February 27, 2023

Senator Michael Tipping, Senate Chair
Representative Amy Roeder, House Chair
Members, Joint Standing Committee on Labor and Housing
100 State House Station
Augusta, ME 04333-0100

Senator Tipping, Representative Roeder and Members of the Joint Standing Committee on Labor and Housing:

Please accept the Maine Public Employees Retirement System's ("MainePERS" or "System") annual report to the Joint Standing Committee on Labor and Housing. This report is prepared in response to 5 M.R.S. §17103, sub-§11 requiring the MainePERS Board of Trustees to submit a written report about the Maine Public Employees Retirement System to the appropriate legislative committee each year by March 1. The System's Annual Comprehensive Financial Report (ACFR), copies of which have been provided to the Committee and which is available at www.mainepers.org, provides detailed information that supplements this report.

We are pleased to provide this information. Except where indicated, this report is based on operations through June 30, 2022.

INVESTMENTS

The market value of the System's defined benefit plans trust fund at June 30, 2022 was $18.3 billion. The net position of the trust fund increased as net investment earnings and contributions for the fiscal year exceeded payments to retirees. The market value investment return for calendar year 2022 was -4.0%. The fund return through the first seven months of FY 2023 ending January 31st was 2.1%.

Fiscal Year Ending	Fund Value	Investment Return*
June 30, 2020	$14.7B	1.8%
June 30, 2021	$18.1B	26.5%
June 30, 2022	$18.3B	3.3%

*Refers to performance of the investments, not the change in Fund Value

Annualized market value returns, net of management fees, for the 3-year, 5-year, 10-year, and 30-year periods ending on June 30, 2022 were 10.0%, 9.5%, 8.9%, and 8.1%, respectively. The 30-year return includes the 2000-2002 and 2008-2009 market downturns.

www.mainepers.org

LOCATION
139 Capitol Street, Augusta, ME 04332

MAILING ADDRESS
P.O. Box 349, Augusta, ME 04332-0349

LOCAL
207-512-3100

TOLL-FREE
1-800-451-9800

FAX
207-512-3101

MAINE RELAY
711

Consistent with past practice, the asset values and investment returns in this section are as reported by the System's custodian, JP Morgan. These reported figures are based in part on lagged values for the System's private market investments, which typically report values on a delayed basis.

In 2017, the System changed its target asset allocation to 30% publicly traded stocks, 15% fixed income investments, and 55% alternative investments. This change was forward looking and designed to balance risk and returns in current and near-term future markets. The alternative investments allocation includes 10% in infrastructure, 12.5% in private equity, 10% in real estate, 10% in alternative credit, and 5% in natural resources. In addition, the Board of Trustees has approved a 7.5% allocation to risk diversifiers that seek sound investment strategies providing diversification away from public market risks. Alternative assets represented approximately 61% of the System's portfolio at June 30, 2022. While above target, the value of alternatives remains within the System's policy range for these asset classes.
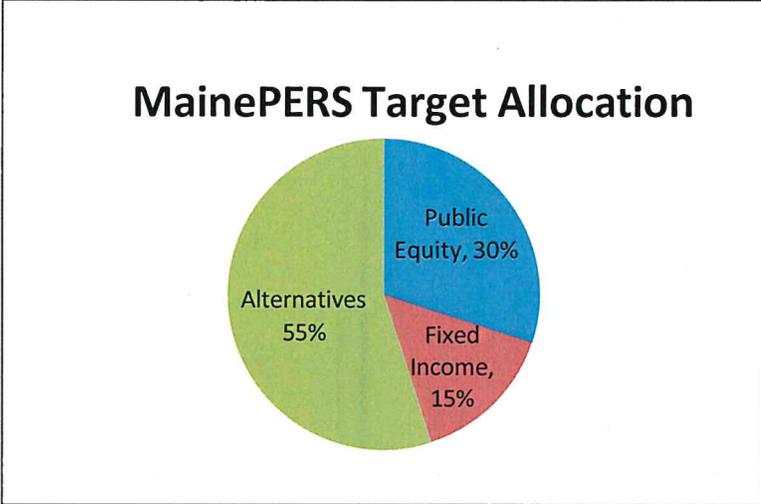
MainePERS maintains a substantial portion of the fund in return-seeking assets such as publicly traded equities and private equity. This is because most of the System's benefit payments are not due for several decades into the future and current fund liquidity is strong enough to withstand a full-range of market scenario testing. For the past ten years, the System has invested between 60% and 70% of its assets in equities and similar return-seeking investments. Over sufficiently long periods, equities have been shown to outperform bonds. The System expects this relationship to hold in the future.

All of the assets of the System's retirement plans and other funds are in portfolios managed by professional investment management firms. These managers act as fiduciaries and invest the assets assigned to them in accordance with the System's investment policies and the individual agreements between MainePERS and the investment managers.

The 123rd Legislature created an Investment Trust in FY 2008 with a $100 million initial contribution for the purpose of investing funds set aside by the State of Maine to cover Other Post-Employment Benefits (OPEB) liabilities for State retiree health insurance benefits. MainePERS Trustees were named Trustees for this Investment Trust and have the responsibility for investing these funds. As of June 30, 2022, the market value for the OPEB assets was $329.2 million, a decrease of $51.7 million over the prior year end.[1]

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[1] A copy of this report will be sent to the State and the trustees of the Irrevocable Trust Fund for Other Post-Employment Benefits in accordance with 5 M.R.S. § 17435(7).

PROGRAM FUNDING

Funding Status of the State Employee and Teacher Retirement Program

The actuarial funded status of the State Employee and Teacher Retirement Program, or the ratio of plan assets to plan liabilities, increased in FY 2022 from 82.1% to 83.9%. The funding ratio ten years ago, by comparison, was 76.9%.

The unfunded actuarial liability (UAL) of the State Employee and Teacher Retirement Program decreased in FY 2022 from $2.931 billion at June 30, 2021 to $2.734 billion at June 30, 2022.

Investment returns on an actuarial value of asset basis were 7.70% for FY 2022. This is higher than the actuarial investment return assumption of 6.50%, resulting in an actuarial gain to the plan. Please see the MainePERS Annual Comprehensive Financial Report for an understanding of the difference between market and actuarial values. (See the Investments section above for market returns.)

Funding Status of the Legislative Retirement Program

The Legislative Retirement Program was funded at 143.8% as of June 30, 2022, primarily because few legislators qualify for a retirement benefit under the terms of the program. No employer contribution is currently required because of the overfunded status of the program.

Funding Status of the Judicial Retirement Program

The actuarial funded ratio of the Judicial Retirement Program has in recent years remained close to 100%. As of June 30, 2022, the actuarial funded ratio was 108.4%.

Funding Status of the Participating Local District Consolidated Retirement Plan

The Participating Local District Consolidated Retirement Plan (PLD Plan) consisted of 329 participating local districts at December 31, 2022. The actuarial funded ratio of the Plan increased from 91.1% at June 30, 2021 to 91.2% at June 30, 2022. The Participating Local District Advisory Committee continuously monitors the PLD Plan to ensure that it maintains a strong fiscal condition.

OPERATIONS

Strategic Planning

In August 2022, the MainePERS Board of Trustees adopted a 5-year strategic plan, which articulated the following long-term strategic goals and short-term, legislatively directed objectives:

Goals
- o Preservation of the Trust Fund
- o Stability of the contribution rates
- o Security and integrity of our information systems
- o Cultivation of a member-centric organization

- o Development of stakeholder relations
- o Foster an engaged workforce that advances the organization's mission

Objectives

- o Planning for the post-2028 full funding of the Unfunded Actuarial Liability (UAL), including potential public pension plan options that include social security (Resolves 2021, c. 66 & 72)
- o Responding to the recent divestment legislation (PL 2021, c. 231 & 234)
- o Expanding the availability of defined contribution plans to teachers (PL 2021, c. 548)
- o Exploring mandatory long-term disability insurance coverage (PL 2021, c. 277)

As part of the strategic planning process, MainePERS also revised its mission and vision statements and established a set of organizational values. The 5-Year Strategic Plan was developed with broad input. MainePERS sought and received input from its Board of Trustees, staff, members (active contributing members, inactive members, retired members, and beneficiaries), stakeholders (representatives of employers and members) and the public. Input from these groups was gathered through use of a survey tool, a public comment meeting, and individual meetings.

Mission

MainePERS partners with public employers to deliver retirement and related services.

Vision

MainePERS is a trusted and effective fiduciary focused on meeting the needs of active and retired members, beneficiaries, and employers.

Organizational Values

- o Accountability – We act with integrity. We educate, equip, and empower all to consistently deliver knowledgeable and respectful service to our constituents and colleagues.
- o Respect – We are mindful of culture and diversity in all we do, exercising empathy, compassion, kindness, and appreciation in valuing all others.
- o Collaboration – We work together, proactively sharing information and knowledge and acting transparently in all interactions.
- o Stewardship – We secure and safeguard assets (data, funds) entrusted to our care and consistently comply with our obligations to ensure benefits are sustained.
- o Agility – We strive for personal and organizational excellence through continuous improvement.

The MainePERS 5-Year Strategic Plan and key performance and risk measures are available at: https://www.mainepers.org/about/strategic-plan/.

Member Satisfaction Surveys

MainePERS conducted a member satisfaction survey August 16 - 31, 2022. A random selection of 5000 active and retired members from the State Sponsored and Participating Local District Plans were identified to receive the survey.

A copy of the active and retired members' surveys can be found in Attachment 1.

Active Members Survey

At the time of the survey MainePERS had approximately 52,000 active members currently employed by a participating employer. In late June 2022, 2,500 active members were randomly selected to receive the survey. Those selected had a mailing and email address on file, received a pension contribution from their employer within the last 60 days, and had no disbursement of contributions. Two hundred and thirty-six (236) active members responded to the survey, an 11% response rate of those delivered.

Of those responding, 68.67% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 26.61% "neutral" or "no opinion", and 4.72% "dissatisfied" or "very dissatisfied". More than three quarters of respondents, 75.85%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 23.73% "neutral" or "no opinion", and 0.42% "disagree" or "strongly disagree". And, 65.81% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 31.20% "neutral" or "no opinion", and 2.99% "disagree" or "strongly disagree".

Responses to the survey questions suggest some desire for more frequent communication, information that is easier to understand, more timely responses to questions raised, and a desire for on-demand estimates of retirement benefits. Responses also indicated an interest in pre-retirement informational meetings and retirement security planning seminars. Additionally, 73.73% of respondents indicated they would use a secure online member portal to access account information.

Retired Members Survey

At the time of the survey MainePERS had approximately 48,000 retired members. In late June 2022, 2,500 retired members were randomly selected to receive the survey. Those selected had a mailing and email address on file and were service retirees who had received a benefit payment within the last 60 days. Four hundred and fifteen (415) retired members responded to the survey, a 19% response rate of those delivered.

Of those responding, 91.78% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 6.04% "neutral" or "no opinion", and 2.17% "dissatisfied" or "very dissatisfied". Over ninety percent, 91.08%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 8.67% "neutral", and 0.24% "disagree" or "strongly disagree". And, 83.34% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 14.97% "neutral" or "no opinion", and 1.69% "disagree" or "strongly disagree".

Responses to the survey suggest retired members are generally satisfied with frequency of communication, clarity of information, and timeliness of responses to questions raised. Responses also indicated an interest in cybersecurity awareness and preventing identity fraud. Additionally, 67.47% of respondents indicated they would use a secure online member portal to access account information.

Retired members also expressed concerns about several issues outside of MainePERS' control: the Social Security Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO); Maine statutory law which limits the annual cost-of-living-adjustment to retirement benefits (Title 5, M.R.S. §17806); and the retiree health insurance plan provided through the Office of Employee Health and Wellness in the Department of Administrative and Financial Services.

Employee Satisfaction Survey

MainePERS conducted an employee satisfaction survey January 15 – February 1, 2023. All employees were invited to participate in the survey. Seventy-six (76) employees completed the survey, a 72% response rate.

Of those responding, 74% stated that they "agree" or "strongly agree" they are satisfied with their job, 16% were neutral, and 10% stated they "disagree" or "strongly disagree". Ninety-one percent (91%) indicated that they "agree" or "strongly agree" they know what is expected of them in their position, 4% were neutral, and 5% indicated that they "disagree" or "strongly disagree". And, 82% said they "always" or "usually" receive helpful feedback from their supervisor, while 13% said "sometimes" and 5% said "rarely."

Responses to the survey suggest some optimism that the work culture and environment are moving in a positive direction, but also acknowledge there is more work to do and that transformation takes time. Employees noted that interdepartmental relationships need attention and that the work backlogs were burdensome. Additionally, employees expressed concerns that the compensation structure did not value seasoned employees and that entry-level compensation was too low.

A copy of the employee satisfaction survey can be found in Attachment 2.

