

# Reporting on Participating Employers

Quarterly Report  
Finance & Administration Committee  
December 19, 2017

# Trinity County Waterworks District #1- Benefit Reduction

- 68.55% reduction of benefit for the classic members
- Reductions occurred for two retirees on the first pay period in December 2017

# Niland Sanitary District- Benefit Reduction

- 92.49% reduction of benefit for the classic members
- 100% reduction of benefit for PEPRA members
- Reduction will occur for one retiree on the first pay period in January 2018

# Joint Power Authority (JPA) Summary

Agency Type	# of Agencies with JPA Agreement	# of Agencies with Financial Liability Obligation reverting to Member Agencies <sup>1</sup>	# of Agencies with State as a Member Agency <sup>1</sup>
Fire District	5	0	0
Sanitation (Garbage/Sewer) District	14	0	0
Transportation/Transit District	20	1	0
Water/Flood Control District	8	0	0
Others <sup>2</sup>	102	9	6
<b>Total</b>	<b>149</b>	<b>10</b>	<b>6</b>

<sup>1</sup>Data Source: Agency JPA agreements

<sup>2</sup>Represents 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.

# Agencies with No Active Members<sup>1</sup>

Agency Type	Dissolved	Function Merger	Service Agreement	Stopped Reporting Payrolls	Total
Cities or Towns	0	0	0	0	0
Counties	1	0	0	0	1
Special Districts <sup>2</sup>	3	3	22	5	33
Others					
● JPAs	6	0	6	1	13
● Non-Profits	3	2	4	4	13
<b>Total</b>	<b>13</b>	<b>5</b>	<b>32</b>	<b>10</b>	<b>60</b>

<sup>1</sup>As of June 30, 2016

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

# Agencies with No Active Members (Cont.)

- Dissolved (13 agencies)
  - Terminations in process (5 agencies)
  - Potential Termination (7 agencies)
  - Possible merger with another CalPERS agency (1 agency)

# Agencies with No Active Members (Cont.)

- Function Merger (5 agencies)
  - Merger in process with another CalPERS agency (2 agencies)
  - Potential termination (3 agencies)

# Agencies with No Active Members (Cont.)

- Outsources (32 agencies)
  - Valid outsourced status (22 agencies)
  - Potential termination (2 agencies)
  - Require additional review by Membership program (6 agencies)
  - Require additional review by Pension Contract program (2 agencies)



# Agencies with No Active Members (Cont.)

- Stopped Reporting Payrolls (10 agencies)
  - Potential termination (2 agencies)
  - Provided responsive documents for review (1 agency)
  - Need to provide requested information (7 agencies)

# Recent Employer Activity

Provided a notice of intent to terminate:

- California Redevelopment Association Foundation
- Central Sierra Planning Council



# Recent Employer Activity

Adopted resolutions to terminate contracts:

- Herald Fire Protection District



# Collection Report<sup>1</sup>

Type of Payments	31-60 days delinquent		61- 90 days delinquent		91+ days delinquent	
	No. of Occurrences	No. of Cases Resolved	No. of Occurrences	No. of Case Resolved	No. of Occurrences	No. of Case Resolved
Normal Cost Contribution	38	38	14	14	14	11 <sup>2</sup>
Unfunded Liabilities Payment	39	35 <sup>3</sup>	10	7 <sup>4</sup>	12	12
Arrears Payment	15	13 <sup>5</sup>	3	2 <sup>6</sup>	10	2 <sup>7</sup>
Termination Costs Payment	0	0	0	0	2	1 <sup>8</sup>

<sup>1</sup>Collection Activities for the period from September 1, 2017 through November 30, 2017

<sup>2</sup>Total delinquent amounts of \$18,801

<sup>3</sup>Total delinquent amounts of \$4,177

<sup>4</sup>Total delinquent amounts of \$1,242

<sup>5</sup>Total delinquent amounts of \$221

<sup>6</sup>Total delinquent amounts of \$272

<sup>7</sup>Total delinquent amounts of \$12,818

<sup>8</sup>Total delinquent amounts of \$203,997

## 2018 Legislative Strategy

- Establish timeframes from employer's intent to finalizing voluntary terminations and require employers to notify past and present employees of their intention to terminate.

# Next Steps

- Discussions with inactive agencies
- Pursue Legislative strategies
- Report progress to FAC in February 2018

# APPENDIX 1

## 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

# Public Agency Demographics

1,511 - Total Public Agencies in Retirement Program<sup>1</sup>

Agency Type	# of Agencies	% of Total Agencies	Total Participants <sup>2</sup>	% 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 <sup>3</sup>	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%
<b>Total</b>	<b>1,511</b>	<b>100%</b>	<b>742,348</b>	<b>100%</b>	<b>\$57,576</b>	<b>69%</b>

<sup>1</sup>Data Source: June 30, 2016 Annual Valuation Reports

<sup>2</sup> Includes members who have service in more than one rate plan.

