



# Oregon

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## Public Employees Retirement System

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TO: Members of the PERS Board  
FROM: Paul R. Cleary, Executive Director  
SUBJECT: Strategic Outlook Review

As first reported to you at November's meeting, we have already begun the development process on the Agency Request Budget for the 2011-13 biennium. As always, our objective is to continue to align our budget initiatives and priorities with the agency's long-term strategic outlook.

The starting point to refining that long-term outlook is the agency's Mission Statement and Guiding Principles, which the PERS Board adopted in 2004. Thank you for taking the time to review these again after the last meeting. Using these precepts, my Executive Team has updated the attached Six Year Strategic Outlook to refine our Strategies and Key Indicators in the seven areas listed. Also, this document has been updated with the agency's Key Performance Measures as approved by the 2009 Oregon Legislature.

Based on these materials, staff will use the Strategies and Key Indicators for each of the Strategic Objectives as the foundation for any recommended changes to our Essential Budget Level or any Policy Option Packages in the 2011-13 Agency Request Budget. The budget development process will conclude with your approval of the final elements of the 2011-13 biennium agency request budget, currently targeted for the July 23, 2010 board meeting.

A.2 f. Attachment: Updated PERS Six-Year Strategic Outlook – 2009 to 2015



# Six – Year Strategic Outlook



## **Fiscal Biennia**

2009 – 2011

2011 – 2013

2013 – 2015

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# **Introduction**

This document describes the high-level strategic goals and objectives of the Oregon Public Employees Retirement System (PERS) over the six-year strategic planning period of FY 2009 – 2015.

## **Mission and Guiding Principles**

The strategic outlook is focused on outcomes that align with the Agency's Mission and Guiding Principles established by the PERS Board in 2004.

# **Mission Statement**

We are a well-respected organization that serves our members by enabling informed retirement and health benefit decisions and delivering retirement and health benefits, effectively and efficiently.

# Guiding Principles

1. Trustworthy – We build trust internally and with all stakeholders.
2. Transparent – Our work is transparent, direct, and open.
3. Member Focused – We care about our members. We assure that members receive their legitimate benefits. We seek to understand and meet member needs.
4. Inclusive – We uphold our stakeholders’ right to provide input into decisions that affect them.
5. Objective – We administer the plan objectively, not subject to political pressure or improper influence.
6. Straightforward – We strive for simplicity. We aim to make our benefits and services easy to understand, straightforward to administer, and efficient to implement.
7. Accountable – We do what we say we’ll do. We make and keep commitments.
8. Data-quality/integrity – We maintain and improve the integrity of data through our processes, business rules, decision-making, and data fixes.
9. Aligned – We’re focused on our objectives. We keep strategy and resources aligned, and deliver results, even as priorities change.
10. Clear – Our communications are clear, consistent, concise, and meet stakeholder needs.
11. Courageous – We’re willing to make hard decisions to implement our strategy and to deliver according to the character of the organization.
12. Competitive – We understand the financial implications of all our decisions and aim to operate competitively.
13. Careful – We anticipate and manage risks to support financial stability for members, employers, and taxpayers.

# **Key Performance Measures Changes from 2007-09**

Working with the Oregon Progress Board, PERS contributes to the Annual Performance Progress Reports (APPR) provided to the Oregon Legislature, using key performance measure data to describe the agency's progress toward its mission and goals.

For 2009-11, PERS continues to use the eight approved Key Performance Measures with modest refinements that will improve the consistency of the data tracking process.

Certain targets have been indexed to better reflect the measurement of continuous performance improvements.

