

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 01/19/2024

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: Lori Sattenspiel, Oregon School Boards Association; Michelle Morrison, Oregon School Boards Association; Gina Turner, State Universities; Anne Willis, State Universities; Shauna Tobiasson, State of Oregon; Matt Warner, League of Oregon Cities; Jeff Rasmussen, Association of Oregon Counties</p> <p>PERS: Kevin Olineck, Yvette Elledge Rhodes, Sam Paris, Heather Case, Brandon Armatas, Jake Winship, Laurel Galego, El Rossman, Alison Burman, Troy Phillips, Christina Hampton, Latifa Salinez, Jonathon Yost, Theresa Tabish, Alex Gaub, Holly Effenberger</p> <p>Guests: Jackie Olsen, Katie Kizca, Tom Andrews, Amber Schonbrod, Jennifer Jones, Brendan Watkins, Cheryl Carder, Morgan Allen, Ian Peterson, Rhonda Miller, Sandra LeHoullier</p>

NOTES

TOPIC	Welcome	Sam Paris
TIME: 10:00-10:02		
<p>Sam Paris, PERS Chief Operations Officer, welcomed the Employer Advisory Group (EAG) and went over the EAG meeting agenda.</p> <p>Sam welcomed new EAG member Matt Warner from the City of Tualatin.</p>		

TOPIC	Director's Office Update	Kevin Olineck
TIME: 10:02-10:05		
<p>Kevin Olineck, PERS Director, provided a Director's Office update.</p> <p>The next PERS Board meeting will take place on February 2, 2024. The board packet will be available by Monday, January 22.</p> <p>Preliminary earnings crediting information will be available at the February 2 PERS Board meeting. It looks like earnings will be coming in at slightly under 6%. Milliman will be providing a verbal update for what that means as far as the funded status of the PERS system.</p>		

Additionally, we've been working on budget planning for the 2025-27 biennium. A high-level report is due next week to the Governor's office.

Kevin also highlighted two recent PERS publications that were released in December 2023: [PERS By the Numbers](#) and the [Annual Comprehensive Financial Report](#).

TOPIC	Legislative Update	Heather Case
TIME: 10:05-10:10		
Heather Case, PERS Senior Policy Advisor, gave a Legislative Update.		
2024 Legislative Session		
The 2024 Legislative Session (short session) will begin February 5 and end by March 10. Agencies cannot introduce legislative concepts, and legislators are limited in the number of bills they can introduce.		
There will likely be bills impacting PERS introduced in the 2024 session.		
One such bill impacting PERS that the agency is currently tracking is the PERS Workforce Stabilization Act of 2024. As of now, the bill sets out to do three things:		
<ol style="list-style-type: none">1. Add elected district attorneys (DA) to the definition of "police officer" for PERS purposes. Deputy district attorneys (those the elected DA hires) were added to the definition of police officer in HB 2054 (2023).2. Create a new member classification called "Hazardous Position." This would be in addition to General Service, Police and Fire (P&F), School Employee, and five other classifications. These folks would have increased benefits, somewhere between General Service and P&F benefits. While this member classification could be added to in the future, to begin with it would include 911 telecommunicators and Oregon State Hospital employees who have direct contact with patients.3. Lower the OPSRP P&F normal retirement age by 5 years from age 60 to age 55 (same age as Tier One/Tier Two P&F retirement age). The retirement age for OPSRP P&F employees who have 25+ years of service would remain the same at 53.		
PERS' staff and consulting actuaries are working on a cost analysis for this bill. This cost analysis will cover the actuarial costs to the PERS plan as well as the agency's cost to implement. There would also be a cost to employers, which has yet to be determined.		
2025 Legislative Concepts		
The Governor has developed a new agency timeline that more closely aligns legislative concept development with budget development. PERS' staff will invite government relations staff from various employer and member groups to meet in February. If you are interested in this concept or the results of the meeting, please contact your government relations folks at your relevant employer group.		
Allen Morgan (COSA) asked to be a part of the meeting: morgan@cosa.k12.or.us		

A preview of PERS’ legislative concepts for the 2025 session will be available at the February 2 PERS Board meeting. Heather will be giving a very high-level overview of upcoming concepts. The PERS Board will then vote on specific concepts to go forward at their April 1 PERS Board meeting.

