

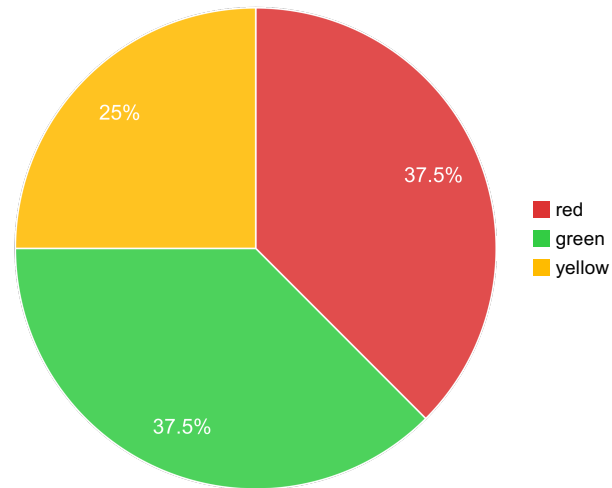
Public Employees Retirement System, Oregon

Annual Performance Progress Report

Reporting Year 2022

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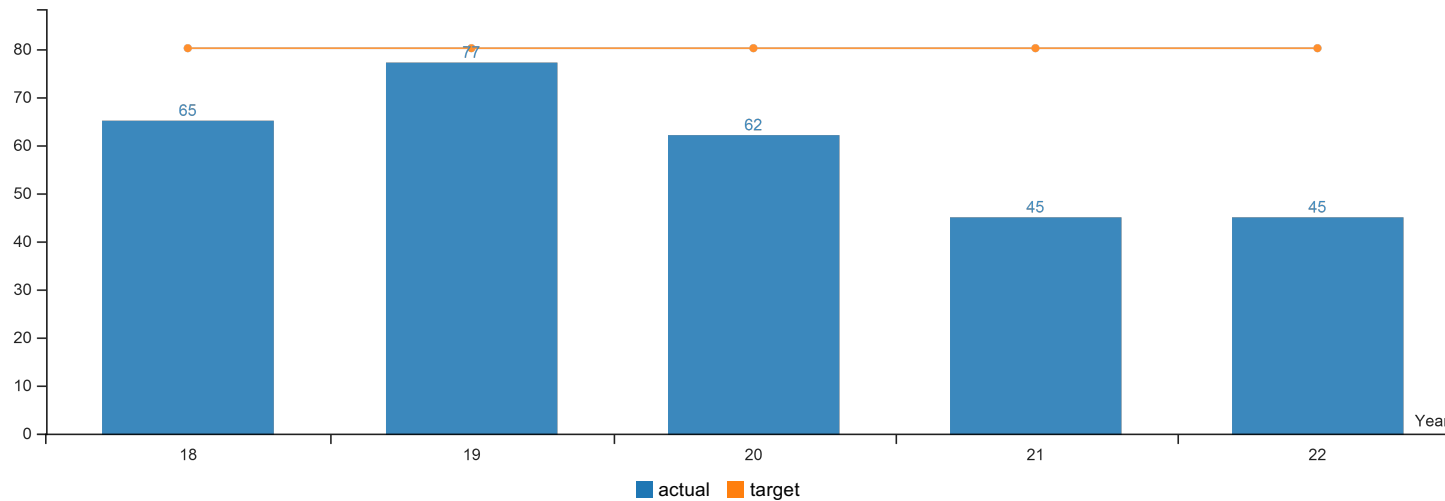
KPM #	Approved Key Performance Measures (KPMs)
1	TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.
2	TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.
3	MEMBER TO STAFF RATIO - Ratio of members to FTE staff.
4	ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.
5	LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.
6	CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
7	TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.
8	BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	37.50%	25%	37.50%

KPM #1	TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of Service Retirements Paid within 45 Days from Retirement Date					
Actual	65%	77%	62%	45%	45%
Target	80%	80%	80%	80%	80%