Qualified Plan Status

In 2014, MainePERS received updated favorable "determination letters" from the Internal Revenue Service stating that all the plans administered by MainePERS continue to qualify for favorable tax treatment under the provisions of the Internal Revenue Code. The IRS subsequently eliminated the cyclical determination letter program and will now issue determination letters only for new or terminating plans and in certain other limited circumstances. MainePERS continues to closely monitor tax law changes to ensure that the pension plans continue to comply with federal law and maintain their qualified status.

Audit

The independent audit of the MainePERS financial statements for the year ended June 30, 2022 resulted in an unmodified opinion. An unmodified opinion means that, in the opinion of the auditor, the financial statements present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022, in conformity with generally accepted accounting principles.

Awards and Certifications

Government Finance Officers Association Certification - In 2021, the System submitted its FY 2021 Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program and was awarded the Certificate of Excellence for the eighteenth consecutive year. In order to be awarded this certificate, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents that meet or exceed rigorous program standards and satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid only for one year, and the System's FY 2022 ACFR has been submitted to the GFOA.

Public Pensions Standards Award - In 2022, for the fifteenth consecutive year, the System was awarded the Public Pension Coordinating Council's Recognition Award for Funding. To receive this award, retirement programs must meet professional standards for plan funding as set forth in the Public Pension Standards. The regular flow of required contributions and the up-front funding of new liabilities were listed as factors contributing to the System's receipt of this award.

Member and Retirement Services

MainePERS was serving nearly 100,000 active members and retirees as of December 31, 2022. The System approved monthly pension benefits for 2,030 new retirees during CY 2022. This is generally consistent with the number who retired during CY 2021, with 46% of the CY 2022 retirees being teachers.

Required specific statistical information about members and retirees can be found in Attachment 3.

Group Life Insurance

At the end of CY 2022, approximately 49,000 state, teacher and participating local district employees and retirees had group life insurance coverage under the program administered by MainePERS. Many employers pay premium costs to MainePERS in order to fund a "basic" level of coverage for their employees. Additional supplemental and dependent coverage is paid for by participants who elect to have that coverage. MainePERS approved 780 life insurance claims with a value of approximately $19.8 million in CY 2022.

Employer Reporting

MainePERS relies on participating employers to electronically report earnings, contributions, and work history at least once a month in order to maintain the up-to-date information needed to determine a member's eligibility for retirement benefits and the amount the member will receive as monthly payments. For CY 2022, MainePERS received and processed a wide variety of employer-provided records regarding more than 58,000 public employees who work at one of the more than 600 employer locations served.

MainePERS works closely with employers to support accurate and timely reporting of employment information and contributions. System staff provide employers with training, consultation and written materials to assist in their reporting. System staff work with employers over the phone and via video conference to provide support and training. A formal virtual training program is in place, and 23 virtual sessions were conducted during the year.

The System's website includes a section specifically for employers. The *Employer Update,* an electronic update focused on employer-specific matters, was published four times during CY 2022.

Cost-of-Living Adjustment (COLA)

The Board of Trustees is directed by statute to annually adjust the retirement benefits of its eligible retirees by a cost-of-living adjustment (COLA) equal to the change in the Consumer Price Index for All Urban Consumers (CPI-U) over the 12 months preceding June 30 of each year, subject to certain limitations (Title 5, M.R.S. §17806).

CY 2022 saw retroactive 1% increases to 2021 COLAs. Authorized by the state supplemental budget, the adjustment for eligible retirees from State-sponsored plans increased to 4.0% on the first $22,947.11. Retroactive payments were made and benefit payments increased in May 2022. Authorized by the rulemaking authority of the MainePERS Board of Trustees, the adjustment for eligible retirees from the Participating Local District (PLD) Consolidated Retirement Program increased to 3.5% on their entire benefit. Retroactive payments were made and benefit payments increased in August 2022.

The CPI-U at June 30, 2022 was 9.1%. Eligible retirees from the State Employee and Teacher, Legislative and Judicial retirement programs were granted a regular cost-of-living adjustment of 3.0% on the first $24,186.25 of benefit. Eligible retirees from the Participating Local District Consolidated Retirement Program were granted a regular cost-of-living adjustment of 2.5% on their entire benefit.

When the CPI-U exceeds the statutory cap on COLAs, the Board of Trustees is required to submit a supplemental budget request to the Governor for funds to support the increase in the CPI-U over the cap for the State-sponsored plans. This request was sent to the Governor on August 16, 2022 with estimates of the amount needed to support an additional COLA. Updated information was provided to the Governor on December 5, 2022. The FY 2023 Supplemental Budget included a one-time 1% additional COLA to eligible retirees from the State-sponsored plans and the System expects to make the additional payment with the May benefits payment.

Upon a recommendation by the PLD Advisory Committee, the Board of Trustees, through their rulemaking authority, authorized the payment of an additional 1% COLA for eligible retires from the PLD Consolidated Retirement Plan, effective September 2022, increasing the COLA to 3.5%. Retroactive payments were made and benefit payments increased in February 2023.

Disability Services

In CY2022, 91% of applicants were approved for disability retirement at the application stage. This and additional specific statistical information about the disability program can be found in Attachment 4.

MainePERS implemented Public Law 2021, Chapter 277, and filed a separate report on the disability retirement experience of the System and its' members under the new provisions of the law with the Joint Standing Committee on Labor and Housing on January 31, 2023. In preparation for the report, MainePERS undertook an extensive review of the disability retirement program a year after the legislation's implementation. In particular, these efforts included:

Program Audit. Contracting with a professional services firm to conduct an internal audit consulting engagement on the disability retirement program to assess compliance with the implementation of the new provisions of the law;

Medical Review Service Provider Evaluation. Conducting an internal evaluation of the medical review service provider to assess the current relationship and to explore an expansion of services;

Consensus-based Rulemaking. Engaging in consensus-based rulemaking with stakeholders regarding the administration of the disability retirement program;

LTDI Implementation Plan. Pursuant to PL 2021, c. 277, sec. 43, MainePERS convened a stakeholder group, including representatives of participant employer and employee groups, to develop an implementation plan for providing mandatory long-term disability insurance coverage to retirement system members through their employers. A separate report outlining the implementation plan and draft legislation was filed with the Joint Standing Committee on Labor and Housing in November 2022; and

Member Experience Survey. Surveying members who completed the disability retirement application process under the new provisions of the law and seeking additional feedback on member experience from a working group that included representatives of participant employer and employee groups. Among those members responding to the survey, 100% either agreed or agreed strongly they were treated respectfully and that MainePERS responded to their questions in a timely manner. Ninety-two percent agreed or strongly agreed the process was easy to understand and follow, while one respondent was neutral. In addition, 92% reported they were satisfied or very satisfied the process was fair, while one respondent expressed no opinion. The complete survey is included in the Disability Retirement Experience Report.

Information Technology (IT)

MainePERS hired a new Director of Information Technology in 2022. The MainePERS technology stack underwent upgrades to increase the security posture of its infrastructure and add some additional networking services. Activities in 2022 included the following:

AirGap. This project involved creating and implementing a secure back-up network that is isolated from our local area network. The solution allows MainePERS to maintain a replicated environment that is protected from intrusions should MainePERS experience a breach.

Microsoft Exchange Email Disaster Recover Test. MainePERS completed a failover disaster recovery test of our Microsoft Exchange email system. IT was able to successfully failover all email functionality to our disaster recovery site with limited downtime.

Mimecast. MainePERS replaced an antiquated email-archiving infrastructure with Mimecast, which provides for advanced search and retrieval functionality and robust retention. The Mimecast solution reduces the physical hardware technical debt and provides the opportunity for non-IT staff to independently create and run search queries.

Crowdstrike. MainePERS replaced its Symantec anti-virus solution with Crowdstrike Falcon to increase our cyber security posture on all computing endpoints. This solution provides MainePERS with the ability to monitor and track all endpoint detection, response and forensic data related to malware, intrusion and potential breach activity. The Crowdstrike solution uses artificial intelligence to stop potential threats automating incident investigations and speeding breach response.

EndPoint Central. Endpoint Central is a unified endpoint management module that integrates with ManageEngine, the MainePERS incident ticket system. The solution provides a complete inventory of all assets, operating systems, software license compliance and inventory, patch management and workstation performance.

Implementing Endpoint Central replaced a manual spreadsheet process for asset and software inventory.

CyberArk. This project enables MainePERS IT vendors to easily access our computing environment securely while also allowing the retirement of antiquated key-fob and password management. CyberArk provides intelligent privilege controls for secure access to designated systems.

DEFINED CONTRIBUTION PLANS

MaineSTART

The System continues to promote to its Participating Local District (PLD) employers a tax advantaged defined contribution/deferred compensation retirement plans established under sections 401(a), 403(b) and 457(b) of the Internal Revenue Code, collectively referred to as MaineSTART. In 2022, legislation authorized MainePERS to expand the program to teachers. MaineSTART offers a group of Vanguard funds designed to be low cost and easy to understand. At the close of CY2022, the total number of employers that offered access to MaineSTART was 81 with a total of 1,625 employees participating in the program. This represents approximately a 6% increase in employee participation over CY 2021.

BUDGET

The System's administrative costs and expenses are directly charged against the assets of the applicable program. The System's budgeted operating expenses are approved by the Board of Trustees prior to the start of each fiscal year.

The FY 2023 Board-approved administration budget is $17,755,530. Required specific information about the budget and administrative expenses can be found in Attachments 5 and 6. Required specific information about employee and employer contributions can be found in Attachment 7.

CONCLUSION

Please accept this report on behalf of the Maine Public Employees Retirement System. We welcome questions and are happy to address them as the Committee requests and in the format desired.

Respectfully submitted,

Dr. Rebecca M. Wyke
Chief Executive Officer

RMW/mg

Attachments

cc: Members, Board of Trustees
        Suzanne Gresser, Executive Director, Legislative Council
        Rachel Tremblay, Office of Fiscal and Program Review
        Steven Langlin, Office of Policy and Legal Analysis

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO

SUBJEC T: MAINEPERS 2022 MEMBER SATISFACTION SURVEY

DATE: OCTOBER 5, 2022

POLICY REFERENCE

       [Board Policy 5.2 - Service to Members. Retirees. Employers and Stakeholders](.)

MainePERS conducted a member satisfaction survey August 16 – 31, 2022. A random selection of 5000 members from the State Sponsored and Participating Local District Plans were identified to receive the survey. A copy of the active and retired members surveys are attached.

Active Members Survey

MainePERS has approximately 52,000 active members currently employed by a participating employer. In late June 2022, 2,500 active members were randomly selected to receive the survey. Those selected had a mailing and email address on file, received a pension contribution from their employer within the last 60 days, and had no disbursement of contributions. Two hundred and thirty-six (236) active members responded to the survey, an 11% response rate of those delivered.

Of those responding, 68.67% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 26.61%% "neutral" or "no opinion", and 4.72% "dissatisfied" or "very dissatisfied". More than three quarters of respondents, 75.85%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 23.73% "neutral" or "no opinion", and 0.42% "disagree" or "strongly disagree". And, 65.81% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 31.20% "neutral" or "no opinion", and 2.99% "disagree" or "strongly disagree".

Responses to the survey questions suggest some desire for more frequent communication, information that is easier to understand, and more timely responses to questions raised. Responses also indicated an interest in pre-retirement informational meetings and retirement security planning seminars. Additionally, 73.73% of respondents indicated they would use a secure online member portal to access account information.

In their comments, active members expressed a desire for on-demand estimates of retirement benefits.

<u>Retired Members Survey</u>

MainePERS has approximately 48,000 retired members. In late June 2022, 2,500 retired members were randomly selected to receive the survey. Those selected had a mailing and email address on file and were service retirees who had received a benefit payment within the last 60 days. Four hundred and fifteen (415) retired members responded to the survey, a 19% response rate of those delivered.

Of those responding, 91.78% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 6.04% "neutral" or "no opinion", and 2.17% "dissatisfied" or "very dissatisfied". Over ninety percent, 91.08%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 8.67% "neutral", and 0.24% "disagree" or "strongly disagree". And, 83.34% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 14.97% "neutral" or "no opinion", and 1.69% "disagree" or "strongly disagree".

Responses to the survey suggest retired members are generally satisfied with frequency of communication, clarity of information, and timeliness of responses to questions raised. Responses also indicated an interest in cybersecurity awareness and preventing identity fraud. Additionally, 67.47% of respondents indicated they would use a secure online member portal to access account information.

In their comments, retired members expressed concerns about the Social Security Windfall Elimination Provision and the Government Pension Offset, annual cost-of-living-adjustments not applied to the entire benefit, and retiree health insurance.

RECOMMENDATION

No Board action is recommended at this time.

