

Oregon Public Employees Retirement System

**Agency Presentation to the
Joint Ways & Means Committee
General Government Subcommittee**

Day 2 Questions and Answers

March 6, 2013



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Charging Interest on Overpayment Recoveries

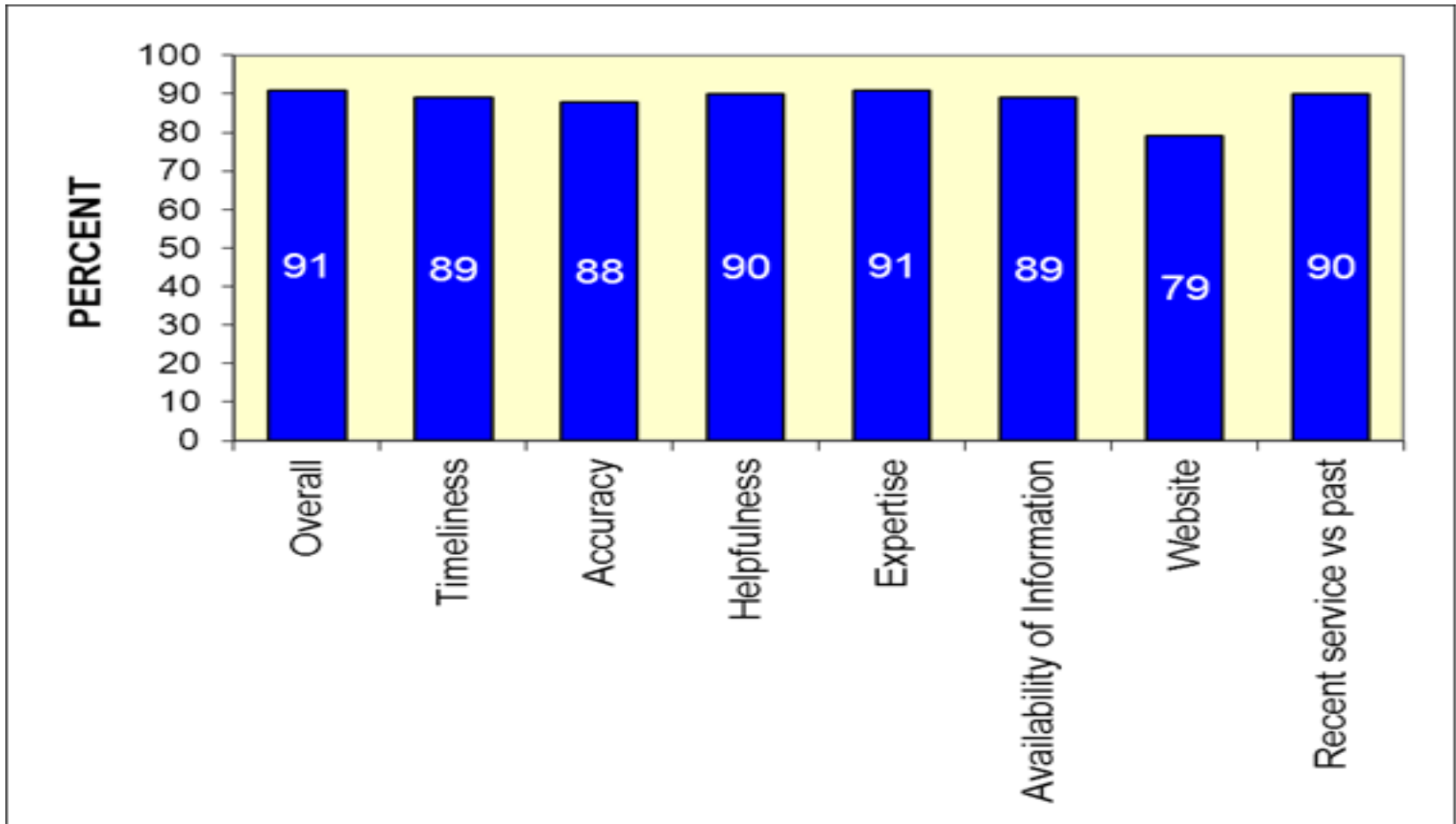
ORS 238.715(5) limits the circumstances under which PERS can charge interest on the recovery of overpayments or erroneous payments:

“If the board determines that an overpayment or erroneous payment was not caused by the system or by a participating public employer, the board may assess interest in an amount equal to one percent per month on the balance of the improperly made payment until the payment is fully recovered.”