How Are We Doing

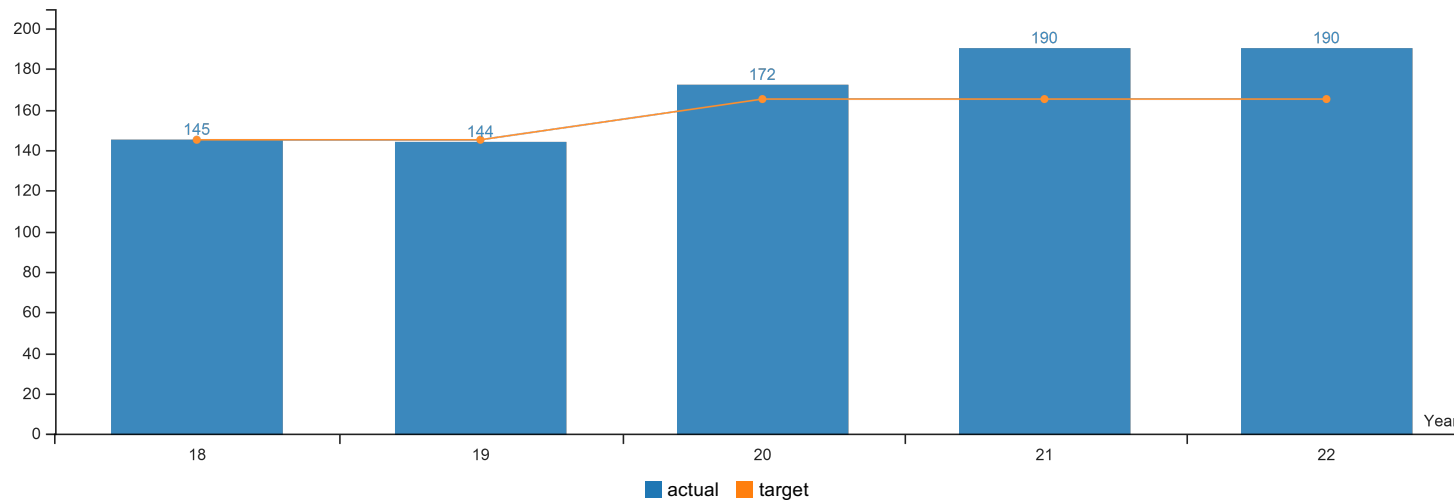
During FY2022, PERS issued 45% of its pension benefit inceptions within 45 days of the member's effective retirement date, which was consistent with the 45% performance rate in FY2021.

Factors Affecting Results

The lower performance over the last two years can be tied to PERS' efforts to implement a significant piece of legislation (SB1049), a multi-year effort requiring additional staffing and functional reallocations of existing staff. Some of the deployments have created additional workarounds for the calculation process, and the performance for this measure has decreased accordingly. Additionally, staff turnover has impacted performance during FY2022. We have filled positions and reallocated resources to address the turnover, but onboarding takes time, and recovery has been slow.

KPM #2	TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = negative result



Report Year	2018	2019	2020	2021	2022
Total Benefit Administration Costs per Member					
Actual	\$145.00	\$144.00	\$172.00	\$190.00	\$190.00
Target	\$145.00	\$145.00	\$165.00	\$165.00	\$165.00

How Are We Doing

For FY2022, PERS' cost per member is \$190, remaining unchanged from FY2021. In FY2022, PERS administrative costs increased very slightly by 0.3% to \$79.1 million, from the \$78.9 million in FY2021. The overall membership increased by a similarly marginal 0.3% in FY2022, to nearly 416,000 members, up from nearly 415,000 in FY2021.