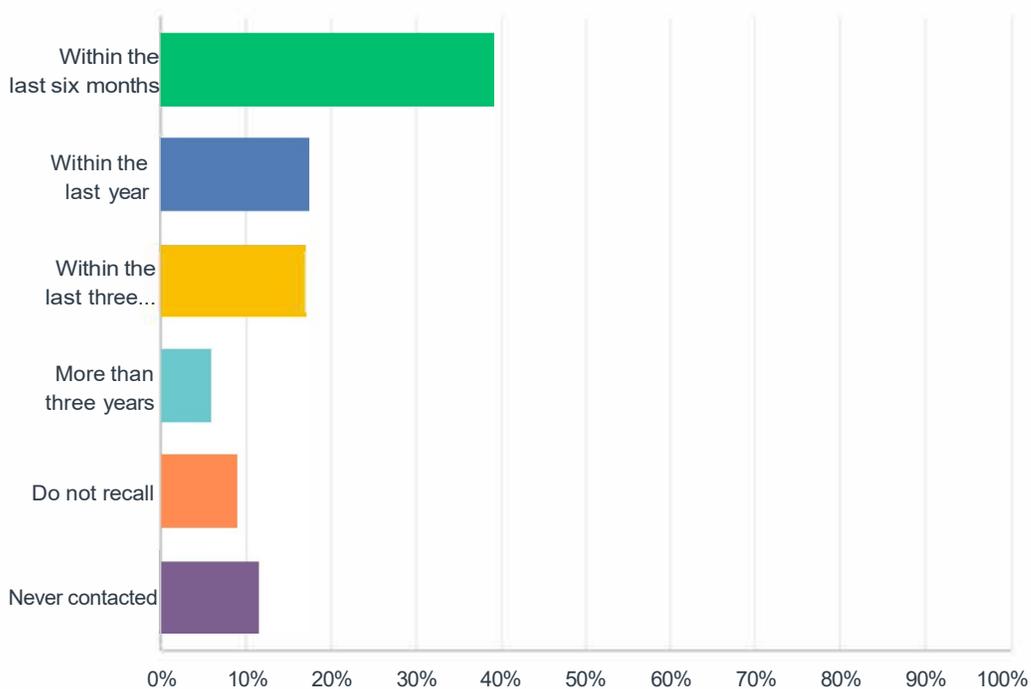# Ql Please rate your overall satisfaction with MainePERS

Answered: 233   Skipped: 3
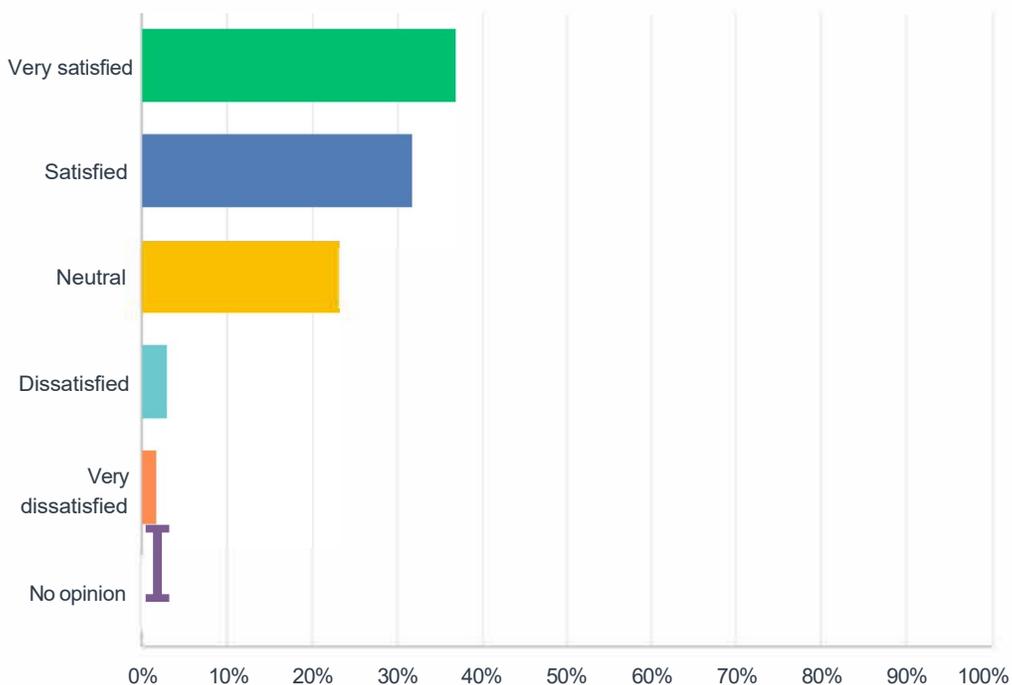
ANSWER CHOICES	RESPONSES	
Very satisfied	36.91%	86
Satisfied	31.76%	74
Neutral	23.18%	54
Dissatisfied	3.00%	7
Very dissatisfied	1.72%	4
No opinion	3.43%	8
TOTAL		233

Q2 When was the last time you contacted MainePERS?

Answered: 235   Skipped: 1

ANSWER CHOICES	RESPONSES	
Within the last six months	39.15%	92
Within the last year	17.45%	41
Within the last three years	17.02%	40
More than three years	5.96%	14
Do not recall	8.94%	21
Never contacted	11.49%	27
TOTAL		235

Q3 I am confident my MainePERS retirement is secure and will be there for me

Answered: 236   Skipped: O
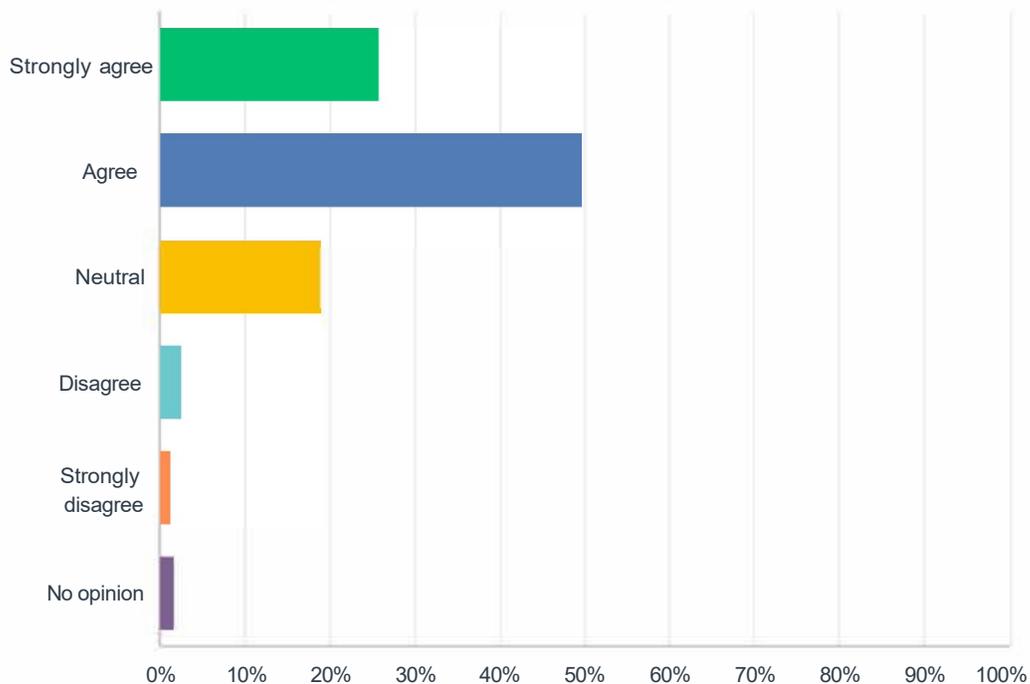
ANSWER CHOICES	RESPONSES	
Strongly agree	25.85%	61
Agree	49.58%	117
Neutral	19.07%	45
Disagree	2.54%	6
Strongly disagree	1.27%	3
No opinion	1.69%	4
TOTAL		236

Q4 MainePERS acts with integrity

Answered: 236   Skipped: O
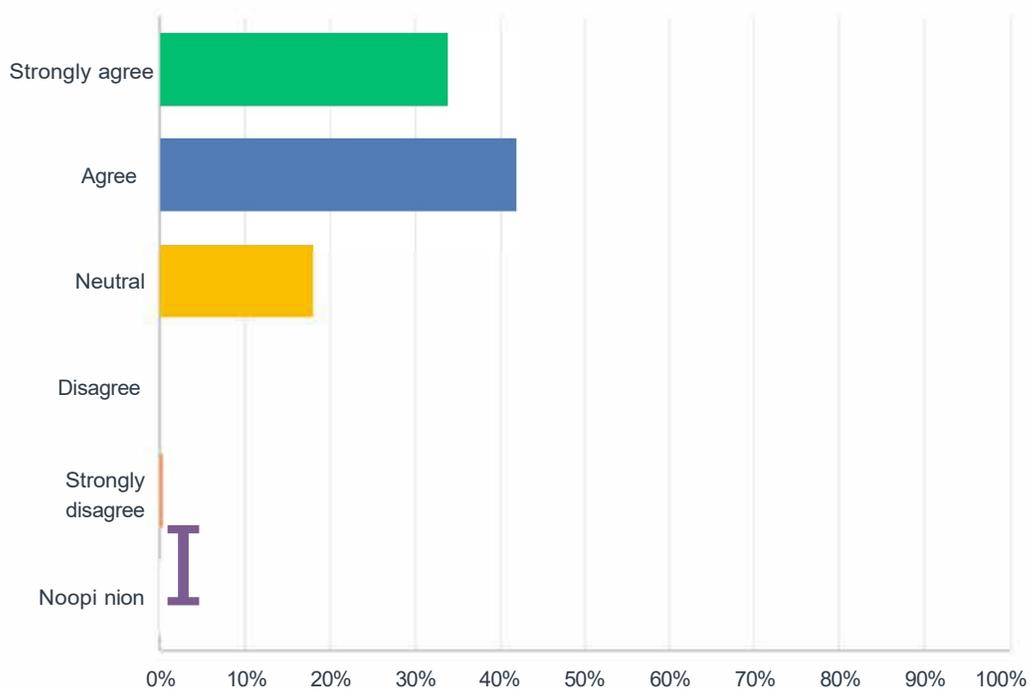
ANSWER CHOICES	RESPONSES	
Strongly agree	33.90%	80
Agree	41.95%	99
Neutral	18.22%	4 3
Disagree	0.00%	0
Strongly disagree	0.42%	1
No opinion	5.51%	13
TOTAL		236

Q5 The frequency with which MainePERS communicates with me meets my expectations

Answered: 236   Skipped: O
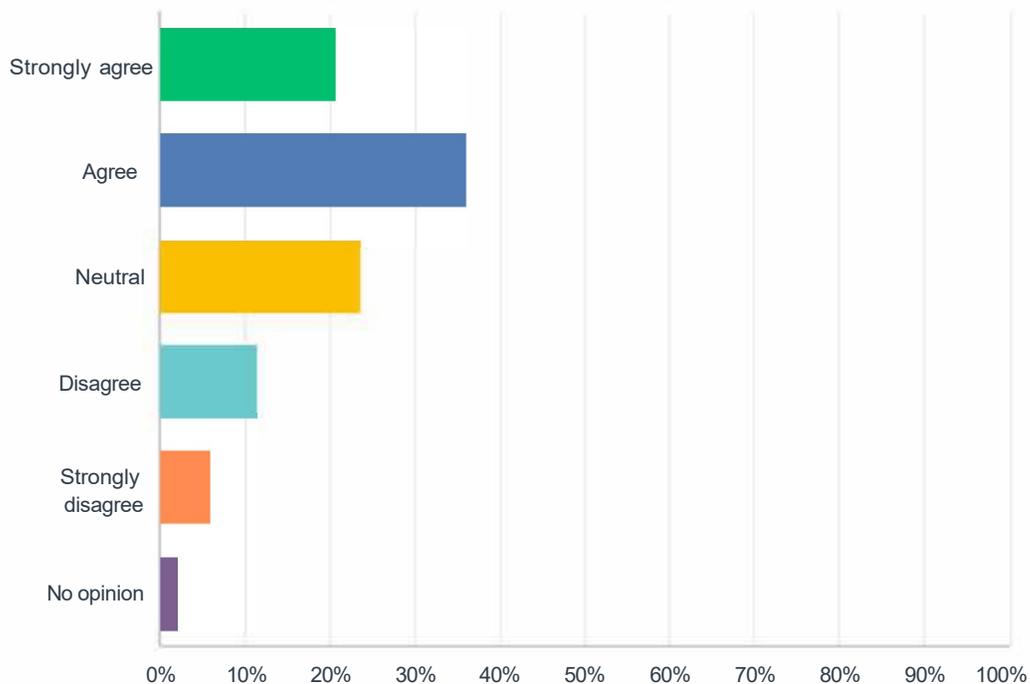
ANSWER CHOICES	RESPONSES	
Strongly agree	20.76%	49
Agree	36.02%	85
Neutral	23.73%	56
Disagree	11.44%	27
Strongly disagree	5.93%	14
No opinion	2.12%	5
TOTAL		236

