



CalPERS Stakeholder Focus Groups

July 19, 2023

- ▶ Four 90-minute focus groups were conducted remotely online among CalPERS members to better understand and interpret the results of the most recent survey.
- ▶ The group structure investigated attitudes and opinion on general satisfaction with CalPERS, confidence in CalPERS' investments and long-term stability, experiences engaging with CalPERS both as a member and professional, and election participation.
- ▶ Quotes in this presentation are color coded for each group, all conducted in 2023:
 - **Retired Members (June 7th)**
 - **Active Members (June 7th)**
 - **Employer Operations Staff administering CalPERS benefits for employees (June 8th)**
 - **Employer Senior Leaders, e.g., City Managers, Finance Directors (June 8th)**
- ▶ Groups were moderated by Ian Stewart of EMC Research.

Key Findings

- ▶ The high satisfaction levels reflected in the survey data were echoed by focus group respondents in many ways. We repeatedly heard high levels of satisfaction with CalPERS benefits from members, especially Retired Members.
- ▶ CalPERS benefits continue to be a very strong driver of attracting and retaining personnel across government agencies in California.
- ▶ There is a high level of confidence among members in the stability of CalPERS. Concerns about CalPERS ability to pay benefits in the future are mostly tied to perceptions that politics might negatively impact CalPERS, or that there might be a significant unforeseen economic event.
- ▶ This confidence combined with CalPERS consistent performance is a key driver of low election engagement; members see little reason to get involved because “everything is fine”. Retired Members were one exception to this; they are significantly more engaged; mostly driven by strong interest in COLA adjustments.

Key Findings

- ▶ We heard lots of praise for CalPERS customer service, but Employer Senior Leaders and Operations Staff did express some frustration with administrative response times, a need to make multiple calls to address and issue and repeat what was said on a previous call, and a lack of knowledge from service agents about unique situations facing certain agencies.
 - Respondents suggested fixes like customer service teams who specialize in specific issues or agency types, asked for an ability to working with one agent so they don't have to repeat the entire issue, and offered ways to improve CalPERS training offerings.

- ▶ Employer Senior Leaders biggest concern (which Operations Staff also mentioned) is the long-term costs of employee benefits for Classic and Public Safety members; they worry about funding these obligations in the long term.
 - Participants from both Employer Senior Leader and Operations Staff said that while PEPPRA is helping, in the long term the trend is “unsustainable”. Many said this was their biggest concern because it feels like the burden of increasing costs are falling on agencies, while CalPERS doesn't really have to "care" about the issue.

High Satisfaction with CalPERS and Benefits

- ▶ In every group, we heard high levels of general satisfaction with CalPERS, its benefits, and from a member and administrative perspective, its general responsiveness to questions.
- ▶ Among those who were investing elsewhere, some noted that CalPERS offers better returns than their private investment options.

“Their primary role, the big role, is to invest funds, and they have these professional finance investors who analyze this, and they generally beat the S&P 500.” – Retired Member

- ▶ Many Active Members were not aware that CalPERS administered their health benefits
- ▶ Members were confident CalPERS offered better benefits than other options, and access to a pension is a major perk for Active Members, and it does positively influence employee decisions to join public service, and for agencies to retain workers.

“I was looking at other jobs, and most of the other jobs I was looking for did not have pensions. So it’s one of those things that I was really trying to stay within the district so I can keep adding to CalPERS.” – Active Member

CalPERS Stable, Benefit Payment Threats Mostly Hypothetical

- ▶ From a member perspective, CalPERS and its investments are generally viewed as very stable.

"I'm confident. I think that they're going to pull through, and I think they'll be there. Yeah, I'm confident they will be." – Active Member

Moderator: What's your confidence level that CalPERS is going to be there for you in the amount you expect when you go to retire?
"Extremely High"

"I feel more confident in CalPERS than in Social Security"
"I'm confident, too". – Active Member

- ▶ Concerns were typically focused on external factors outside CalPERS control, such as unforeseen events, government budgets, or political pressure.

"...it's like, what, like 30 years from now? I don't know what's going to happen 30 years from now." – Active Member

"PERS is big enough right now. They're able to withstand a lot. But the fact that they were willing to cave [politically] in our return of investments because of the optics, I think those are things that really give me pause that the politics of California are starting to creep in more and more into the PERS system." – Retired Member

Employers Concerned about Contribution Sustainability

- ▶ Senior Employers and Operations Staff expressed concern about costs being borne by member agencies, with many noting agencies struggle to keep up with contributions. Many felt that while PEPRA is helping, the long-term financial commitments are not sustainable.

“I don't think CalPERS feels like they need to be fixed. At least that's how I see it. They think, and I think it's the expectation of us, the contract members, to pick up that cost. If they don't make improvements to minimize costs or improve investments, then we have no choice but to continue to pay more...if I have to pay more with the same tax dollars, I only have two choices: I increase taxes or I drop services.” – Senior Employer

“For every dollar we pay, \$0.49 cents goes into CalPERS....You know, 70% of a budget, entire general funds budget, goes into public safety, and half of it goes to CalPERS. It's not sustainable.” – Senior Employer

“I know [city bankruptcy] is not a CalPERS issue. That's more of a city issue. But we are talking about employees who have been in the system for a very long time, and now their retirements are in jeopardy.” – Operations Staff

There's always talk about CalPERS not being able to be sustainable. I think, with PEPRA, that is helping the system. But we haven't seen the results of that yet in that way. – Senior Employer

Employer Engagement and Communication with CalPERS

- ▶ Many Operations Employees reported positive experiences with CalPERS support staff, especially actuaries, but Senior Employers noted issues receiving consistent answers on the human resources side.