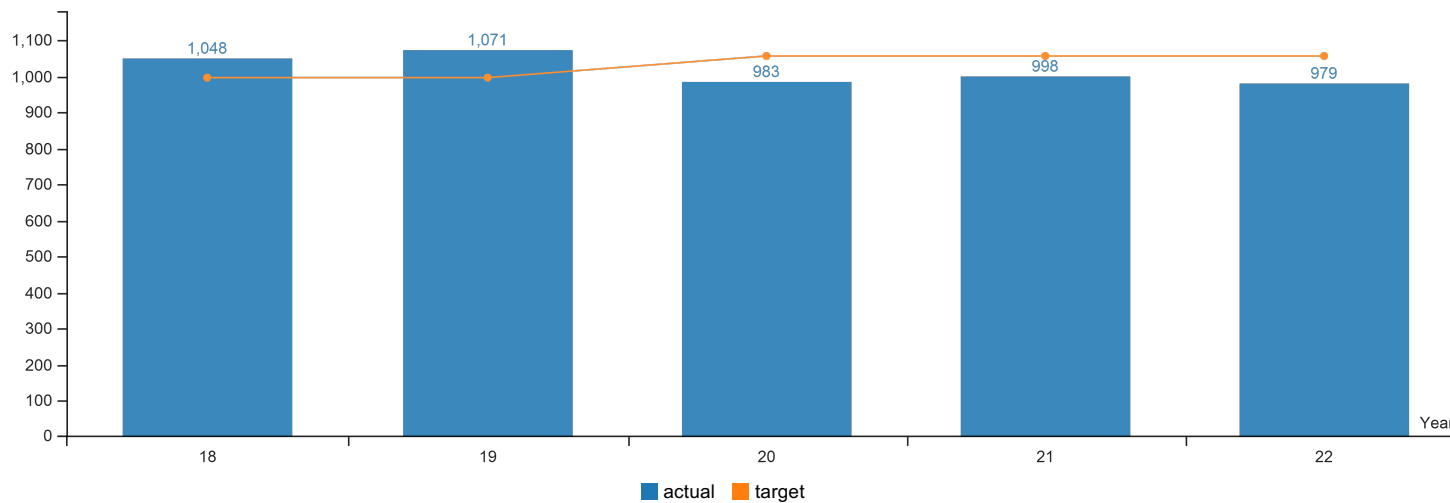
Factors Affecting Results

FY2022 total administrative costs (non-inflation adjusted) are up by only \$252,000 from FY2021. This represented a 0.3% increase. And with membership numbers increasing by only 0.3%, the resulting overall cost per member remained consistent from FY2021.

As described in the narrative for KPM #3, part of what drives PERS' administrative costs is the complexity of the multiple plans under Oregon PERS. This complexity makes it more difficult to automate some retirement functions that PERS administers, which increases the reliance on staff-intensive processes. This drives up the cost of administering PERS and thus adds to the cost per member measured here. But the main reason for the large increases in costs since FY2021 is the continuation and upswing of SB1049 implementation. PERS saw a \$9 million increase in SB1049 project costs in FY2021, and the costs held steady in FY2022 as the SB1049 project continued. This major project has required PERS to hire staff and consultants and conduct extensive work on our Individual Account Program (IAP).

KPM #3	MEMBER TO STAFF RATIO - Ratio of members to FTE staff.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Member to Staff Ratio					
Actual	1,048	1,071	983	998	979
Target	995	995	1,055	1,055	1,055

How Are We Doing

PERS' member to staff ratio decreased to 979:1 in FY2022, down from 998:1 in FY2021. The staffing for FY22 increased by 2.2% over FY21 levels, while the membership levels remained only slightly higher than last year, a 0.3% increase. Due to a large legislative implementation project for SB1049, PERS added 37 FTE in FY2020, and added another nine FTE in FY2022. Because of the large staffing increase over the last few years, the resulting Member to Staff ratio has dropped below targeted levels over this time.