Q6 Information I receive from MainePERS is easy to understand

Answered: 235   Skipped: 1
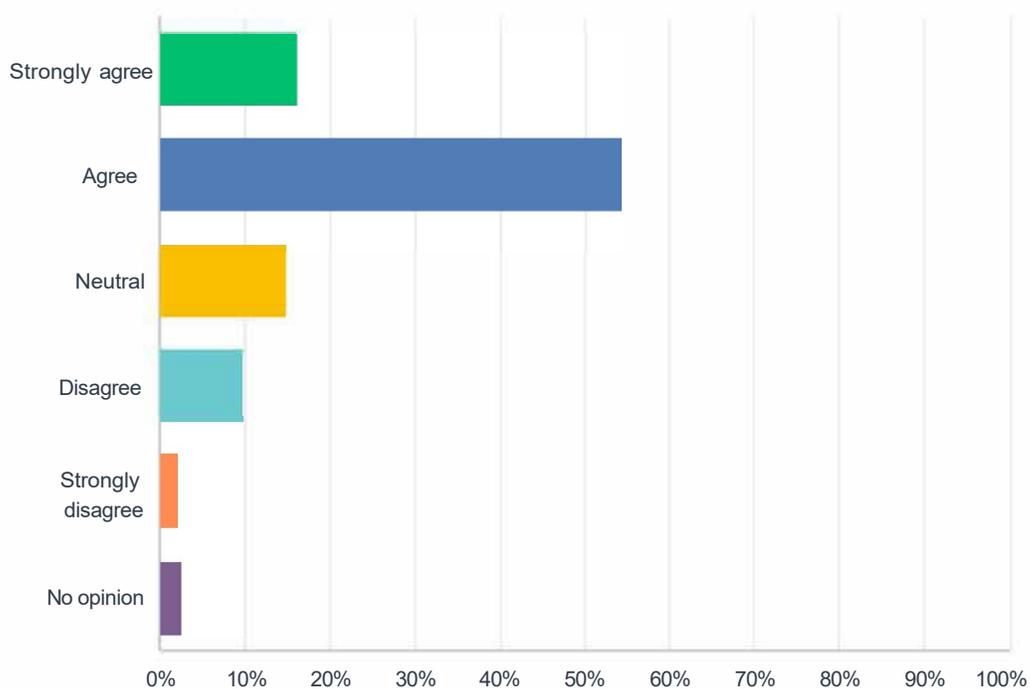
ANSWER CHOICES	RESPONSES	
Strongly agree	16.17%	38
Agree	54.47%	128
Neutral	14.89%	35
Disagree	9.79%	23
Strongly disagree	2.13%	5
No opinion	2.55%	6
TOTAL		235

Q7 MainePERS responds to my questions in a timely manner

Answered: 236   Skipped: O
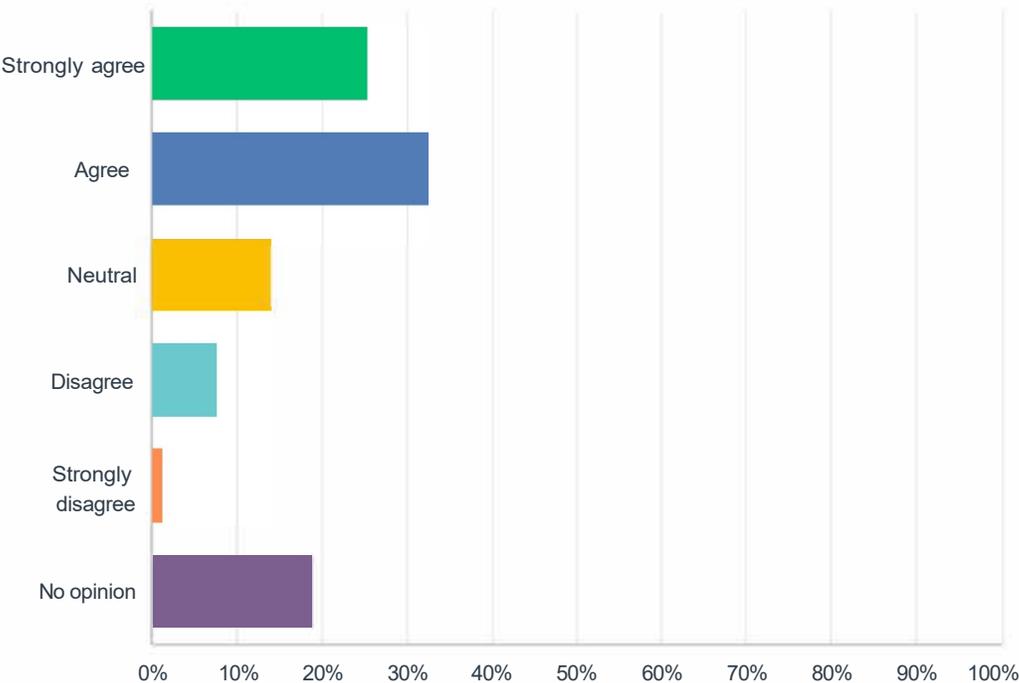
ANSWER CHOICES	RESPONSES	
Strongly agree	25.42%	60
Agree	32.63%	77
Neutral	13.98%	33
Disagree	7.63%	18
Strongly disagree	1.27%	3
No opinion	19.07%	45
TOTAL		236

QB MainePERS Staff are knowledgeable

Answered: 234   Skipped: 2
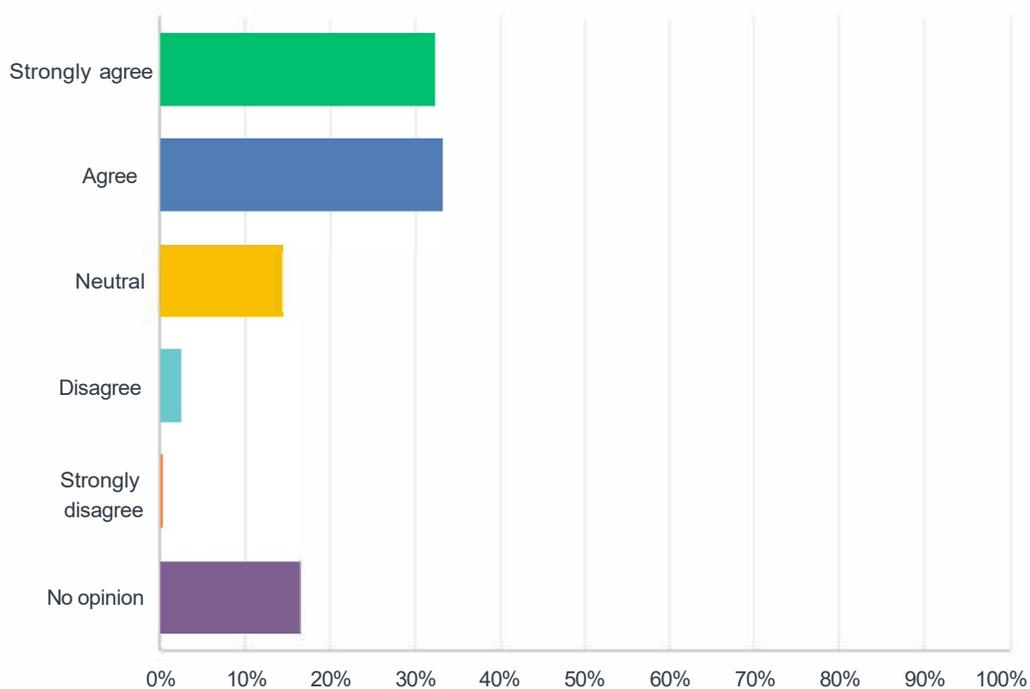
ANSWER CHOICES	RESPONSES	
Strongly agree	32.48%	76
Agree	33.33%	78
Neutral	14.53%	3 4
Disagree	2.56%	6
Strongly disagree	0.43%	1
No opinion	16.67%	39
TOTAL		234

Q9 I prefer to receive information from MainePERS by this method: (Please select up to three options)

Answered: 236   Skipped: O
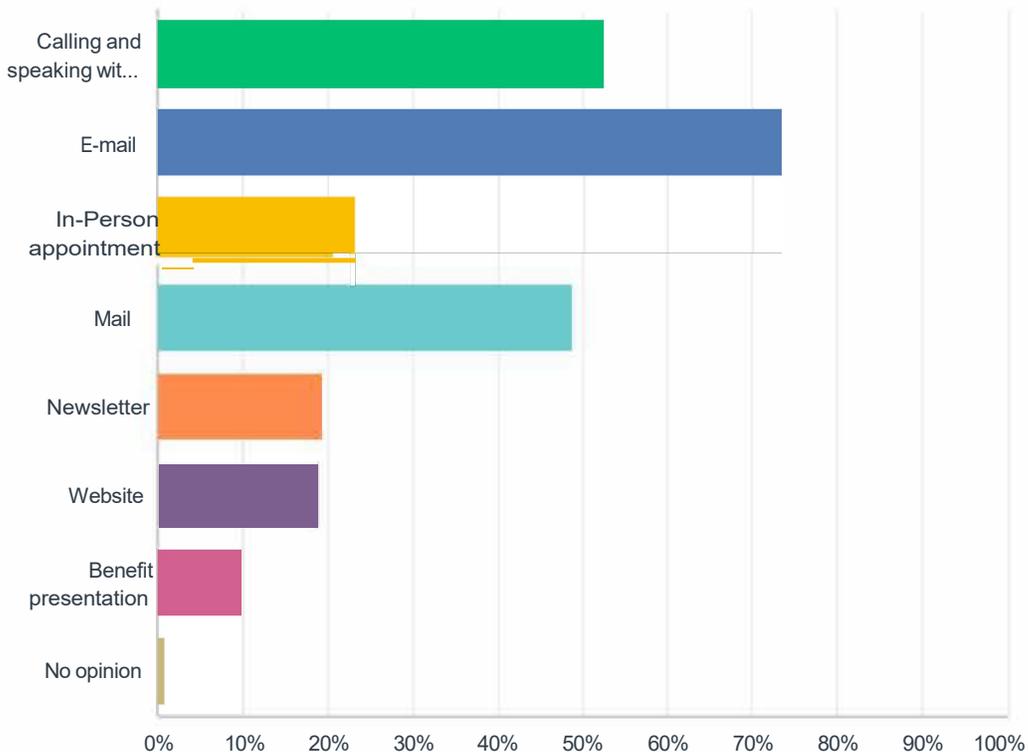
ANSWER CHOICES	RESPONSES	
Calling and speaking with a Member Services Representative	52.54%	124
E-mail	73.31%	173
In-Person appointment	23.31%	55
Mail	48.73%	115
Newsletter	19.49%	46
Website	19.07%	45
Benefit presentation	9.75%	23
No opinion	0.85%	2
Total Respondents: 236		

