

Reporting on Participating Employers

Quarterly Report
Finance & Administration Committee
September 19, 2017

CalPERS Retirement Program

- 2,878 - Total Employers in Retirement Program



Source: June 30, 2016 Annual Valuation Reports

Public Agency Demographics

1,511 - Total Public Agencies in Retirement Program¹

Agency Type	# of Agencies	% of Total Agencies	Total Participants ²	% of Total Participants	Current UAL & Funded % @ 7.375% (\$ in Millions)	
Cities or Towns	449	30%	381,584	52%	\$34,798	68%
Counties	39	3%	201,785	27%	\$13,088	69%
Special Districts ³	793	52%	118,488	16%	\$8,510	72%
Others						
● JPAs	167	11%	24,724	3%	\$855	75%
● Non-Profits	63	4%	15,767	2%	\$325	80%
Total	1,511	100%	742,348	100%	\$57,576	69%

¹Data Source: June 30, 2016 Annual Valuation Reports

² Includes members who have service in more than one rate plan.

³Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

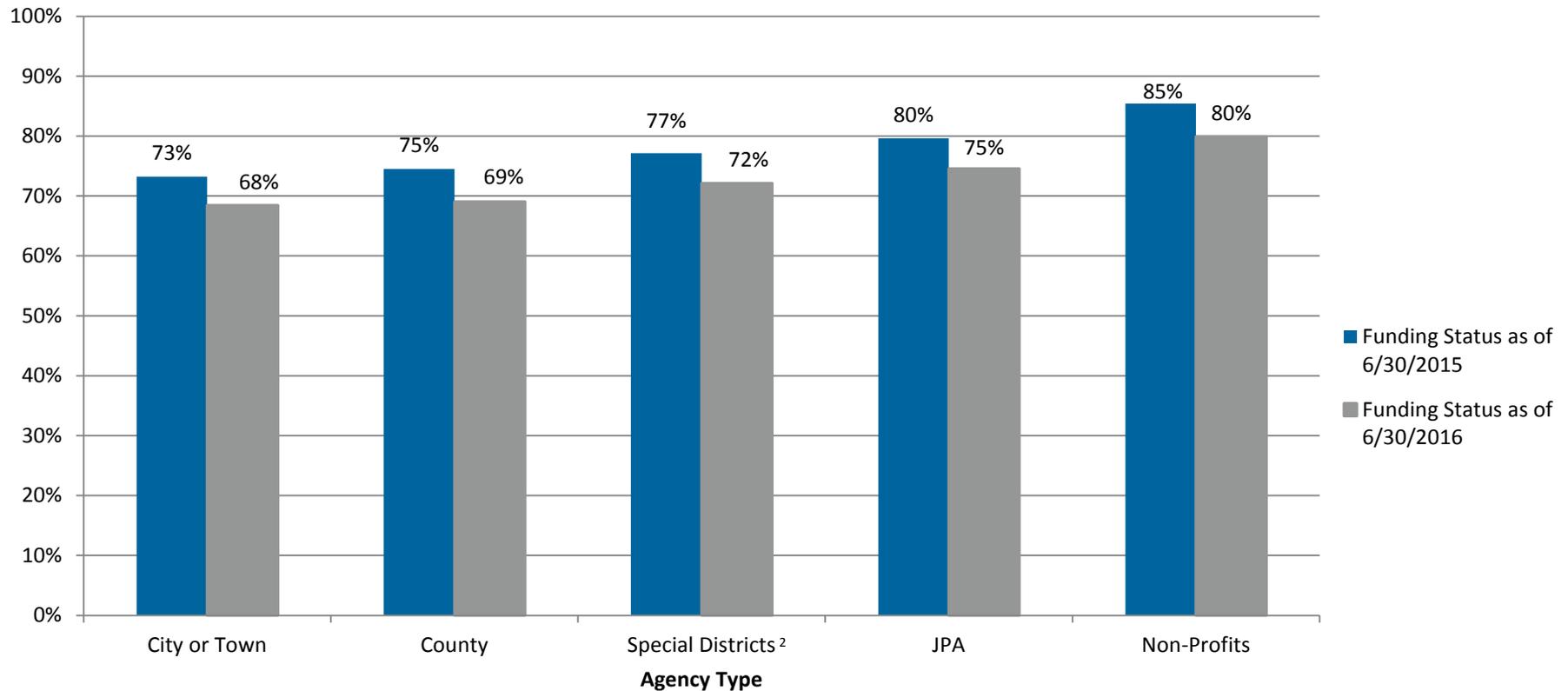
Public Agency Funded Status¹

Agency Type	0% - 50%	>50%- 60%	>60%-70%	>70%-80%	>80%-90%	>90%-100%	>100%	Total
Cities or Towns	0	1	180	248	11	8	1	449
Counties	0	1	21	16	1	0	0	39
Special Districts ²	4	8	115	520	87	41	18	793
Others								
• JPsAs	0	2	20	113	26	5	1	167
• Non-Profits	0	0	11	35	12	2	3	66
Total	4	12	347	932	137	56	23	1,511