The overpayments being recovered under the *Strunk/Eugene* project were the results of over-crediting of 1999 earnings and, therefore, do not fit the parameters under which PERS is entitled to collect interest on that recovery.

2012 Member/Retiree Customer Service Satisfaction Survey Results

Percent of respondents rating “Excellent” or “Good”



2012 Member/Retiree Customer Service Satisfaction Survey: Feedback and Strategies

1. Accuracy and consistency of information

Callers sometimes feel like they may not receive accurate information and that answers can be inconsistent.

Resolution: Specially recruited for and hired a call center manager in August of 2012 with extensive call center experience and background focused on quality and accuracy of information skills. He has implemented team meetings and training sessions that specifically address these two issues. He also implemented a call monitoring program that identifies informational inaccuracies and inconsistencies. In addition, this program also evaluates the quality of the customer service experience for our members.

2. Call wait times

Increased call volume over the last two years has resulted in increased wait times.

Resolution: As noted above, the call monitoring program has helped us identify areas of improvement such as call handle time, after-call work, and overall call management, while improving the quality of the call as it pertains to tone, demeanor, and professionalism of the call agent. The manager has also leveraged team and individual meetings to address areas of improvement that impact call length and subsequently call wait time. As a result of these efforts, we have seen an improvement in the average wait time from 4:41 minutes to 3:30 minutes over the last six months.

3. Retiree's would like to receive a more timely option change benefit increase in the case of a beneficiary's death.

Retiree's feel that it can take too long to receive an option change and the additional monthly benefit in cases where a beneficiary dies and the retiree is entitled to a higher benefit because of the option selected at retirement.

Resolution: The Benefit Payments Division and Customer Services Division are working together to process these benefit changes for the approximately 150 recipients from the time of the survey (about 55 remain to be processed).