QIO MainePERS is exploring an initiative that would provide a secure Online Member Portal where members could obtain account information and potentially otherwise interact with MainePERS. How likely would you be to use a secure Online Member Portal?
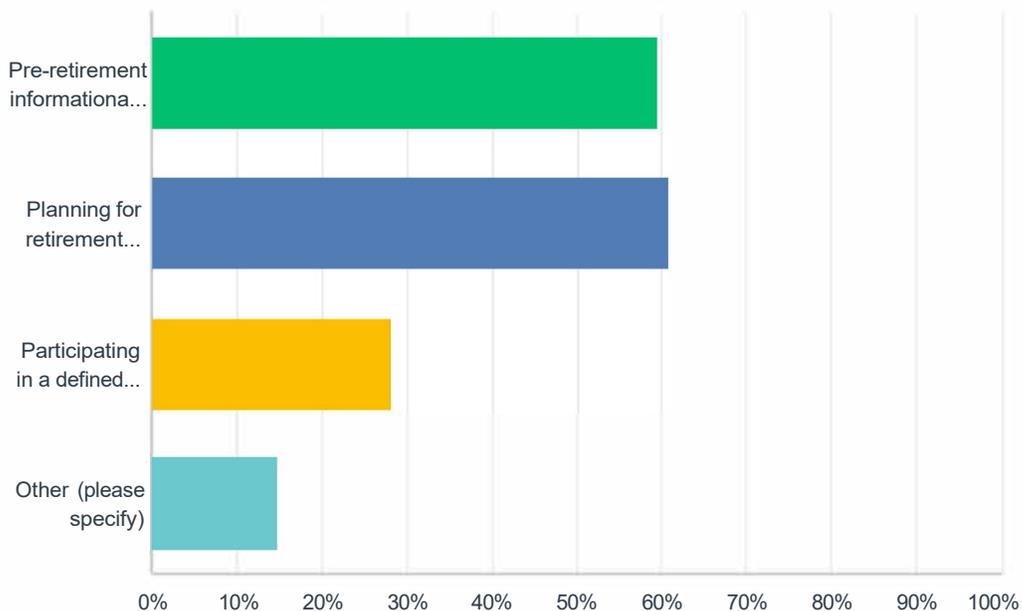
Answered: 236   Skipped: O
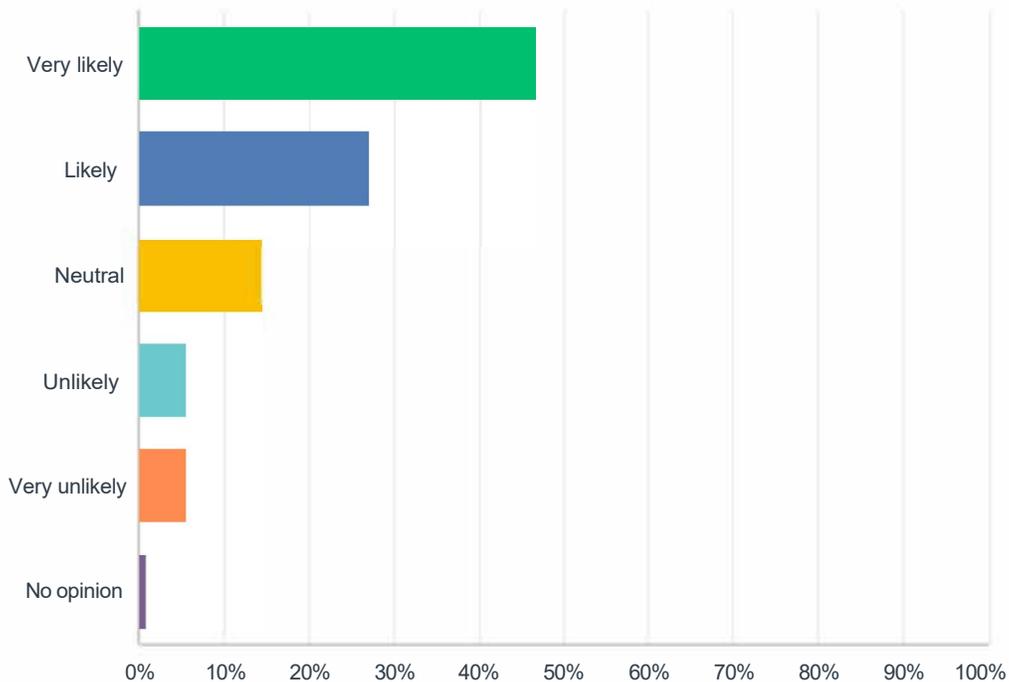
ANSWER CHOICES	RESPONSES	
Very likely	46.61%	110
Likely	27.12%	64
Neutral	14.41%	34
Unlikely	5.51%	13
Very unlikely	5.51%	13
No opinion	0.85%	2
TOTAL		236

Qll From the items below, please check items which you would be interested in (Please select all that apply):

Answered: 178   Skipped: 58

ANSWER CHOICES	RESPONSES	
Pre-retirement informational meetings	59.55%	106
Planning for retirement security seminars/webinars	60.67%	108
Participating in a defined contribution plan (401 and 457 plans or Roth IRA)	28.09%	50
Other (please specify)	14.61%	26
Total Respondents: 178		

Q12 How long have you been a member of MainePERS?

Answered: 234   Skipped: 2
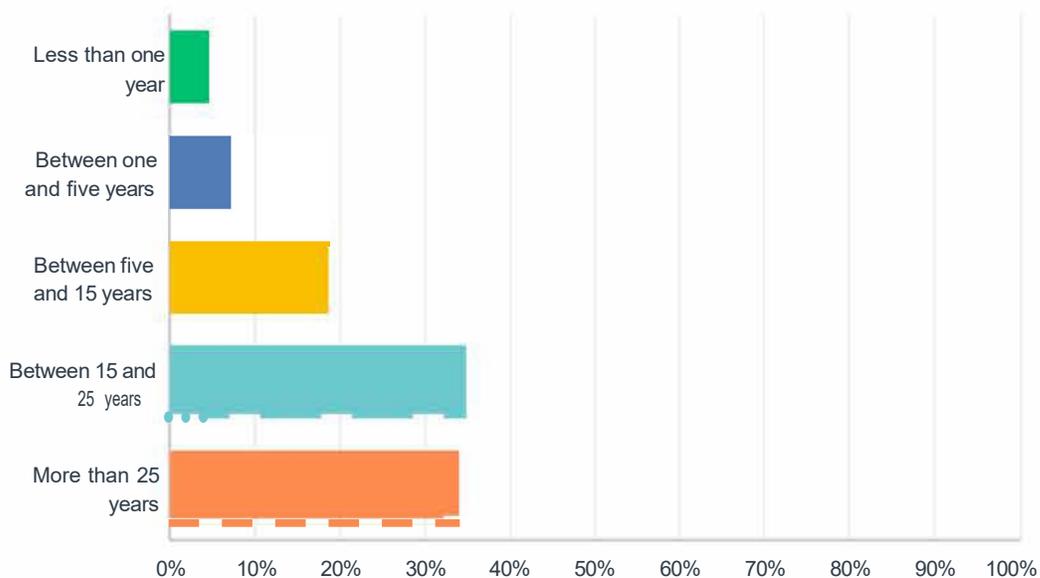
ANSWER CHOICES	RESPONSES	
Less than one year	4.70%	11
Between one and five years	7.26%	17
Between five and 15 years	18.80%	44
Between 15 and 25 years	35.04%	82
More than 25 years	34.19%	80
TOTAL		234

Ql Please rate your overall satisfaction with MainePERS

Answered: 414   Skipped: 2
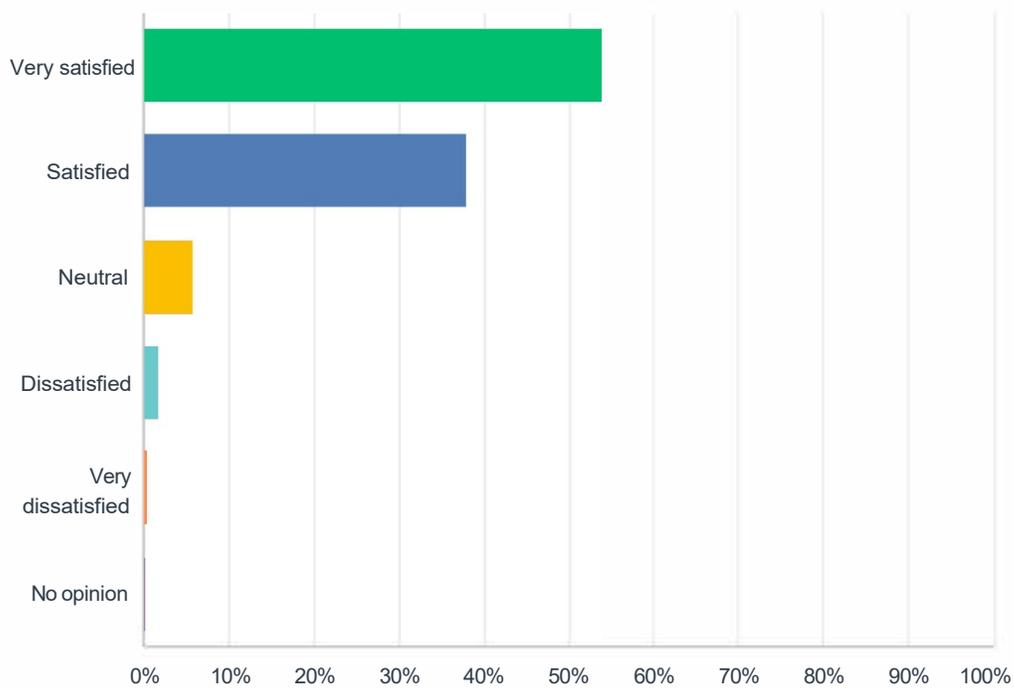
ANSWER CHOICES	RESPONSES	
Very satisfied	53.86%	223
Satisfied	37.92%	157
Neutral	5.80%	24
Dissatisfied	1.69%	7
Very dissatisfied	0.48%	2
No opinion	0.24%	1
TOTAL		414

Q2 When was the last time you contacted MainePERS?

Answered: 415   Skipped: 1
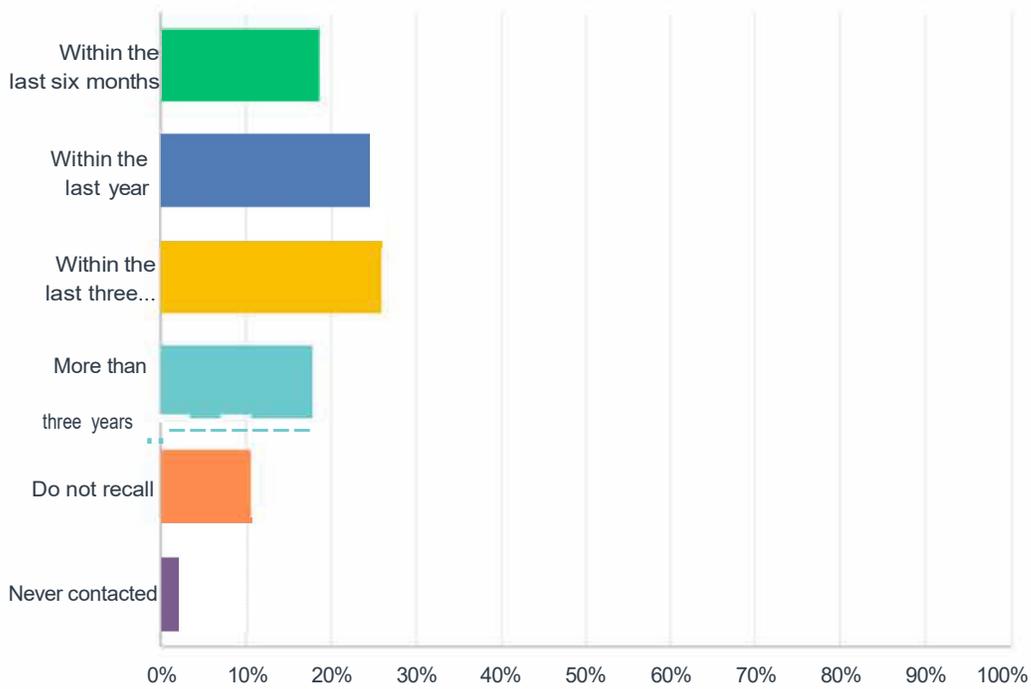
ANSWER CHOICES	RESPONSES	
Within the last six months	18.80%	78
Within the last year	24.58%	102
Within the last three years	26.02%	108
More than three years	17.83%	74
Do not recall	10.60%	44
Never contacted	2.17%	9
TOTAL		415

Q3 I am confident my MainePERS retirement is secure and will be there for me

Answered: 416   Skipped: O
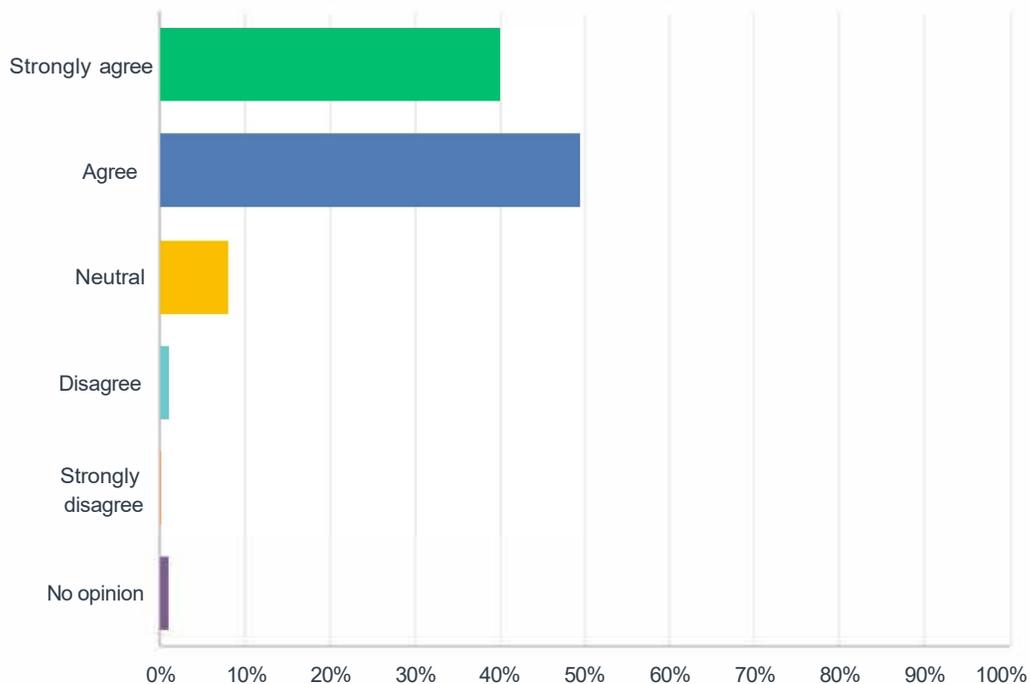
ANSWER CHOICES	RESPONSES	
Strongly agree	40.14%	167
Agree	49.52%	206
Neutral	8.17%	34
Disagree	0.96%	4
Strongly disagree	0.24%	1
No opinion	0.96%	4
TOTAL		416