<sup>3</sup>Represents 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.



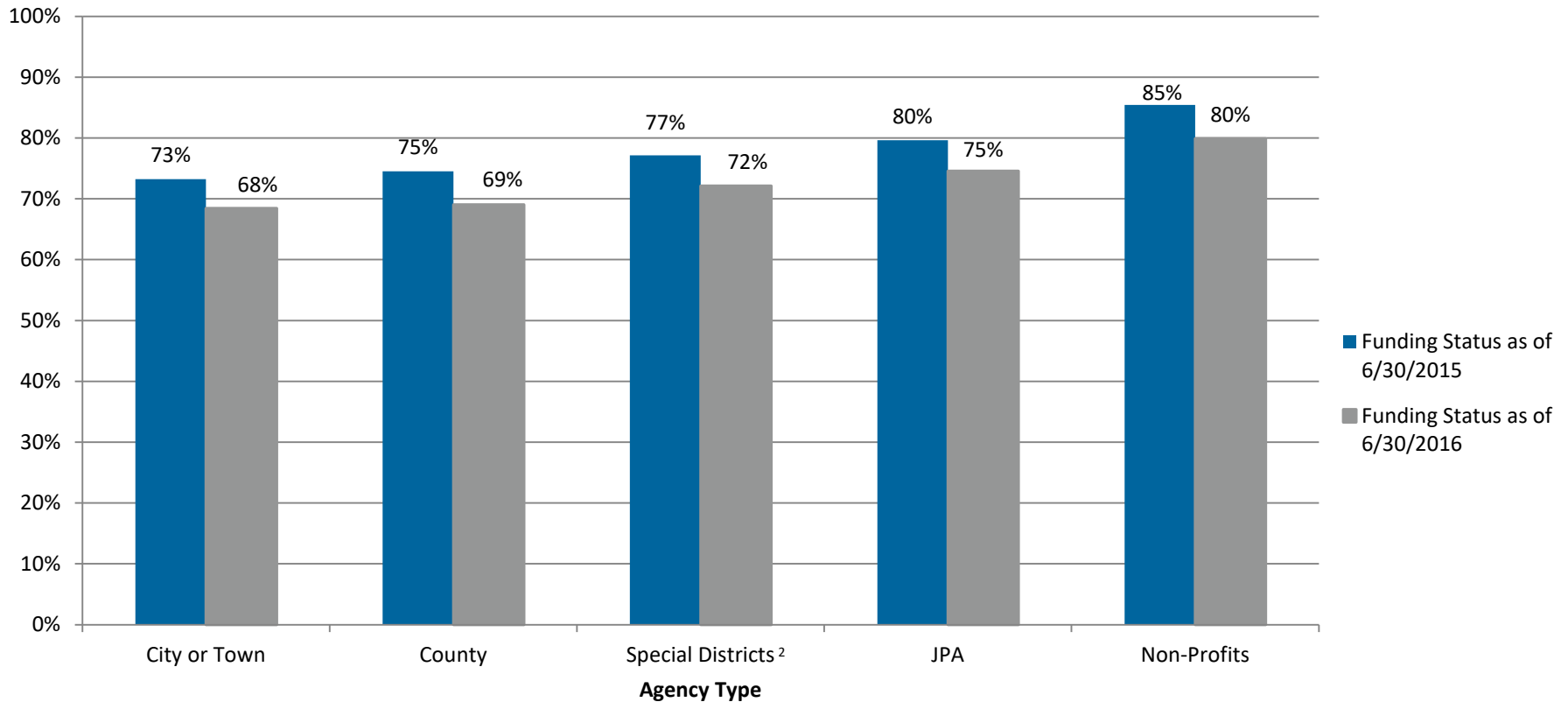
## Public Agency Funded Status<sup>1</sup>

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 <sup>2</sup>	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
<b>Total</b>	<b>4</b>	<b>12</b>	<b>347</b>	<b>932</b>	<b>137</b>	<b>56</b>	<b>23</b>	<b>1,511</b>

<sup>1</sup>Data Source: June 30, 2016 Annual Valuation Reports;

<sup>2</sup>Represents 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 Status<sup>1</sup>



<sup>1</sup>Data Source: June 30, 2016 Annual Valuation Reports

<sup>2</sup>Represents 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.

# 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.