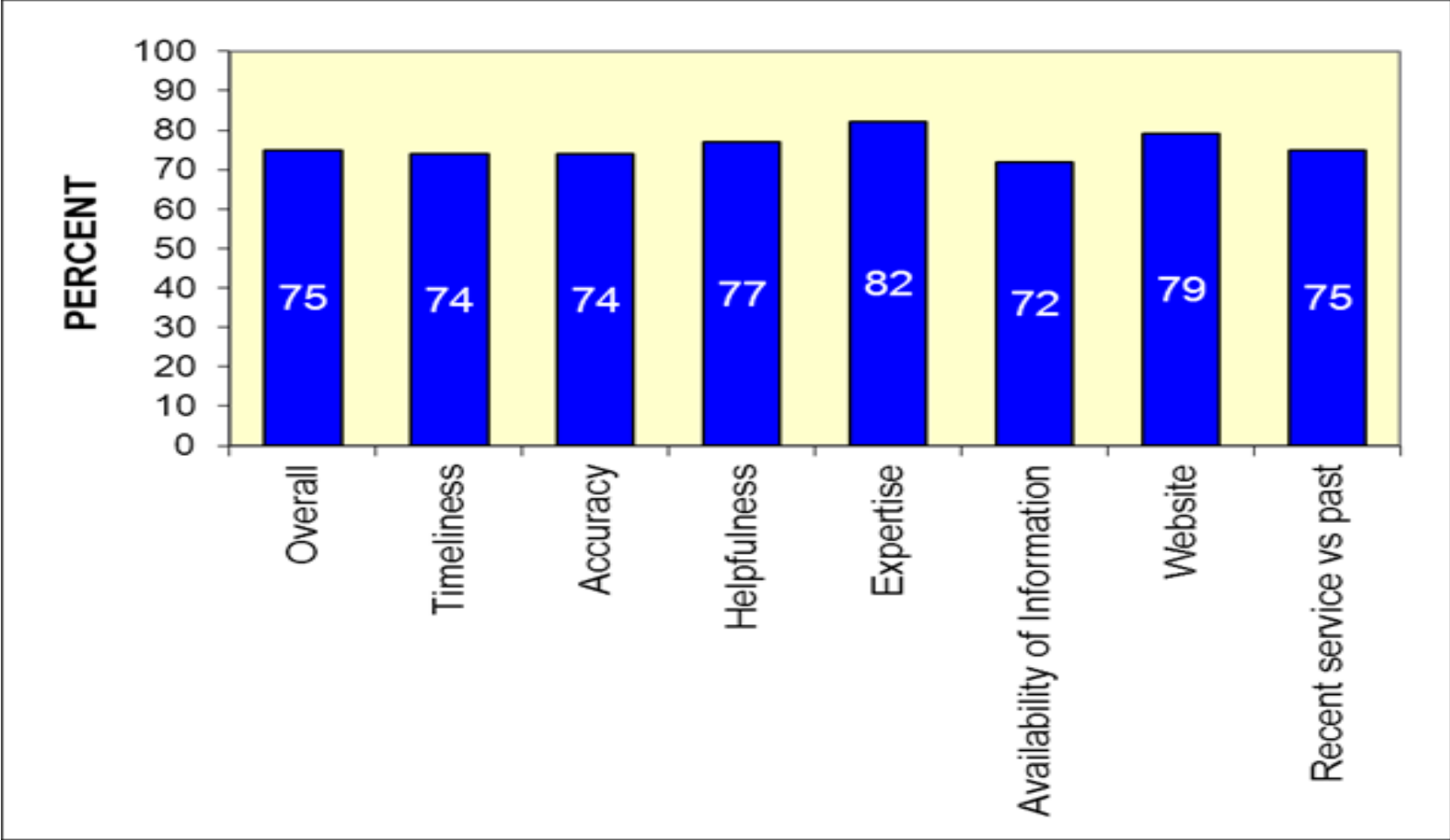
4. Benefit recipients who are receiving estimated payments would like to receive final payments.

Benefit recipients receiving estimated payments would like to switch to a final benefit amount.

Resolution: Approximately 200 benefit recipients were receiving estimated benefits at the time of the survey. The Benefit Payments Division continues its efforts to resolve these issues and approximately 50 remain to be adjusted.

2012 Employer Customer Service Satisfaction Survey Results

Percent of respondents rating “Excellent” or “Good”



2012 Employer Customer Service Satisfaction Survey: Feedback and Strategies

1. Telephone access to Employer Service Center.

Employers want to speak with an Employer Service Center representative during all business hours.

Resolution: The Employer Call Center is open from 8:30 a.m. until 12:30 p.m. weekdays. The call center is not open all day because staff need time to work directly with their caseloads. However, employers can also call their designated Employer Service Center representative at any time during the day and direct phone numbers for staff are posted on the PERS website. We will renew education efforts to let employers know that they have access to a representative throughout the work day.

2. Employers requested that PERS process unposted employee records in a more timely manner.

In 2011, PERS deployed new functionality that enables the system to use a qualifying or non-qualifying designation to make decisions on PERS eligibility. This is necessary for data accuracy. This change requires staff to correct data going back to 2004 and has prevented records from posting, requiring PERS staff intervention.

Resolution: PERS staff has been working diligently to correct this data and have made great strides, posting all payroll reports for 2011 and exceeding goals for 2012 payroll reports. In July 2012, PERS also brought in a team of temporary staff, and together with PERS staff, they have corrected over 145,000 suspended records for 2011. Our goal was to have all the 2011 suspended records posted by year end 2012, but there are still about 10,000 records left to clear (impacting 65 employers).