¹Data Source: June 30, 2016 Annual Valuation Reports;

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

All Public Agency Funded Status¹



¹Data Source: June 30, 2016 Annual Valuation Reports

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Joint Power Authority (JPA) Summary

Agency Type	# of Agencies with JPA Agreement	# of Agencies with Financial Liability Obligation revert back to Member Agencies ¹	# of Agencies with State as a Member Agency ¹
Fire District	5	0	0
Sanitation (Garbage/Sewer) District	12	0	0
Transportation/Transit District	20	1	0
Water/Flood Control District	8	0	0
Others ²	90	9	5
Total	135	10	5

¹Data Source: Agency JPA agreements

²Represents Library District, Fair &/or Exposition, Housing Authority, Pollution Control District, Utility District, Association of Governments, Risk Management Authority, Insurance Authority, Health Authority, Community Center, etc.

Inactive Agencies Updates¹

Agency Type	Dissolved	Function Merger	Service Agreement	Reporting	Total
Cities or Towns	0	0	0	0	0
Counties	0	1	0	0	1
Special Districts ²	4	3	23	5	35
Others					
● JPAs	7	0	6	0	13
● Non-Profits	2	2	4	2	10
Total	13	6	33	7	59

¹Four agencies omitted from the audit due to pending termination or merging process.

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Recent Employer Activity



- 4 - Provided a notice of intent to terminate:
 - Alhambra Redevelopment Agency
 - Exposition Metro Line Construction Authority
 - California Redevelopment Association Foundation
 - Herald Fire Protection District

Recent Employer Activity (cont.)

- 5 - Adopted resolutions to terminate contracts:
- Alhambra Redevelopment Agency
 - Exposition Metro Line Construction Authority
 - Niland Sanitary District
 - Trinity County Waterworks District #1
 - Herald Fire Protection District



Background on Agencies Experiencing Financial Hardship¹

Public Agency	Rate Plan & Formula	Plan Participants	Funded Status	Total Termination Cost Owed
Niland Sanitary District	Misc. 2.0@60	Vested Terminations = 3	7.51%	\$194,253
		Receiving Payments = 1		
		Total = 4		
Trinity County Water Works District #1	Misc. PEPRA 2.0@62	Vested Terminations = 1	0.00%	\$9,744
		Total = 1		
Trinity County Water Works District #1	Misc. 2.7@55	Vested Terminations = 5	31.45%	\$1,516,222
		Total= 5		

¹Source: Final termination valuation

2018 Legislative Strategies

- Establish timeframes from employer's intent to finalizing voluntary terminations and require employers to notify past and present employees of their intention to terminate.
- Require new contracting JPA member agencies to be joint and severally liable for the JPA's pension obligations and allow the Board to refuse to contract with a JPA whose members are not liable.

Next Steps

- Develop and implement assessment, monitoring and reporting tools
- Discussions with inactive agencies
- Pursue Legislative strategies
- Report progress to FAC in December 2017

Background: Collection Process Timeline

Day 1 Step 1

Monthly billing of payroll

Day 31 Step 2

Account considered delinquent (DO) if payment not received

Day 36 Step 3

Employer (ER) receives collection calls & myCalPERS system generates late notice to ER

Day 50 Step 4

Review to determine if audit needed

Day 40-60 Step 5

Agency elevated to Contract Management Team (CMT).

Month 2 Step 6

Final collection letter sent giving 10 days notice for payment. Members receive notification

Month 3 Step 7

Final demand letter with 30 days to pay. Members notified of status and risk of benefit reduction

Month 4 Step 8

Prepare agenda item for Board review

Month 5 Step 9

Board review for approval to terminate/reduce benefits based on non-payment

Month 7-9 Step 10

Assets moved to Terminated Agency Pool (TAP) with immediate benefit reductions

Glossary of Terms

Funded Status – A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100 percent means the plan or risk pool has more assets than liabilities and a ratio less than 100 percent means liabilities are greater than assets.

Inactive Agencies – Agencies with all inactive rate plans

Inactive Rate Plan – Agency is not currently reporting payroll; may have an unfunded accrued liability.

Non-active member – A member on an inactive rate plan who no longer contributes to a pension plan, including retirees and those entitled to a deferred pension.

Unfunded Accrued Liability (UAL) – When a plan or pool's Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Accrued Liability (or unfunded liability). If the unfunded liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.