS contributions.

There are three ways for employers to implement Paid Family Leave Oregon:

- Participate in the Employment Department program — payments to employees are non-subject salary.
- Establish own comparable program — payments to employees are paid through the employer; payments are subject salary.
- Establish own comparable program through a third party — payments to employees are paid from the third party; payments are non-subject salary.

To fund the Paid Leave Oregon insurance, employers and employees share a combined contribution amount of 1% of gross wages (0.4% paid by employer and 0.6% paid by employee). The employer's share of contributions is treated like a payroll tax through a combined payroll report form. The 0.4% is contributed solely by the employer and is considered non-subject salary.

Employees pay their 0.6% contributions as a deduction from their gross wages. Gross wages were already reported as subject salary.

If the employee contribution is picked up by employer:

- Tier One/Tier Two: Non-subject in compliance with [Chapter 238](#).
- OPSRP members: Subject salary because it is not excluded in the definition of “salary” in [Chapter 238A](#).

Department of Revenue is considering this pick-up amount as taxable income. They will have more information available in late October or early November.

Paid Leave Oregon has committed to answering questions within two business days. Please reach out to the Employment Department:

- Submit a request form: <https://paidleavecontact.oregon.gov/hc/en-us/requests/new>.
- Go to website: <https://paidleave.oregon.gov/Pages/default.aspx> (more FAQs coming in October).
- Send an email: paidleave@oregon.gov.
- Call: 833-854-0166.

Nancy Brewer, comment: Heather – thank you and everyone else working on this so much for digging into this part of the issue and getting us clear info. I really appreciate that!

Christine Moody, question: While not wage-related, is service credit for the time off any different under the plan options? (State v. 3rd Party v. Employer paid)?

Answer: PERS will investigate the specific language in the statute to provide more a clear answer and provide to EAG.

2023 EAG Dates, Sam Paris

Proposed EAG meeting dates for 2023:

- January 20, 2023.
- April 21, 2023.
- July 21, 2021.
- October 20, 2023.

Sam asked for immediate concerns regarding the proposed dates – there were none.

Please reach out to the [EAG mailbox](#) if any there are conflicts for the EAG meetings.

TOPIC	Open Discussion	Sam Paris
TIME: 11:11 – 11:13		
With the remaining time, Sam opened the meeting to EAG members for questions and discussion.		
<i>Comment, Morgan Allen:</i> Thank you. These meetings are well organized and easy to digest and process.		

Next meeting facilitator: Sam Paris
Next meeting date and time: January 20, 2023, from 10:00 a.m. to 12:00 p.m.