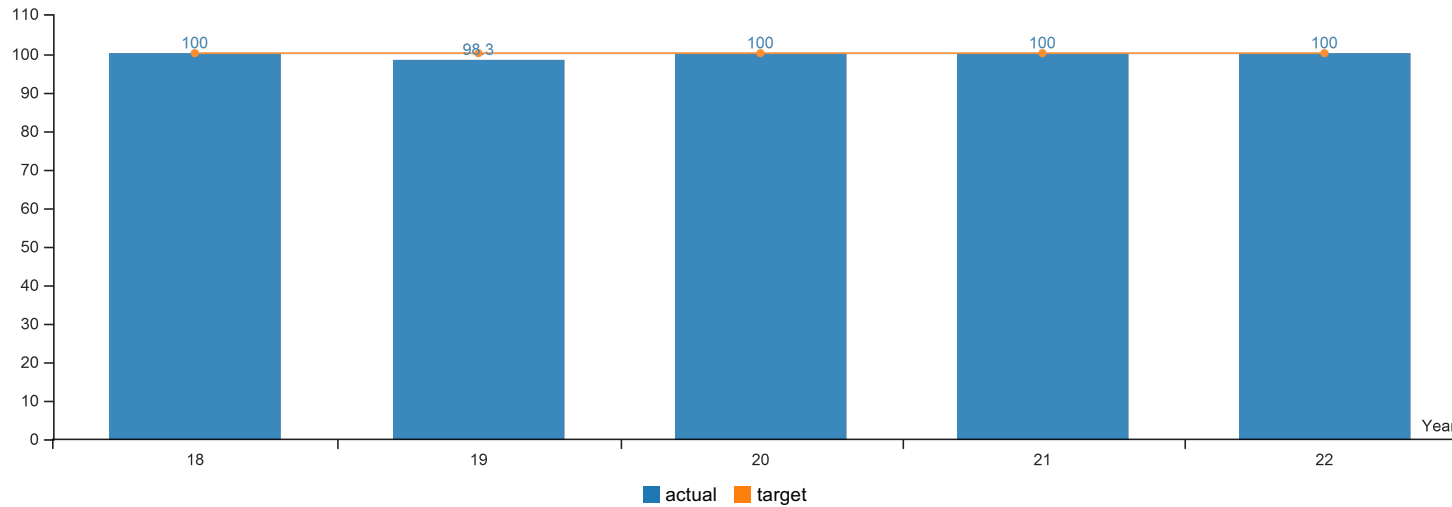
Factors Affecting Results

PERS is observed to be the second most complex system among nearly 70 other domestic and international public retirement systems identified in the CEM Benchmarking, Inc. Benchmarking Analysis each year. This complexity is driven by PERS' service to multiple classes of public employees, including part-time employees, the large number of retirement options, multiple retirement benefit calculations, and a number of other benefit add-ons. The complexity has made it difficult to provide enterprise-level, IT-based applications and solutions.

The 2003 PERS Reform legislation contributed to system complexity and increased staffing by adding two new retirement programs (OPSRP and IAP). PERS grew to an agency of 420 positions in FY 03-05 when the reform legislation implementation began and many permanent and limited duration staff were added. While budgeted staffing decreased over the ensuing years, the recent legislative changes have again resulted in increased staffing. With the onset of SB1049 implementation, PERS' Legislatively Approved Budget for 2021-23 includes increased staffing to 430 positions (424.67 FTE). The Member to Staff Ratio measurement will remain significantly impacted during the course of SB1049 implementation.

KPM #4	ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of service retirement monthly benefits accurately calculated within \$5 per month					
Actual	100%	98.30%	100%	100%	100%
Target	100%	100%	100%	100%	100%