TOPIC	Senate Bill (SB) 1049 Program Update	Yvette Elledge-Rhodes and Latifa Salinez
TIME: 10:10-10:15		
<p>Yvette Elledge-Rhodes, PERS Deputy Director, and Latifa Salinez, PERS SB 1049 Product Owner, gave an SB 1049 Program Update.</p> <p>Yvette shared the SB 1049 Implementation Road Map and highlighted deployments coming in 2024 and 2025. These deployments are mostly internal-facing and will not impact employers.</p> <p>Latifa shared information on a SB 1049 deployment that will impact employers – employer statement downloads.</p> <p>Certain employers were able to preview the functionality of employer statement downloads in early January. The new functionality is set to deploy to production on February 15, 2024. It will be live in EDX on February 16.</p>		

TOPIC	Actuarial Update	Troy Phillips
TIME: 10:15-10:24		
<p>Troy Phillips, PERS Actuarial Business Specialist, gave an actuarial update.</p> <p>Milliman Financial Modeling</p> <p>Troy shared a small portion of the Milliman financial modeling presentation that was shared with the PERS Board in December.</p> <p>Milliman uses two models to forecast future rates: the steady return model and the variable return model. The steady return model estimates values using a specific steady rate of return over a given period. By contrast, the variable return model estimates a range rather than a single amount. The range’s distribution is based on a stochastic simulation using 10,000 trials.</p> <p>The steady return model illustrates system average employer collared base pension rates under the current rate-setting structure. See slides 12 and 13 in the meeting materials.</p> <p>On slide 13, the blue line in the chart represents the assumed earnings rate of 6.9%. The model indicates that base employer rates will increase in the next biennium. They will then be relatively flat until the 2029-31 biennium, when the model begins to show a slow decline in rates as the PERS retiree population transitions from Tier One/Tier Two members to OPSRP members.</p>		

The other lines represent constant returns of 5% (red), 6.25% (orange), and 9% (green). This model used actual returns of 2.65% through September. Preliminary investment results indicate an approximate return of 5.98% for the year, however, so rate increases may be less than indicated.

Next, Troy presented the results of Milliman's variable return model, which tends to be more realistic because actual future returns won't be steady year-to-year. The variable model showed the effects of having near-term and/or long-term future annualized returns that are worse than the 5% depicted in the steady return model.

The chart on slide 14 illustrates the average annualized investment return for years 2024 through 2042. The median average return for each year is indicated by the diamond, while the light blue band indicates the 25th to 75th percentile returns. The agency would expect the average return to be within this interval 50% of the time. This is because over time, PERS expects that annual returns higher than average and those lower than average will tend to offset each other. The agency would also expect that the average annual return will be within the dark blue interval 80% of the time. It should be noted that as time passes, the range of expected annual returns decreases.

The chart on slide 15 shows expected system average base pension rates using the variable model. The diamond represents the median, the light blue is the 25th to 75th percentile interval, and the dark blue is the 10th to 90th percentile interval. Here the range tends to increase with time because any series of above average or below average returns will have a cumulative effect rather than offsetting.

The last modeling chart, slide 16, shows the range of biennial change to net pension rates. It indicates a significant expected increase in the 2027-29 biennium net pension rates. This is due to the large number of side accounts that will expire in 2027 and the loss of associated rate offsets. After that, the agency expects average net pension rates to be flat or slightly decline in subsequent biennia.

Employer Valuation Reports and Employer Rate-Projection Tool

Troy made EAG members aware that the 2022 valuation reports are now available [on the PERS website](#).

The Employer Rate-Projection Tool is being updated with data from the 2022 actuarial valuations. This will be complete on the morning of January 23. The tool will be offline during the update. After the update is complete, the tool will have the latest data available for you to perform rate projections.

GovDelivery

Troy reminded employers to please consider signing up for GovDelivery updates to receive email or text alerts from PERS. GovDelivery is a communications-delivery tool that allows you to receive updates on topics that may be of interest to you and your employees.

To sign up for GovDelivery updates:

<https://public.govdelivery.com/accounts/ORPERS/subscriber/new>

If you have any questions or feedback, employers are encouraged to email PERS Actuarial at Actuarial.Services@PERS.Oregon.gov.