Q4 MainePERS acts with integrity

Answered: 415   Skipped: 1
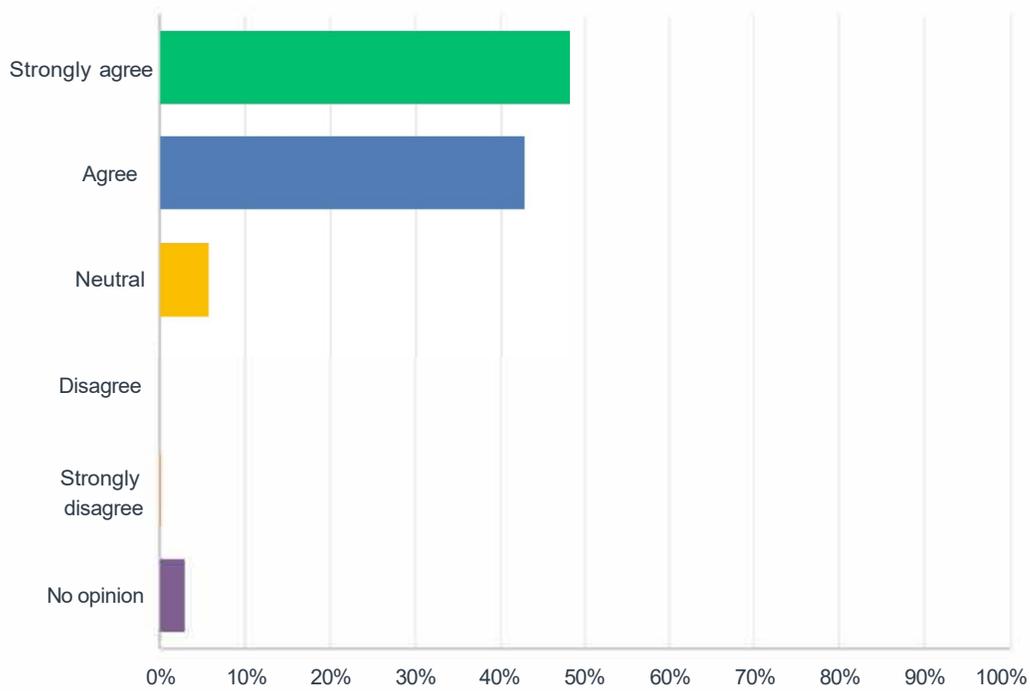
ANSWER CHOICES	RESPONSES	
Strongly agree	48.19%	200
Agree	42.89%	178
Neutral	5.78%	24
Disagree	0.00%	0
Strongly disagree	0.24%	1
No opinion	2.89%	12
TOTAL		415

Q5 The frequency with which MainePERS communicates with me meets my expectations

Answered: 415   Skipped: 1
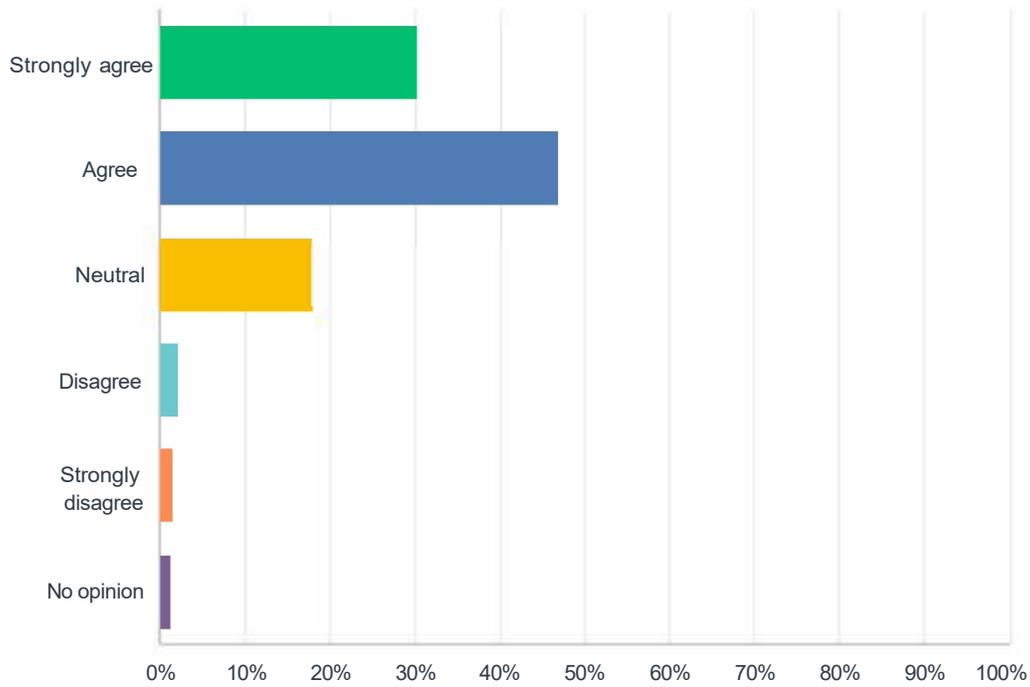
ANSWER CHOICES	RESPONSES	
Strongly agree	30.36%	126
Agree	46.99%	195
Neutral	17.83%	74
Disagree	2.17%	9
Strongly disagree	1.45%	6
No opinion	1.20%	5
TOTAL		415

Q6 Information I receive from MainePERS is easy to understand

Answered: 413   Skipped: 3
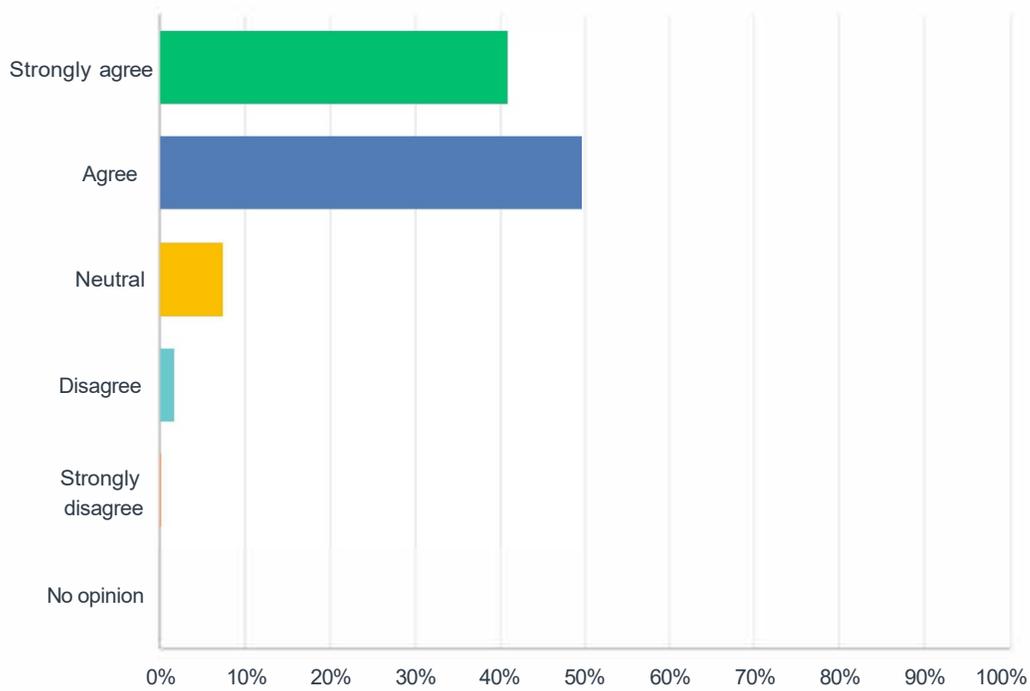
ANSWER CHOICES	RESPONSES	
Strongly agree	40.92%	169
Agree	49.64%	205
Neutral	7.51%	31
Disagree	1.69%	7
Strongly disagree	0.24%	1
No opinion	0.00%	0
TOTAL		413

Q7 MainePERS responds to my questions in a timely manner

Answered: 413   Skipped: 3
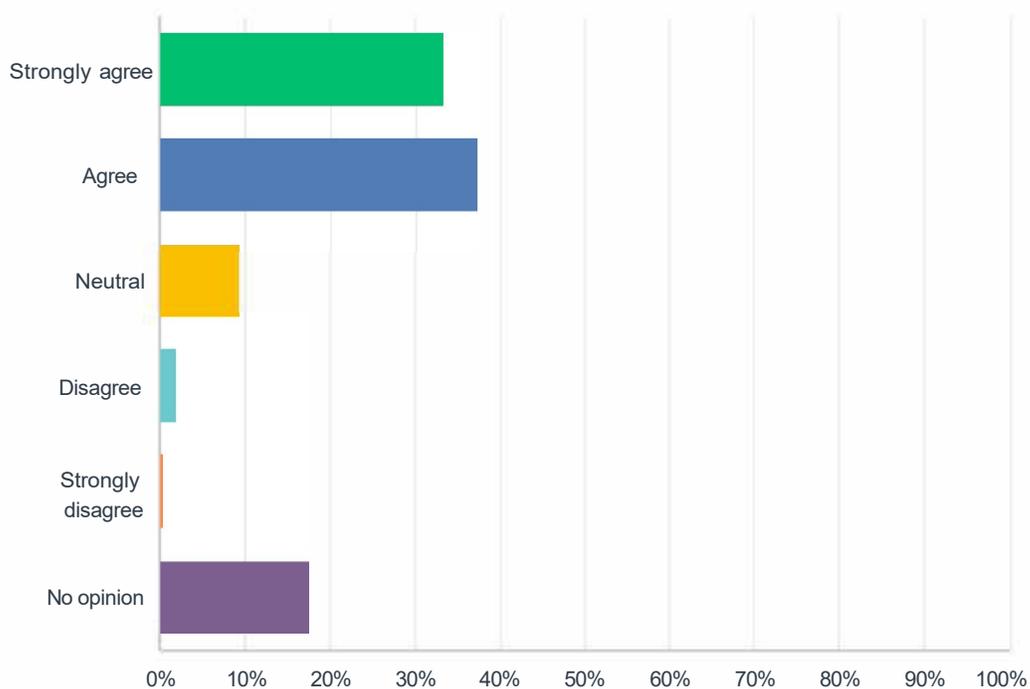
ANSWER CHOICES	RESPONSES	
Strongly agree	33.17%	137
Agree	37.29%	154
Neutral	9.44%	39
Disagree	1.94%	8
Strongly disagree	0.48%	2
No opinion	17.68%	73
TOTAL		413

QB MainePERS Staff are knowledgeable

Answered: 414   Skipped: 2
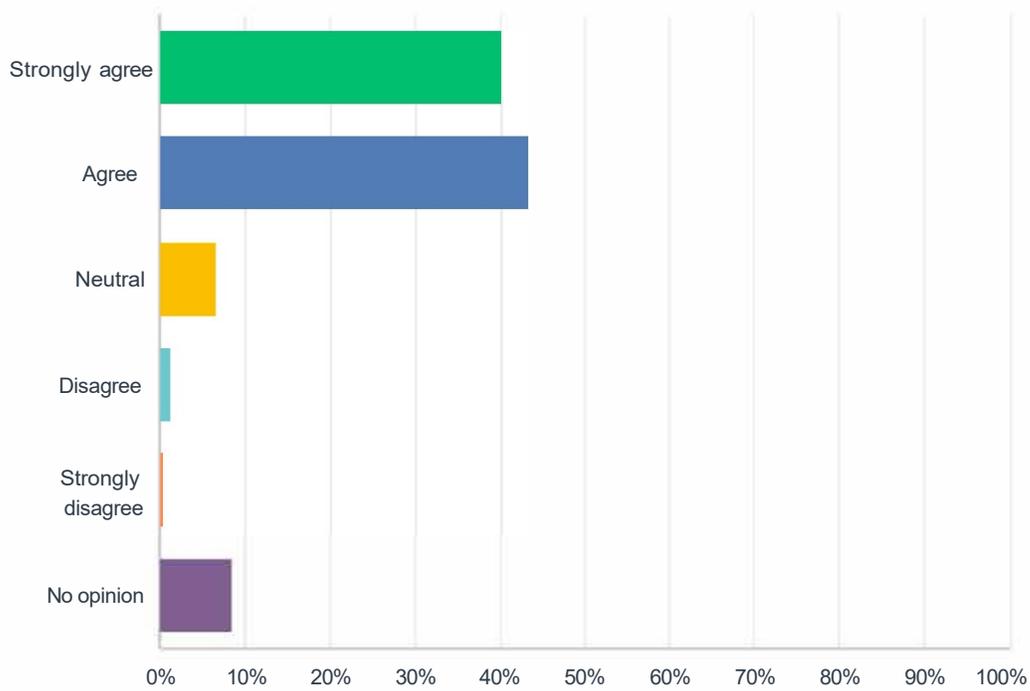
ANSWER CHOICES	RESPONSES	
Strongly agree	40.10%	166
Agree	43.24%	179
Neutral	6.52%	27
Disagree	1.21%	5
Strongly disagree	0.48%	2
No opinion	8.45%	35
TOTAL		414