How Are We Doing

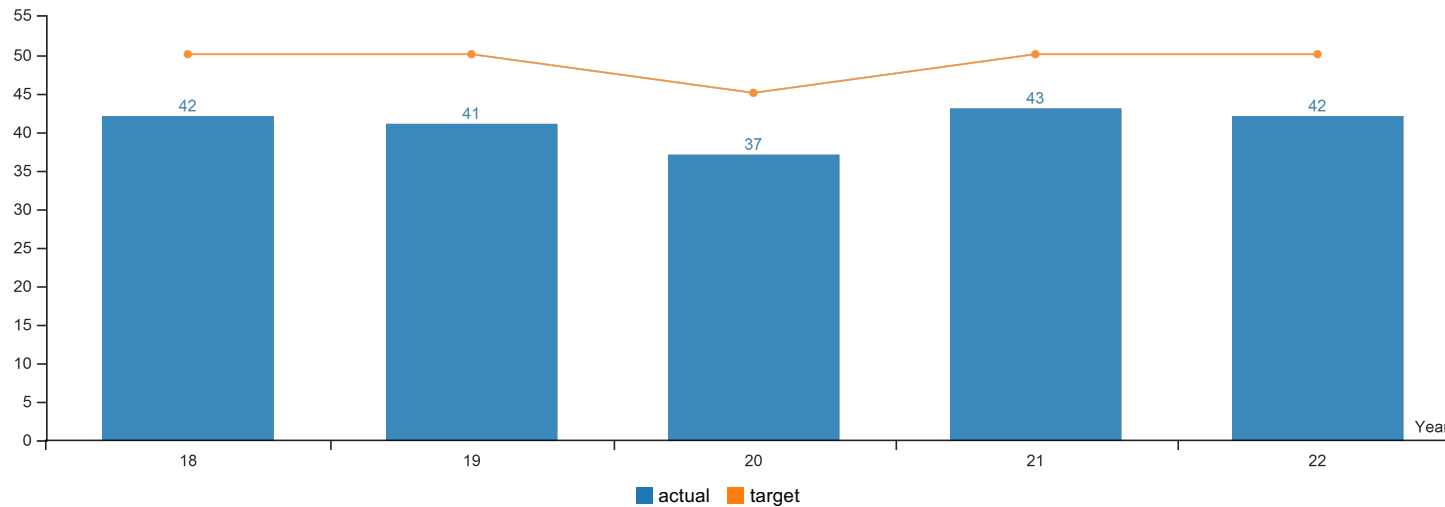
In FY2022, initial service retirement benefit calculations were accurate to within \$5 per month for 100% of the calculations included in the annual random sample audit. The performance this year matched the 100% rate achieved in FY2021. There were no errors found in the annual random sample of 60 benefits.

Factors Affecting Results

PERS places a high value on calculating benefits correctly the first time. Our Operations Division continues to perform monthly quality assurance samplings of various calculations. Aside from a 2% error rate during the first quarter of FY2022, the error rate of these quality assurance monthly audits hovered near 0% for the remainder of 2022.

KPM #5	LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of State Employees Participating in the Deferred Compensation Program					
Actual	42%	41%	37%	43%	42%
Target	50%	50%	45%	50%	50%