TOPIC	Employer Service Center (ESC) Update	Laurel Galego
TIME: 10:24-10:29		
<p>Laurel Galego, PERS Employer Service Center Manager, gave an Employer Service Center update.</p> <p>ESC is preparing for 2023 year-end. Reporters need to submit all reports by March 5, 2024.</p> <p>The top eight benefits for reporting on time include:</p> <ol style="list-style-type: none">1. No invoice for prior-year earnings on posted wage records.2. Fewer corrections.3. Faster retirement processing.4. Set up for accurate budgets.5. Smaller workload.6. Easier reconciling.7. Accurate member annual statements.8. Rate based on accurate data. <p>Part-time employees who work for more than one employer need all their employers to submit on time. This can make the difference between earning PERS benefits or not.</p> <p>As a reporting tip, please remind employers that when an employee is leaving their position, the reporter must report the termination in this order:</p> <ol style="list-style-type: none">1. Submit all final wages.2. Ensure wage record(s) posted.3. Submit termination record. <p>Once the termination record is submitted, EDX will not allow the reporter to report wages. A manual adjustment is required, delaying the termination process.</p> <p>Brandon Armatas, Data Services Section Manager, reminded employers that ESC is ready to help and support in the reporting process. There are also several helpful resources available on the PERS Employer website.</p> <p>Also, the ESC Call Center is available for quick questions and employee status checks.</p> <p>Hours 8:30 a.m. – 12 p.m., Monday to Friday (excluding holidays)</p> <p>Phone 888-320-7377 (toll free): select option 1; then option 2 to reach ESC.</p>		

During peak call times, you may get a busy signal when trying to call ESC. If this happens, please wait and try again, or send your question or request in an email to your ESC representative. Find your ESC representative's email address by clicking their team name on the [ESC Representatives webpage](#).

Email

PERS.EDX.Support@pers.oregon.gov

TOPIC	Communications Update	Jonathan Yost
TIME: 10:29-10:35		
<p>Due to technical difficulties, Elizabeth Rossman Weber, Communications Section Manager, took over the Communications update.</p> <p>Communications recently updated documents and webpages to reflect legislative changes.</p> <p>The “EDX Job Class Codes” quick reference guide lists all PERS job classifications and the jobs that qualify for each class, such as Police and Fire, School Employee, and Legislative. PERS added two new jobs to the Police and Fire job class to reflect two new additions to the class from House Bill 2054 (2023) and Senate Bill 951 (2023), effective January 1, 2024.</p> <p>Communications recently published employer announcement 103, which explains the new process established by House Bill 2740 for reporting hours worked by academic staff of a community college or public university.</p> <p>The bill also necessitated the update of the special circumstances FAQ, which includes a question about reporting academic time. Communications updated the previous answer about calculating time based on FTEs to the new process of calculating time by multiplying each hour of academic or classroom time by 2.67.</p> <p>As for new employer materials, Comms has diligently been rolling out new guides in partnership with ESC. These guides include:</p> <ul style="list-style-type: none">• Guide 27, Paying for Your Invoice NEW• Guide 3, Employer Roles and EDX Access• Guide 7, Reporting a New Employee• Video, “The Role of the Employer Reporter” NEW <p>On the PERS website, Communications has also added two new FAQs to clear up questions about reporting LWOP.</p> <ul style="list-style-type: none">• The Leave Without Pay FAQ addresses questions about any type of LWOP.• The Paid Leave Oregon FAQ includes questions specific to a Paid Leave Oregon leave. PERS sourced the questions for this FAQ from the webinar conducted by our Employer Service Center last October, called Paid Leave Oregon and PERS Reporting. About 450 people tuned into that webinar and asked excellent questions.		

TOPIC	Open Discussion	Sam Paris
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TIME: 10:35-10:40

With the remaining time, Sam opened the meeting to EAG members for questions and discussion.

- *Comment:* Michelle Morrison, Oregon School Boards Association – Michelle shared her appreciation for the employer communications.
- *Question:* Ian Peterson – For the Public Safety Workforce Stabilization Act, there was mention of an age being decreased to 55. What was that in reference to?
 - *Answer:* Heather Case, PERS Senior Policy Advisor – P&F OPSRP retirement age would be reduced from 60 to 55 years of age.
- *Question:* Sandra Lehoullier – Mortality tables can affect benefit estimates. Can you tell us the last time updates were made and if any updates are expected to be looked at in the future?
 - *Answer:* Jake Winship, PERS Actuary – Every two years, there is a performance study and mortality tables are investigated. The tables are industry standard and include provision that mortality generally increases over time. Milliman looks at the Experience Study at where the adjustments need to be made. Every two years these are examined, and Milliman uses the best information available to set the benefit estimates.
- *Question:* Shauna Tobiasson – Who would be part of the Hazardous Positions job class?
 - *Answer:* Heather Case, PERS Senior Policy Advisor – It would start with Oregon State Hospital employees and 911 telecommunicators.

Sam thanked the group and ended the meeting.

Next meeting facilitator: Sam Paris

Next meeting date and time: April 19, 2024