3. Employers want accurate and consistent information and training.

Employers feel that they get many different answers depending on who they talk to at PERS, especially if it's in a different section.

Resolution: PERS staff will utilize cross divisional communication to educate staff and enhance training internally. Currently, we engage the Employer Advisory Committee to review new procedures, communications, and policies. We will expand this to also collaborate with employers to find out what their needs are for consistent communication and training.

4. Employers want timely responses.

Timeliness in responses did suffer in 2012 due to an increase in workloads and projects to clean-up the suspended records.

Resolution: Currently, management needs to rely on employer feedback such as this survey to find out if employer representatives are not meeting their service levels for calls and email. We will look at how we can utilize the new management system's team and individual scorecards to measure this so it can be managed and staff can be more accountable.

Note: We also have a Problem Solving Team assigned to the Employer Satisfaction Survey, since it is not meeting its target.

Personal Services Cost Increases & Comparison

	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15 GBB
Total positions	420	401	394	368	365	368
Total FTE	366.36	388.71	393.50	361.80	362.83	368.00
Salary*	28,464,552	30,777,374	33,191,191	36,207,502	36,427,814	38,228,267
Salary per FTE	77,696	79,178	84,349	100,076	100,399	103,881
% change over the 12 years: +34%						
OPE	11,382,413	16,176,598	17,491,516	16,543,992	20,316,804	22,305,668
OPE per FTE	31,069	41,616	44,451	45,727	55,995	60,613
% change over the 12 years: +95%						

* “Salary” includes Wages, Temporary Appointments, Overtime, Shift Differential, and All Other Differential (primarily Work Out of Class).

CEM Benchmarking Peer Group for Oregon PERS

System	Total Active and Retired Members
Ohio Public Employees Retirement System	548,664
Virginia Retirement System	495,905
Washington State Dept. of Retirement Systems	432,349
Wisconsin Dept. of Employee Trust Funds	422,404
Indiana Public Retirement System	383,212
State Teachers Retirement System of Ohio	340,617
Colorado Public Employees Retirement Assoc.	333,215
Arizona State Retirement System	321,544
Oregon PERS	313,473
Illinois Municipal Retirement Fund	271,672
Iowa Public Employees Retirement System	262,981
School Employees Retirement System of Ohio	197,274
Teachers Retirement System of Louisiana	159,317
Los Angeles County Employees Retirement System	148,272
Nevada Public Employees Retirement System	146,929

CEM Cost Comparison

The CEM cost comparison to peers (see slide 35 of the full presentation) reported Total Cost per FTE = \$90,408. Removing charges for Building/Utilities; Human Resources; and IT Desktop, Networks, Telecom resulted in CEM Cost per FTE for Salaries and Benefits of **\$70,067**.

Comparing those costs to the PERS budget for Personal Services for 2009-11 showed \$52,751,494 Personal Services divided by 368 FTE equals \$143,346 for a biennial cost, halved to **\$71,673.23** annually. Why the difference?

PERS reported its actual expenditures for Fiscal Year 2011 to CEM of \$25,924,029 (actual expenditures were \$50,562,257 for that biennium, \$2.1 million under budget). Divided by FTE, that averages to **\$70,446** per FTE.

PERS Accomplishments & Challenges

2011-13 Accomplishments:

1. Completed deployment of our new, award-winning retirement administration system, ORION.
2. Began development and implementation of a new Outcome-Based management system.
3. Expanded and updated the “PERS Cost Containment Concepts Analysis” for the 2013 legislative session.
4. Successfully transitioned five new members onto the PERS Board, completely turning over its composition.
5. Agency operations advanced significantly towards Key Performance Measures.

2013-15 Challenges:

1. Breakthrough Strategy on Data Reporting.
2. Breakthrough Strategy on IAP Administration.
3. Breakthrough Strategy on Outcome-Based Management.
4. Working with a completely new PERS Board.
5. Continuing the economic recovery from the 2008-09 Great Recession.