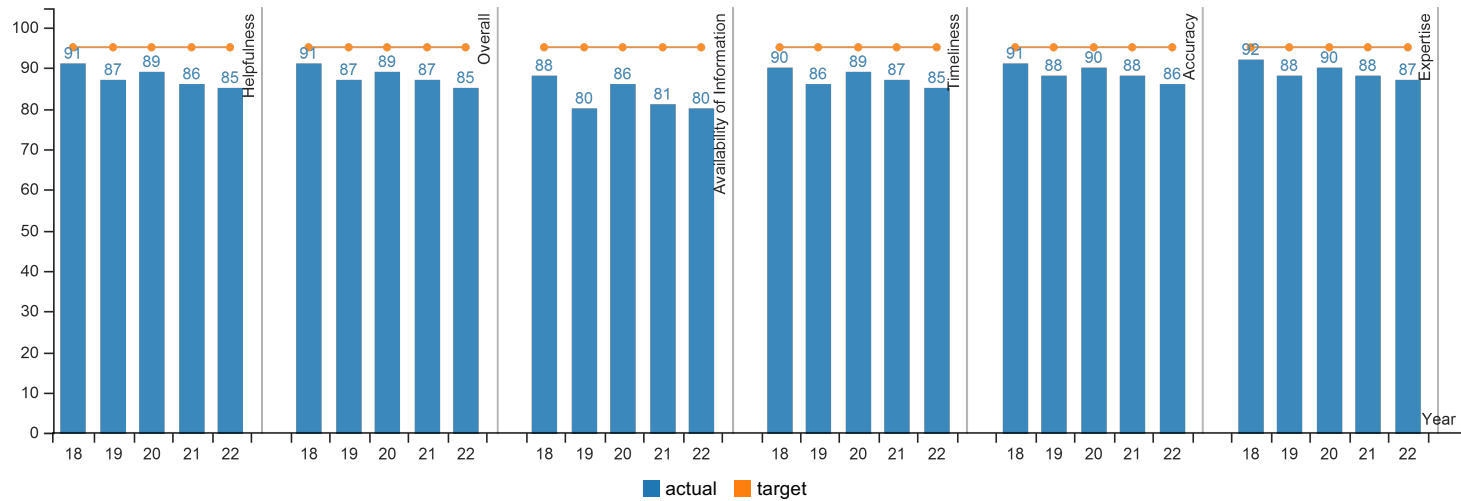
How Are We Doing

State government employee participation in OSGP decreased to 42% in FY2022, down slightly from 43% in FY2021. Participating State employees increased by 6.8%, but the number of eligible state employees increased by even more, 10.3%. Due to increased focus on gaining new enrollees, OSGP has been able to hold a high participation rate, among increasing numbers of eligible state employees.

Factors Affecting Results

Because OSGP is voluntary for state employees, to have both a relatively high rate of penetration and increasing average monthly deferrals reflects that the Deferred Compensation program is both well-known and represents an important retirement savings tool for many state employees. Despite this, there are other factors that potentially limit the participation rates. There are a large number of employees who are eligible to retire in the near future. Many of these retirees will withdraw their OSGP accounts or roll them into other retirement accounts and the demographics of their replacements (normally younger and lower paid) will create a challenge for increasing participation rates. To help increase participation, OSGP has begun sponsoring an annual retirement expo each fall, which has resulted in increased enrollments. This expo has even been recognized by groups nationally that want to mirror these efforts. OSGP has also initiated an agency measure focused on gaining higher numbers of new state employee enrollees each quarter. This goal will help to mitigate the numbers of active participants exiting to retirement.

KPM #6 CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
 Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
Helpfulness					
Actual	91%	87%	89%	86%	85%
Target	95%	95%	95%	95%	95%
Overall					
Actual	91%	87%	89%	87%	85%
Target	95%	95%	95%	95%	95%
Availability of Information					
Actual	88%	80%	86%	81%	80%
Target	95%	95%	95%	95%	95%
Timeliness					
Actual	90%	86%	89%	87%	85%
Target	95%	95%	95%	95%	95%
Accuracy					
Actual	91%	88%	90%	88%	86%
Target	95%	95%	95%	95%	95%
Expertise					
Actual	92%	88%	90%	88%	87%
Target	95%	95%	95%	95%	95%

How Are We Doing

For the FY2022 member survey, PERS received slightly lower ratings from the 2021 levels in all categories. Members rated PERS between 80% and 87% “good” or “excellent”, with 85% of members rating PERS overall service as good or excellent. Members rated PERS highest in Expertise (87%) and lowest in Availability of Information (80%).

In the FY2022 employer survey, the results reflected lower ratings in 3 categories, but higher or level ratings in three categories. Employers rated PERS between 76% and 90% “good” or “excellent,” with 86% of employers rating PERS overall service as excellent or good. Employers rated PERS highest in Expertise (90%) and lowest in Availability of Information (76%).

