Multnomah County
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Program # 70003 - Retirement Programs — Version 6/13/2005 s

Priority: Accountability
Program Offer Type: Existing Operating
Related Programs:
Frameworks:
Lead Agency: Finance Budget & Tax
Program Contact: Dave Boyer

Executive Summary

The Retirement Program manages the County's activities related to PERS, the County's Deferred Compensation Plan, and the former Library Association of Portland, Library Retirement Plan.

Program Description

Responsibilities for PERS include maintaining employee information to accurately report and pay pension contributions; reconciling employee contributions each pay period and annually as required by ORS 238, 243, 292 and others. Responsibilities for Deferred Compensation include reporting and reconciling employee financial information each pay period; negotiating investment service contracts with the investment providers; amending retirement plans to reflect changes in retirement legislation; analyzing investment performance and determining when and how changes will be implemented; and providing retirement education services to employees.

Program Justification

The Retirement Program is linked to the Accountability Priority by contributing to effective human resource asset management; in addition, the program has been defined as a priority for the County and fits in the loop of continuous improvement. The pension plan (PERS) is a critical benefit to our employees and one of the most heavily regulated benefits. The County is required to perform reconciliations, audits and contributions. The County is also one of the leaders in reforming the PERS system. The Deferred Compensation plan is comprised of money that employees chose to defer until retirement. The County's administrative expenses are paid by the investment providers, and the County has fiduciary responsibility for the accuracy of accounts for each participant, monitoring investment choices, and compliance with IRS regulations. The Library Retirment Fund is administerd by the County and is mandated under the transfer agreement dated July 1, 1990 between the County and former Library Organization.

Performance Measures

Performance for the pension plan is measured by compliance to reporting and payment requirements. The goal is 100% compliance with reporting requirements, and failure to comply could result in financial penalties being imposed on the County.

The County's PERS rate is equal to or lower than the state average.

Summary of last year's program results and this year's expected results

Of the 96 reports sent to retirement providers, 90% were on time. The late reports were due to PERS implementing a new reporting system which had not been adequately tested, and PERS failed to timely correct the problems. In FY06 we expect to reach 95%, due to additional reporting changes being implemented.

The County's FY04 PERS employer rate was 7.24% of payroll which is 3.4% of payroll lower than the State average of 10.64% and the preliminary PERS employer rates that goes into effect July 1, 2005, is 14.76% of payroll which is 4.13% lower than the state average of 18.89%. The differnce in the FY04 rate saved the County about $6 million and the difference in FY05 will save about $8 million.

Program Mandate: 2 Mandated Program with Funding/Service Level Choice

The Retirement programs are mandated by labor contract, ORS 238 & related statutes, and by contractual agreement with the investment providers. The statutes and administrative rules governing PERS specifically identify employer responsibilities, and the investment provider contracts specify a level of service for which the providers reimburse the County's administrative costs. Reductions to this program would disable the County's ability to meet PERS reporting requirements outlined in ORS 238, and to carry out federally required fiduciary responsibilities. Funding for other retirement systems are also mandated but the service level may be adjusted.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2005	2005	2006	2006
Personnel	$116,755	$0	$195,881	$0
Contracts	$11,550	$0	$5,000	$0
Materials & Supplies	$2,826	$0	$2,817	$0
Internal Services	$2,590	$0	$14,084	$0
Subtotal: Direct Exps:	**$133,721**	**$0**	**$217,782**	**$0**
Administration	$0	$0	$4,119	$0
Program Support	$0	$0	$0	$0
Subtotal: Other Exps:	**$0**	**$0**	**$4,119**	**$0**
Total GF/non-GF:	**$133,721**	**$0**	**$221,901**	**$0**
Program Total:	**$133,721**		**$221,901**	
Program FTE	0.00	0.00	2.49	0.00
Program Revenues				
Other / Miscellaneous	$70,000	$0	$69,356	$0
Program Revenue for Admin	$0	$0	$594	$0
Total Revenue:	**$70,000**	**$0**	**$69,950**	**$0**

Explanation of Revenues

This program is supported by General Fund revenues. The County's investment provider contracts for the Deferred Compensation Plan require the providers to reimburse the County for administrative costs. Reimbursements are made on a quarterly basis. There is no net cost to the County for the Deferred Compensation program.

Significant Program Changes

Current service level budget. The program is working to close out the Library Retirement Plan in FY05. This will generate an estimated one-time revenue of $400,000 for the Library Fund, eliminate administration of the plan, and will provide ongoing savings of $128,000 to the Library.

Expenses in this program increased due to the transfer of internal service charges that were previously budgeted in Finance administration, and the spreading out of FBAT administration to the programs it supports.