# Legislatively Adopted 2009-11 Key Performance Measures

2009-11 KPM #	Legislative KPM for 2009-2011	Changes to 2007-09	Target 2010	Target 2011
1	TIMELY RETIREMENT PAYMENTS: Percent of initial service retirements paid within 45 days from retirement date	No Change	80%	80%
2	TOTAL BENEFIT ADMINISTRATION COSTS: Total benefit administration cost per member	Target Indexed For Inflation	\$125	\$125
3	MEMBER TO STAFF RATIO: Ratio of members to FTE staff	New Presentation	925:1	935:1
4	AVERAGE DOLLARS DEFERRED: Average monthly deferral per state employee deferred compensation participant	Target Indexed By 5%	\$450	\$472
5	LEVEL OF PARTICIPATION: Percent of state employees participating in deferred compensation program	Target Indexed By 1%	40%	41%
6	CUSTOMER SERVICE: Percent of members and employers rating their satisfaction with agency's customer service as "good" or "excellent". Overall customer service, timeless, accuracy, helpfulness, expertise and availability of information	No Change	80%	80%
7	TIMELY BENEFIT ESTIMATES: Percentage of benefit estimates processed within 30 days	No Change	95%	95%
8	BOARD OF DIRECTORS BEST PRACTICES: Percent of total practices criteria met by the PERS Board	No Change	100%	100%

# Strategic Outcomes

1. Produce timely and accurate payment of all PERS benefits
2. Deliver high quality customer service
3. Agency organized to optimize effectiveness and efficiency
4. Business processes are efficient and cost effective
5. Agency staff has the skill set to support strategic outcomes
6. Provide a secured information environment
7. Agency communications are clear, concise, and accurate

1

## **Produce timely and accurate benefit payments**

### **STRATEGIES:**

- Coordinate benefit payments for all PERS programs
- Automate remaining functionality not currently contained in payment system of record, unless very low volume or one offs
- Pay estimated benefits, as needed, to minimize cash flow disruptions for newly retired members
- Continue to strengthen quality assurance and benefit payment review and verification processes
- Improve working relationships with employers to facilitate quality and timeliness of data reporting
- Work with employers to improve separation from employment process
- Implement data quality life cycle process to expose, verify and clean data
- Strengthen employer responsibility for tracking and reporting accurate data
- Pursue Continual Process Improvement

### **Key Indicators**

- System calculations are automated within design expectations
- 80% of final benefits are paid within 45 days of effective retirement date
- No more than 1% of retiring members challenge Notice of Entitlements data
- Audits confirm 99% of final benefit calculations are accurate within  $\pm$  \$5.00

**Division Facilitator: Benefit Payments**

## 2

# Deliver high quality customer service

### **STRATEGIES:**

- Use agency-wide approach to deliver customer service
- Provide members the ability to view and update account information via online member services
- Enhance the retirement/withdrawal application intake process to include tracking and quality review of applications
- Promote PERS Health Insurance and the Oregon Savings Growth Plan in all PERS education presentations
- Use customer service satisfaction surveys to better understand service expectations and deliver value to customers
- Strengthen communication and partnership with employers and member stakeholder groups to enhance customer service
- Continuously promote, evaluate, and maintain the Retirement Application Assistance Session program

### **Key Indicators**

- Accurate benefit estimates produced within 30 days of request
- Members can create benefit estimates via online member services
- Telephone calls, emails, and correspondence answered within defined performance standards
- Customer satisfaction surveys show 80% or more of members and employers rate their satisfaction with agency services as “good” or “excellent”
- PERS staff can determine current status of any member inquiry

**Division Facilitator: Customer Service**

# 3

## Agency organized to optimize effectiveness and efficiency

### STRATEGIES:

- For clarity of mission and clear ownership of processes, better organize and focus on three core business operational functions:
  - DATA [collect data from employer]
  - ELIGIBILITY [determine if members are eligible for requested benefit, maintain legacy data]
  - BENEFITS [pays benefits to members]
- Develop business-driven workflows with business process owners for all major functions
- Utilize project management staff and quality assurance staff as agency-wide resources
- Establish agency-wide quality assurance process
- Develop call center into agency-wide information and communication resource with access to all member information and fully utilize the call center capabilities and technologies

### Key Indicators

- Three core business operational functions providing clear ownership of data, eligibility, and benefit calculations
- Valid, accurate, and complete data is available in timely manner
- Workflows are supporting major functions and continuous process improvement
- Quality assurance standards established for major business processes
- All major business assisted by project management office
- New business activities and capabilities are integrated continuously, rapidly, and cost effectively