Factors Affecting Results

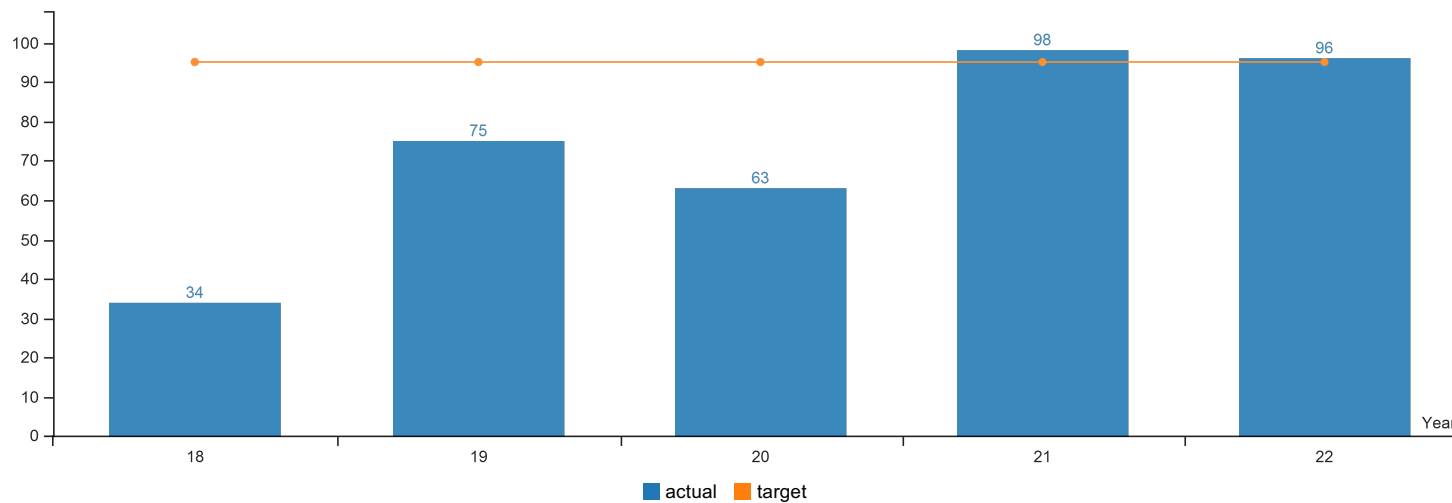
PERS continues to keep customer service and satisfaction as a major focus in its agency strategies and staff efforts. Member-oriented services such as the one-on-one retirement application assistance program continue to be very successful. PERS has also continued to offer workshops and presentations with individual employers and groups beyond the usual outreach presentations. This effort, along with continued success in its employer advocate program and other training efforts, have helped to bolster customer service to employers.

For members, PERS is working hard to communicate clearly with our members about all issues that may impact service and administration of their benefits. While PERS cannot take any stances regarding proposed or passed legislation, we do our best to keep members informed about potential impacts.

For the Employers, PERS is working hard to reach out to our employer contacts and offering training and education opportunities. PERS is working hard to provide as much training and service as we possibly can in a remote working environment.

KPM #7	TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of Benefit Estimates Processed within 30 Days					
Actual	34%	75%	63%	98%	96%
Target	95%	95%	95%	95%	95%