# Q9 I prefer to receive information from MainePERS by this method: (Please select up to three options)

Answered: 416   Skipped: 0
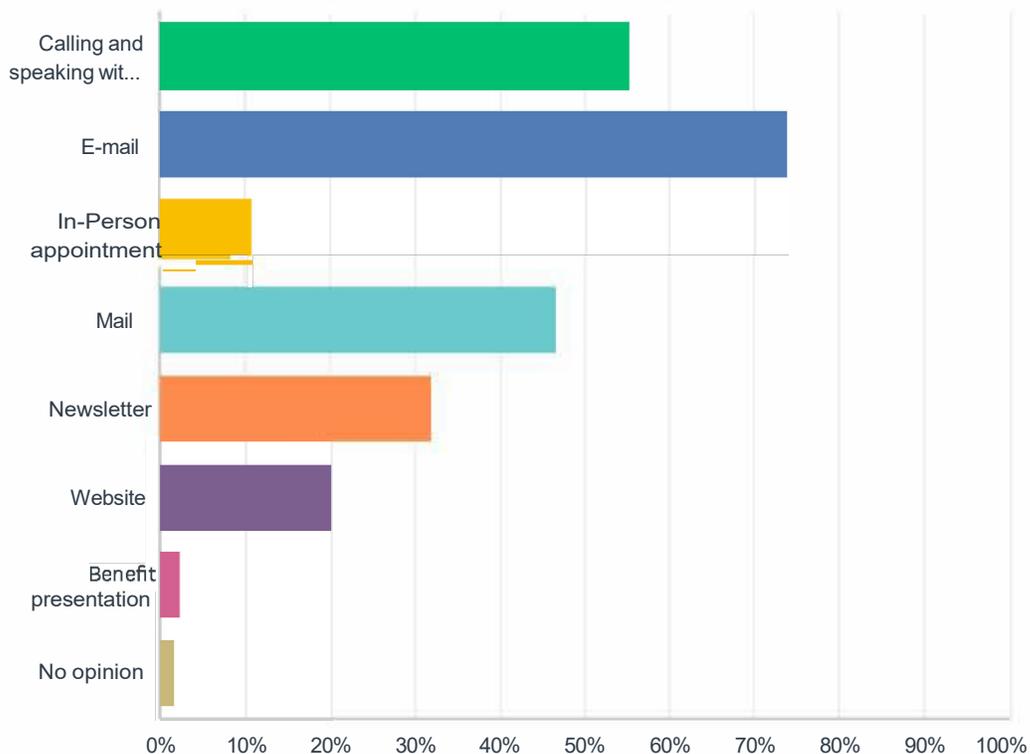
ANSWER CHOICES	RESPONSES	
Calling and speaking with a Member Services Representative	55.29%	230
E-mail	73.80%	307
In-Person appointment	10.82%	45
Mail	46.63%	194
Newsletter	31.97%	133
Website	19.95%	83
Benefit presentation	2.40%	10
No opinion	1.68%	7
Total Respondents: 416		

QIO MainePERS is exploring an initiative that would provide a secure Online Member Portal where members could obtain account information and potentially otherwise interact with MainePERS. How likely would you be to use a secure Online Member Portal?

Answered: 415   Skipped: 1
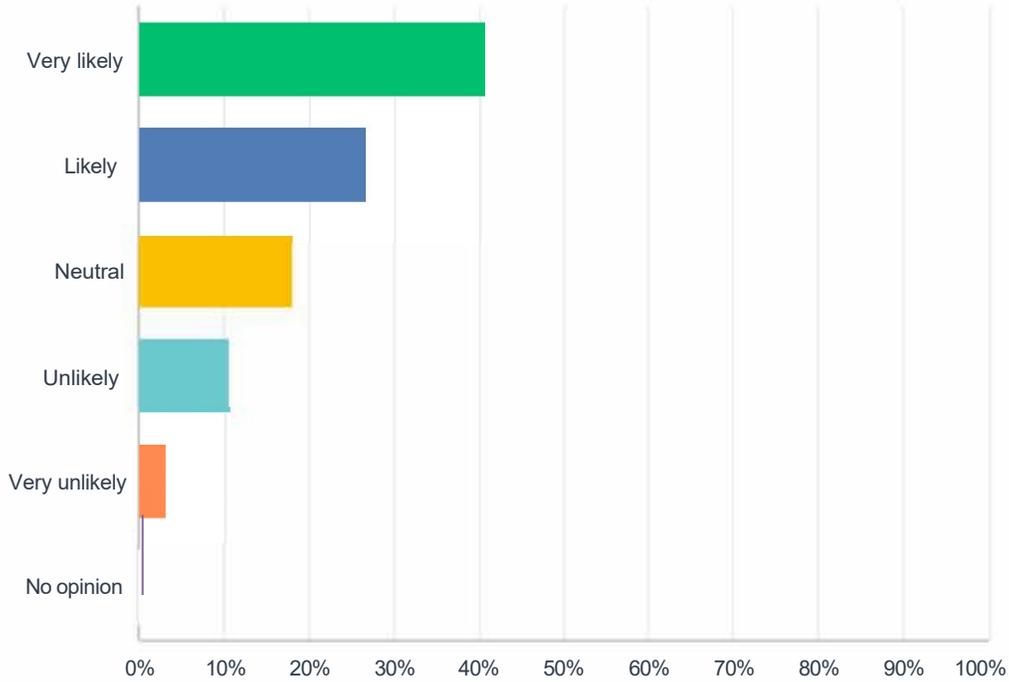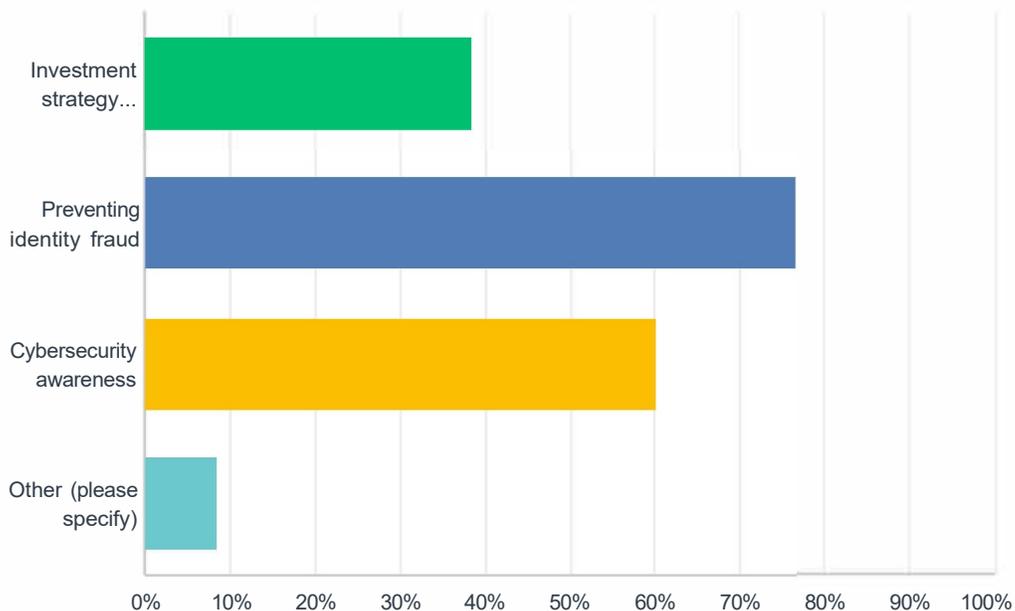

ANSWER CHOICES	RESPONSES	
Very likely	40.72%	169
Likely	26.75%	111
Neutral	18.07%	75
Unlikely	10.60%	**44**
Very unlikely	3.13%	13
No opinion	0.72%	3
TOTAL		415

Qll From the items below, please check items which you would be interested in (Please select all that apply):

Answered: 359   Skipped: 57

ANSWER CHOICES	RESPONSES	
Investment strategy overviews	38.44%	138
Preventing identity fraud	76.60%	275
Cybersecurity awareness	60.17%	216
Other (please specify)	8.64%	31
Total Respondents: 359		

Q12 How long have you been receiving MainePERS retirement benefits?

Answered: 414   Skipped: 2
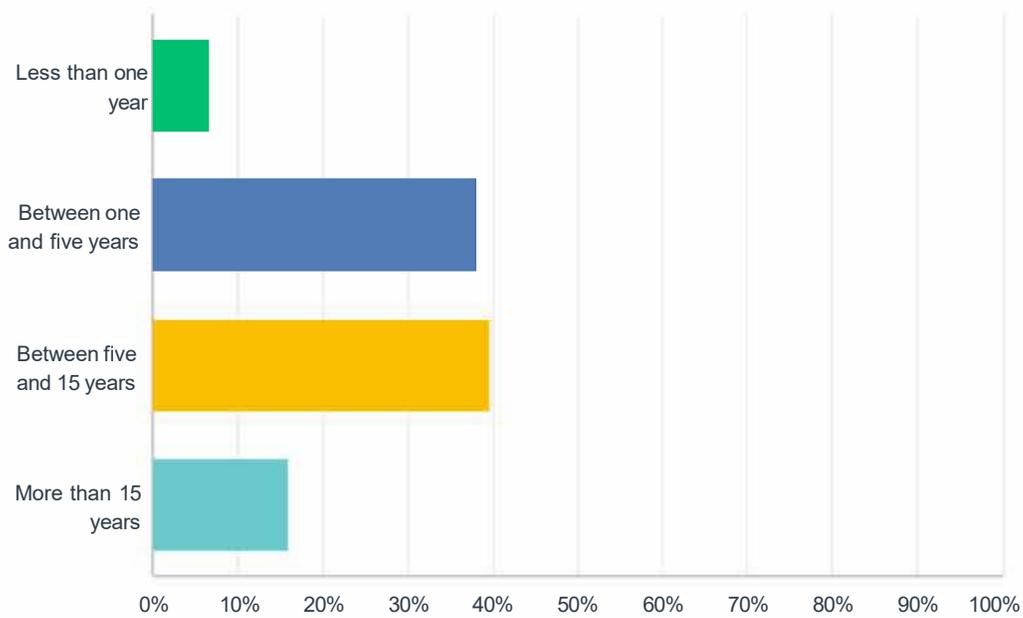
ANSWER CHOICES	RESPONSES	
Less than one year	6.52%	27
Between one and five years	37.92%	157
Between five and 15 years	39.61%	164
More than 15 years	15.94%	66
TOTAL		414

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO

SUBJECT: MAINEPERS 2023 EMPLOYEE SATISFACTION SURVEY

DATE: FEBRUARY 15, 2023

POLICY REFERENCE

Board Policy 5.3 Service to Staff

MainePERS conducted an employee satisfaction survey January 15 – February 1, 2023. All employees were invited to participate in the survey. Seventy-six (76) employees completed the survey, a 72% response rate. A copy of the survey is attached.

Of those responding, 74% stated that they "agree" or "strongly agree" they are satisfied with their job, 16% were neutral, and 10% stated they "disagree" or "strongly disagree". Ninety-one percent (91%) indicated that they "agree" or "strongly agree" they know what is expected of them in their position, 4% were neutral, and 5% indicated that they "disagree" or "strongly disagree". And, 82% said they "always" or "usually" receive helpful feedback from their supervisor, while 13% said "sometimes" and 5% said "rarely."

Responses to the survey suggest some optimism that the work culture and environment are moving in a positive direction, but also acknowledge there is more work to do and that transformation takes time. Employees expressed concerns that entry-level compensation was too low and that the compensation structure did not value seasoned employees. Additionally, employees noted that interdepartmental relationships need attention and that the work backlogs were burdensome.