"I need to look some stuff up. I'll get back to you, and it's usually within the same day. It's rare that I don't hear them within the same hour. They're very responsive" – Operations Staff

"I do think, on the financial side of things, the actuarial office, they are very responsive, and very helpful. I think it's on the other side, the HR side. We say in the HR world, 'you call PERS three times to see if you get the same answer twice.'" – Senior Employer

"I like that we have a dedicated employer response team for complicated questions." – Operations Staff

- ▶ However, the Senior Employer group acknowledged the depth of information available on the website, and the administrative group did express appreciation for the improvements that CalPERS has made over the years to streamline their systems.

"You can do all your benefit changes, run reports. The enhancement over the years in CalPERS has been great." –Operations Staff

- ▶ Only Retirees expressed a significant level of engagement with CalPERS elections, largely driven by wanting to protect their retirement investments, but someone in each group recalled receiving candidate guides and forum videos in the past and found them helpful.
- ▶ For non-retired participants, many indicated that their lack of participation was due in part to their confidence in CalPERS' good performance.

Mine is a combination of both. I don't know who to pick, and I know that they've been doing this CalPERS stuff for years before I came, and for the most part, they seem to have a very solid track record and reputation, you know? So, I just feel confident.” – Active Member

- ▶ Some Senior Employers believe individual board members can't enact significant change.

“Just a sense of futility. You could vote for somebody, and even if somebody was up for the seat that you felt really could affect some change, it's only one person.” – Senior Employer

- ▶ There was no clear preference for ranked choice voting (RCV) over the current method, but some participants did recognize RCV could potentially be a cost cutting measure.

- ▶ All four groups expressed positive views about CalPERS' website and digital presence, and the retirement planning tools provided, though they wanted them to be more centrally available.

“I would say, I really appreciate all the resources that are available. [...] But a lot of the resources are kind of scattered, and it took me years to actually find them all. And so, I think if they were all just sort of, you know, like, here's a page of all the calculators that may have anything to do with your healthcare, retirement, whatever, if they are all just listed on one page that would be really helpful.” – Active Member

- ▶ Both Retired and Active Members expressed interest in learning more about how CalPERS invests, and retirees indicated they would be interested in more information from CalPERS about potential changes, to better understand the impact to their funds.

Suggestions from Members

Active and Retired Members were more focused on clearer communications and workshops to help provide more information about navigating retirement investing (Active) or healthcare (Retirees).

RETIRED MEMBERS

- ▶ The ability to buy additional service credits at retirement;
- ▶ More straightforward ways to access information in emails (links to the website or other resources);
- ▶ Information about how CalPERS makes investment decisions;
- ▶ Workshops to help navigate Medicare or CalPERS health insurance parts in retirement.

ACTIVE MEMBERS

- ▶ Additional workshops or refreshers on benefits and enrollment with local representatives;
- ▶ Better education on how to start navigating retirement investing early;
- ▶ More information about healthcare;
- ▶ Broader communications about a wider variety of topics, including more information about elections.

Resources for Employers

- ▶ Operations Staff and Senior Employers praised CalPERS for having representatives directly engage with their organization, especially on potential pension changes.
- ▶ Operations Staff were more likely to say they had attended a recent conference, but both groups suggested the information available was sometimes more basic than they were looking for.

“The last time I did attend, I found myself wishing there was a track that was more for director level people to give feedback and direct access to, because what I find is there's constituent work groups. And you can join those. But the people that always attend those and the board meetings are the union reps, the retiree union reps, not employers, because we don't have time.” – Senior Employer

- ▶ Operations Staff were also very interested in knowledge-sharing opportunities with other people in similar roles, rather than lectures or trainer-led instruction.

Suggestions from Operations Staff

Suggestions from Operations Staff focused on ways to streamline their work, including knowledge sharing resources and more specialized representatives or support staff at CalPERS.

- ▶ CalPERS support response times could be improved, particularly for time-sensitive issues like addressing a healthcare coverage error.
- ▶ They suggested teams that are trained to work on specific issues or types of agencies.

“[I'd like] subject matter experts. Maybe it could be specific to our agency, such as we see on the actuary side, where we have one representative we call. Because, for example, we have retiree health through CalPERS, and the open enrollment process for retirees is handled by CalPERS until the question is too tough, and then they say, ‘Oh, call the agency for the answer.’ That's not helpful.”

- ▶ They asked for the ability to use secure upload options for more sensitive paperwork;

“Secure digital uploads and downloads of documents, faster processing of IDRs, and status updates along the way, and less restrictive data entry...the ability to make corrections without having to call somebody.”

- ▶ They suggested short focused online trainings and more opportunities for operations employees to share resources and tips with each other.

Suggestions from Senior Employers

Senior Employer suggestions were focused on addressing rising costs clearer communications.

- ▶ They suggested dedicated representatives for member agencies or on specific topics, and more controls on the long-term costs that agencies are seeing with Classic and Public Safety members that are eating up an increasing amount of budgets;

“...One thing that I feel would be an improvement from the customer service standpoint that we need would be having a designated representative with a [...] certain number of contracts and agencies underneath that representative that are similar in make-up and have similar contracts. That way that service can begin a relationship with that agent, whoever that would be.”

“Staff yourself, or change your processes, CalPERS, whatever you need to do to get on top of your books, so that you catch these things when it's relevant, and when we can actually deal with it, instead of, ‘This person was here in 1986, and now I have to pay for him.’ That doesn't feel fair. [...] A statute of limitations on how far back they can bill an employer would be great.”

- ▶ They asked for clearer communications and resources, similar to the recent explanation about increased employee contributions.



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