How Are We Doing

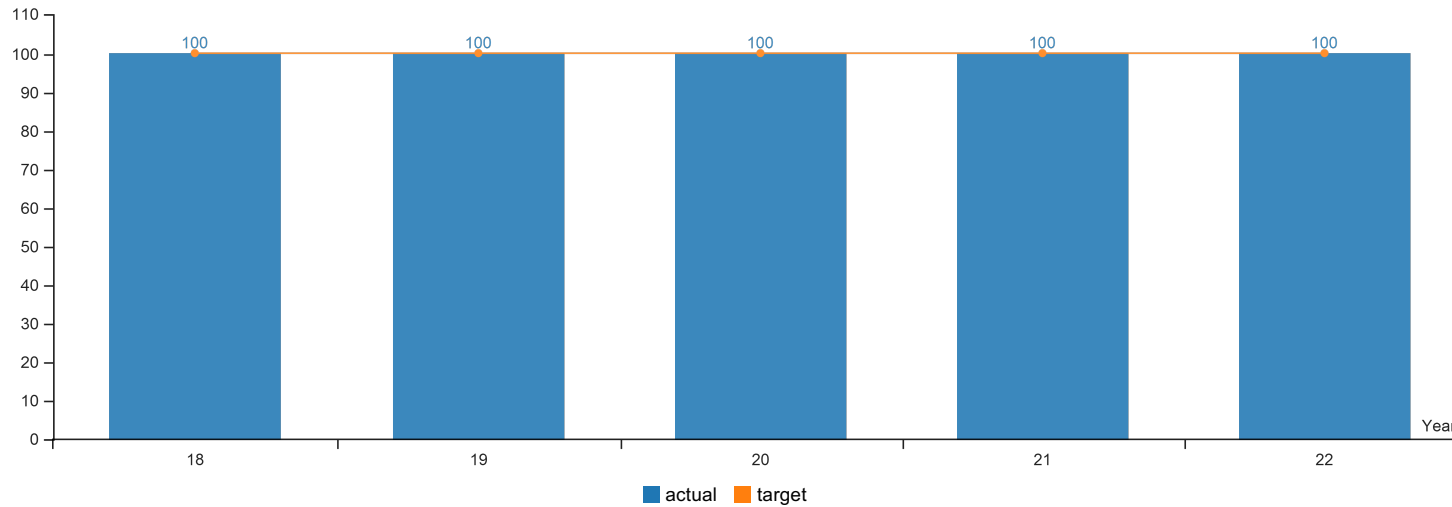
For FY2022, PERS provided member benefit estimates within 30 days 96% of the time. This is a slight decrease from the FY2021 performance of 98%. This year's 96% performance represents a continuation of higher performance over the last two years, and the third highest value in any year over the history of this measure. This is remarkable considering some of the challenges faced in 2021 and 2022 (SB1049 implementation work and COVID-19 impacts).

Factors Affecting Results

Despite the challenges posed by PERS' implementation efforts surrounding SB1049, we were able to continue a very high level of performance for this measure. Implementing SB1049 is a multi-year effort that has involved hiring additional staff and resources, and moving some existing staff over to the project. This has impacted staff available for other PERS functions, including preparing benefit estimates. But PERS was able to maintain an increased level of production for benefit estimates this year through focused team goals. Team members have a clear understanding of their responsibilities and production goals. The team is committed to completing high quality work in a timely manner, with flexibility in changing roles and tasks at any given time, and to meet the team's needs.

KPM #8	BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Metric Value					
Actual	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%

How Are We Doing

The PERS Board completed the self-assessment survey process for the 2021-23 biennium using the online SurveyMonkey.com tool in November of 2021. Continuing the approach used in previous biennia, the Board assessed their 2021-23 performance in three categories: fully meets, meets but needs improvement, or does not meet. For KPM purposes, the Board concluded that the “meets but needs improvement” and the “meets” responses would be rated as a “yes,” or favorable rating for this KPM. The results of the survey showed a majority favorable rating for each of the 15 criteria, and will reflect a 100% rating for this measure. There were two criteria that received a single “Meets but needs improvement” vote: The Board establishes clear performance expectations for the Director not less than biennially, and The Board reviews the Annual Performance Progress Report. There was and will be discussion with the Board to shore up these two areas that may need improvement.

Factors Affecting Results

The PERS Board recognizes the importance of providing strategic guidance, budget and financial control, customer service emphasis, regular communications with stakeholders, and maintaining agency focus on cost effective and efficient operations. This emphasis has resulted in increased attention at the staff level on organizational structure and operational best practices, which takes on increasing importance in periods of economic stress. The Board and agency management will continue to support this best practices focus through their activities and discussions at Board and Audit Committee meetings. And in response to the current self-evaluation, more attention and effort will be placed on ensuring the PERS Board takes every step to review the expectations for the Director on a biennial basis and review the APPR each year.