RECOMMENDATION

No Board action is recommended at this time.

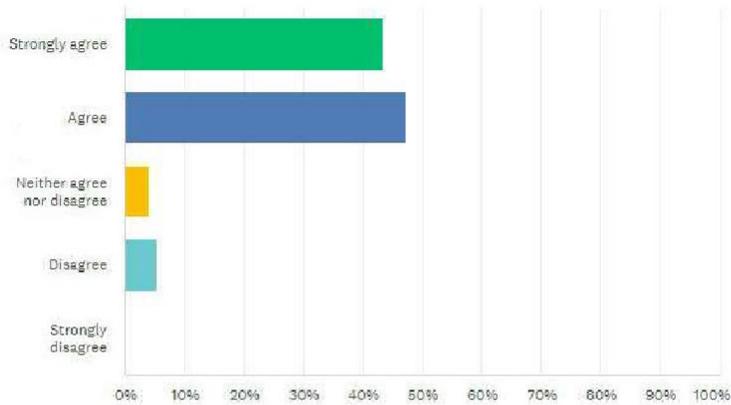# Employee Survey

January 15 – February 1, 2022

Employee Survey – Question 1

I know what is expected of me in my position.

Answered: 76   Skipped: 0

ANSWER CHOICES	RESPONSES	
Strongly agree	43.42%	33
Agree	47.37%	36
Neither agree nor disagree	3.95%	3
Disagree	5.26%	4
Strongly disagree	0.00%	0
TOTAL		76

Employee Survey - Question 2

In general, I am satisfied with my job.

Answered: 76   Skipped: 0
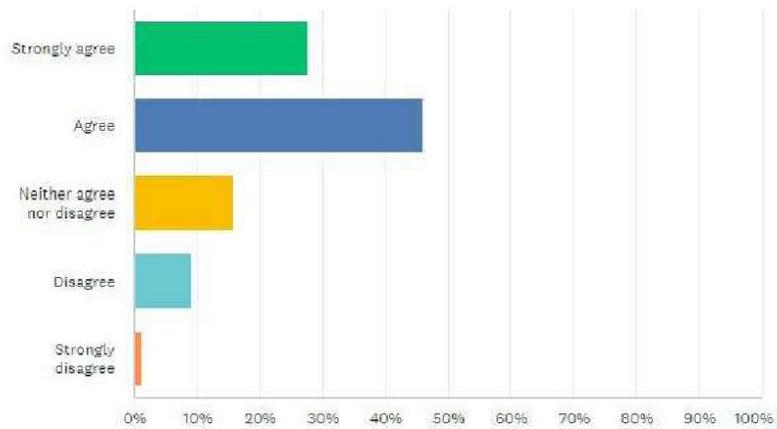
ANSWER CHOICES	RESPONSES	
Strongly agree	27.63%	21
Agree	46.05%	35
Neither agree nor disagree	15.79%	12
Disagree	9.21%	7
Strongly disagree	1.32%	1
TOTAL		76

Employee Survey - Question 3

I receive timely and relevant communications from my supervisor.

Answered: 76   Skipped: 0
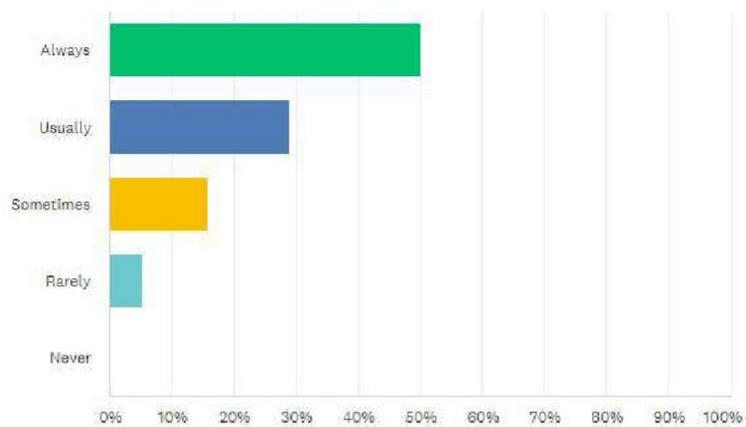
ANSWER CHOICES	RESPONSES	
Always	50.00%	38
Usually	28.95%	22
Sometimes	15.79%	12
Rarely	5.26%	4
Never	0.00%	0
TOTAL		76

Employee Survey - Question 4

My supervisor provides helpful feedback.

Answered: 76   Skipped: 0
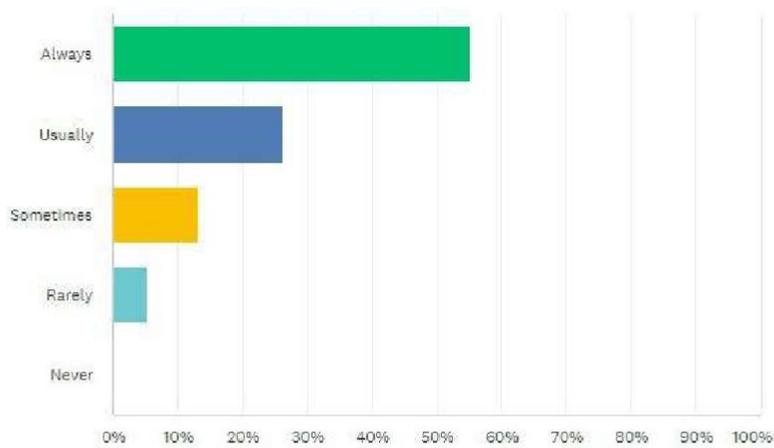
ANSWER CHOICES	RESPONSES	
Always	55.26%	42
Usually	26.32%	20
Sometimes	13.16%	10
Rarely	5.26%	4
Never	0.00%	0
TOTAL		76

Employee Survey - Question 5

The option of a hybrid remote work schedule is beneficial for MainePERS and has improved my work-life balance.

Answered: 76   Skipped: 0
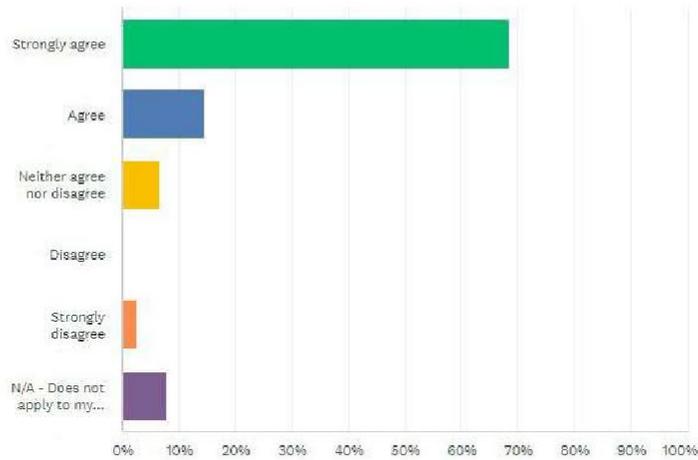
ANSWER CHOICES	RESPONSES	
Strongly agree	68.42%	52
Agree	14.47%	11
Neither agree nor disagree	6.58%	5
Disagree	0.00%	0
Strongly disagree	2.63%	2
N/A - Does not apply to my position	7.89%	6
TOTAL		76

Employee Survey - Question 6

I would recommend MainePERS as a great place to work.

Answered: 76   Skipped: 0
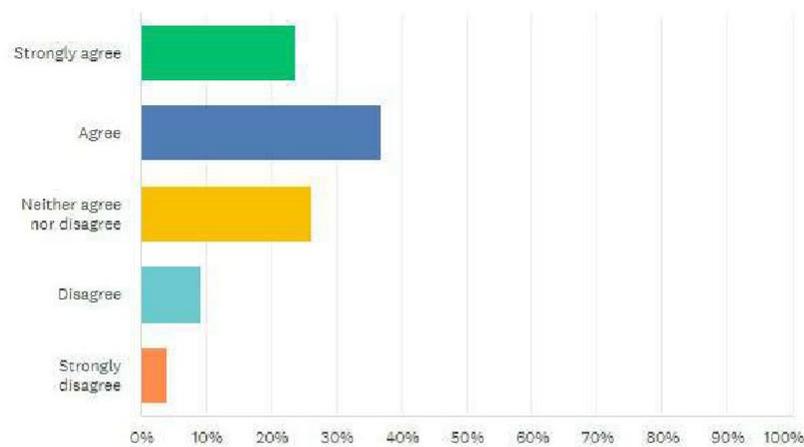
ANSWER CHOICES	RESPONSES	
▼ Strongly agree	23.68%	18
▼ Agree	36.84%	28
▼ Neither agree nor disagree	26.32%	20
▼ Disagree	9.21%	7
▼ Strongly disagree	3.95%	3
TOTAL		76

NEW RETIREES
Calendar Year 2022

5 M.R.S. § 17103(F)

Plan Status	Retired Members
State	636
Teacher	927
Legislative	2
Judicial	7
Participating Local District	458
Total	2030

NEW ACTIVE MEMBERS
Calendar Year 2022

5 M.R.S. § 17103(G)

Plan Status	New Active Members
State	1546
Teacher	2114
Legislative	37
Judicial	1
Participating Local District	2062
Total	5760

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

DISABILITY RETIREMENT and APPEALS
Calendar Year 2022

5 M.R.S. § 17103(J)(1)-(4)

	Count	Percentage
NEW APPLICATIONS		
Disability determinations made at the application stage in 2022	78	
Applicants awarded disability retirement at the applications stage	71	91%
Applications terminated due to death	1	
Applicants denied at the application stage	7	9%
DISABILITY APPEALS[1]		
Number of appeals pending 12/31/2021	8	
Number of appeals filed in 2022	4	
Total appeals closed in 2022	5	
Appeals Withdrawn or Abandoned	1	
Appeals Resolved on the Merits	4	
Total resulting in denial of benefits	3	
Total resulting in the award of benefits[2]	1	25%
Number of Appeals Pending 12/31/2022	7	

[1]This section addresses appeals of application denials. Appeals may not be filed and often are not completed in the same calendar year as the application denial.

[2]The appellant is this case had their application granted on one condition and received full benefits on that basis. The appellant appealed the denial of eligibility on other conditions and added new conditions on appeal. The Chief Executive Officer's designee found eligibility on all conditions after receiving additional information during the appeals process. Twenty-five percent of cases resolved on the merits during an appeal resulted in the award of benefits. Of appeals closed in 2022, which includes an abandoned appeal, 20% resulted in the award of benefits.

BUDGET STATUS OF ADMINISTRATIVE OPERATIONS AND FUNCTIONS
FY 2022-2023

5 M.R.S. § 17103(E)

	FY 2023 Budget	07/01/2022-12/31/2022 Actual	01/01/2023-06/30/2023 Expected	Projected Surplus /(Deficit)
Personal Services	10,045,029	3,976,664	5,664,704	403,661
Professional Services[1]	1,640,373	504,442	1,110,062	25,869
Communications	543,274	297,042	292,516	(46,284)
Building Operations	957,623	506,388	513,770	(62,535)
Computer Maintenance and Supplies	2,936,084	1,311,721	1,505,937	118,426
Depreciation	927,876	458,938	433,606	35,332
Professional Development	84,560	22,001	63,661	(1,102)
Medical Consultation and Records	244,500	96,181	166,485	(18,166)
Miscellaneous Operating Expenses	376,211	171,197	218,826	(13,812)
Total Administrative Expenses	**17,755,530**	**7,344,574**	**9,969,567**	**441,389**

[1]Professional Services include actuarial and legal service fees, as well as hearing officers' services related to appeals.

SUMMARY OF ADMINISTRATIVE EXPENSES
FY 2022

5 M.R.S. § 17103(D)

Personal Services	8,702,258
Professional Services	2,083,427
Communications	517,803
Office Rent and Building Operations	438,830
Computer Maintenance and Supplies	1,786,535
Depreciation	1,783,561
Professional Development	62,520
Medical Records and Exams	25,257
Miscellaneous Operating Expenses[1]	949,961
Total Administrative Expenses	**16,350,152**

[1] Total Administrative Expenses include all expenses of the System. Refer to the ACFR for a breakdown of administrative expenses across plans.

CONTRIBUTIONS/PAYMENTS IN 2023 5 M.R.S. § 17103(I)			
Plan Status	Employee Contributions	Employer Contributions	Total Payments to Retirees
State[1]	55,193,806	213,242,464	343,504,622
Teacher	109,154,965	330,099,526	604,647,375
Judicial	650,172	867,895	5,094,485
Legislative	161,937	43,111	618,847
Participating Local Districts	65,104,305	78,985,493	195,469,529
Total	**230,265,185**	**623,441,489**	**1,149,334,858**

[1]State Plan totals include Governors