Item Name: Reporting on Participating Employers
Program: Pension Contract Management Services
Item Type: Information

Executive Summary
This information item is presented as part of the quarterly update to the Committee regarding the status of participating employers. The presentation provides demographic information regarding the participating employers, general information on funded status for this population as well as information regarding employers with inactive plans and process improvements the team has made in order to further strengthen and protect the Pension Fund.

Strategic Plan
This agenda item supports Fund Sustainability and Risk Management Goals of the CalPERS 2017-2022 Strategic Plan, which aims to strengthen the long-term sustainability of the pension fund. Pension and health funding are considered a strategic risk to the organization, and proper management of employer contracts and collection of payments are critical to ensuring long-term sustainability.

Background
In February 2017, staff presented an information item updating the FAC on the status of contracting agencies that were significantly delinquent in payment of obligations to the California Public Employees' Retirement System (“CalPERS” or “System”). The FAC continued discussions in March 2017 during the East San Gabriel Valley termination agenda item where staff was directed to explore statutory changes for Joint Powers Authority (“JPA”) contracting agencies and provide an update on work done to improve the collection and termination process and notifications to members.

Analysis
The attached participating employers’ quarterly report provides an update on the process improvements made to improve oversight of contracting employer partners. Process improvements include:

- Streamlined the collection and termination process to reduce the timeframe and accelerate notifications to the Board and members.
- Adopted a risk oversight process to improve early detection of financial hardship issues to reduce the risk of benefit reductions to the members.
- Developed monitoring tools to identify and quantify risks using a standardized review criteria.
- Identified agencies with inactive plans thus improving the level of oversight and monitoring of these agencies.
Budget and Fiscal Impacts
Not applicable

Benefits and Risks
Clearly defined processes for risk oversight, collections and contract terminations will provide the following benefits:
  • Timely resolution of routine collections issues;
  • Timely attention to and escalation of serious collections issues to CalPERS management;
  • Improved long-term sustainability of the Pension Fund.

Potential risks could include:
  • Misunderstanding of the Program and its purpose.

Attachments
Attachment 1 – Reporting on Participating Employers

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