**Division Facilitator: Deputy Director**

# 4

## **Business processes are efficient and cost effective**

### **STRATEGIES:**

- Optimize and refine the technology leverage enhanced by the functionality provided with the new ORION system
- Simplify business processes to reduce or eliminate redundant requirements on forms and maximize efficiencies proved by automated workflows
- Create the right mix of process standardization and flexibility to accommodate change from many sources, and create value through that change
- Speed the posting of funds and reduce processing costs
- Continually re-examine and report progress and successes
- Effectively use internal audits to audit, test, and improve agency processes

### **Key Indicators**

- ORION achieves full functionality and provides improved efficiency and accuracy
- Continued reductions in prior year adjustments beyond the annuals closing period
- Establish and meet predictable statistical parameters around workflow activity
- More transactions being processed per FTE
- Maintain the trend of increasing the number of members to staff ratio
- 99% of final benefit calculations are accurate and 80% of final benefit payments commence within 45 days of the member's effective retirement date
- Audits confirm improving agency efficiency and cost effectiveness

**Division Facilitator: Fiscal Services**

# 5

## **Agency staff has the competencies to support strategic outcomes**

### **STRATEGIES:**

- Develop organizational bench strength through staff development and succession planning
- Assess organizational needs and capabilities – hire and train to fill capability gaps
- Use performance management system to evaluate performance, create development plans and career paths for employees
- Implement a unified staff training and development strategy that addresses agency-wide as well as division-specific needs
- Equip and train agency workforce to serve a diverse membership
- Ensure recruitment strategies attract and retain key talent
- Communicate and engage employees in PERS strategic outcomes
- Use a collaborative leadership model and shared vision to manage change through agency staff
- Partner with the union to identify competencies and areas of improvement

### **Key Indicators**

- Agency does not suffer from “key person” syndrome
- Staff can obtain core training through agency resources
- Outside training opportunities are identified and used when cost effective
- No more than 5% of new hires removed from trial service annually
- Agency workforce fully serves a diverse membership
- Labor/Management Committee recommends areas for competency development.
- Annual turn-over rate for Agency is below 10%
- Staff see how they contribute to the Agency’s mission and help make change happen on a day-to-day basis

**Division Facilitator: Human Resources**

# 6

## Provide a secured information environment

### STRATEGIES:

- Implement enterprise risk management program
- Strengthen and maintain information security initiatives
- Ensure all staff and contractors are aware of and follow data security policies, processes, and procedures
- Maintain robust internal audit function
- Regularly monitor for compliance with related information security laws and regulations, statewide standards, and effectiveness of internal controls
- Develop and implement appropriate information security measures to track the effectiveness of the information security program.

### Key Indicators

- 95% of staff are up to date on security policy training
- Periodic assessments of PERS compliance with related legal requirements and effectiveness of internal controls are performed
- No significant information security related findings on annual Secretary of State audit
- Internal/external audits reveal no significant information security breaches
- Information security metrics show continual improvement or sustained acceptable levels

# 7

## **Agency communications are clear, concise and accurate**

### **STRATEGIES:**

- Maintain agency website to ensure accessibility and usability
- Have all communication materials reviewed internally for consistency, readability, and design—remove jargon
- Improve key forms, such as the Benefits Estimate Form, and provide explanations to ensure understanding by the recipient
- Continuously train staff to provide consistent answers to member and employer inquiries
- Develop communication strategies and informational materials for members, retirees, employers, and stakeholders related to significant PERS events
- Communicate to staff and stakeholders prior to trigger events and mass communications
- Involve stakeholder groups in delivery of information to members and employers
- Survey members and employers on the effectiveness of the website, forms, and communication materials

### **Key Indicators**

- Requests for clarification of information already provided by PERS decrease
- PERS websites are easy to navigate and information easy to read and understand
- Members receive the same answer from all agency sources
- Staff provided with consistent, accurate, complete, and current information to respond to member and employer inquires
- Customer satisfaction indicators continue to improve
- Communication materials are continually refined to respond to customer needs and feedback

**Division Facilitator: Policy and Planning**