MAINE STATE LEGISLATURE

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February 29, 2024

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, 2023.

INVESTMENTS

The market value of the System's defined benefit plans trust fund at June 30, 2023 was $18.8 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 2023 was 8.2%. The fund return through the first seven months of FY 2024 ending January 31st was 3.4%.

| Fiscal Year Ending	Fund Value	Investment Return*
June 30, 2021	$18.1B	26.5%
June 30, 2022	$18.3B	3.3%
June 30, 2023	$18.8B	4.7%

*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, 2023 were 11.0%, 8.4%, 8.3%, and 7.7%, respectively. The 30-year return includes the 2000-2002 and 2008-2009 market downturns.

www.mainepers.org

LOCATION
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P.O. Box 349, Augusta, ME 04332-0349

LOCAL
207-512-3100

TOLL-FREE
1-800-451-9800

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207-512-3101

MAINE RELAY
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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 62% of the System's portfolio at June 30, 2023. While above target, the value of alternatives remains within the System's policy range for these asset classes.

MainePERS Target Allocation
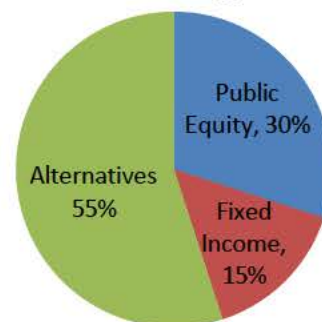
MainePERS maintains a substantial portion of the fund in return-seeking assets such as publicly traded equities and private equity. This is because most of the System's benefit payments are not due for several decades into the future and current fund liquidity is strong enough to withstand a full-range of market scenario testing. For decades 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 the Retiree Health Insurance Post-Employment Benefits (RHIPEB) Investment Trust in FY 2008 for the purpose of investing funds set aside by the State of Maine to cover liabilities related to 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, 2023, the market value for the RHIPEB Trust assets was $535.7 million. Of this amount, $432.7 million is held in trust for retired State workers, and $103.0 million is held in trust for retired teachers. These amounts include $65 million for retired State workers and $103 million for retired teachers received on June 30, 2023.

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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 2023 from 83.9% to 85.0%. The funding ratio ten years ago, by comparison, was 77.6%.

The unfunded actuarial liability (UAL) of the State Employee and Teacher Retirement Program decreased in FY 2023 from $2.734 billion at June 30, 2022 to $2.631 billion at June 30, 2023.

Investment returns on an actuarial value of assets basis were 7.15% for FY 2023. 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 144.5% as of June 30, 2023, 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, 2023, the actuarial funded ratio was 109.9%.

Funding Status of the Participating Local District Consolidated Retirement Plan

The Participating Local District Consolidated Retirement Plan (PLD Plan) consisted of 335 participating local districts at December 31, 2023. The actuarial funded ratio of the Plan was 91.2% at June 30, 2022 and remained 91.2% at June 30, 2023. 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, key performance and risk measures, and 1-year update are available at: https://www.mainepers.org/about/strategic-plan/.

Member Satisfaction Surveys

MainePERS conducted a member satisfaction survey August 15 - 31, 2023. 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

MainePERS has approximately 53,000 active members currently employed by a participating employer. In the summer of 2023, 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. One hundred and seventy-two (172) active members responded to the survey, an 8% response rate of those delivered. The confidence level of the survey is between 80% and 85%, with a margin of error = 7.3%.

Of those responding, 46.52% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 40.7% "neutral" or "no opinion", and 12.79% "dissatisfied" or "very dissatisfied". More than half of respondents, 53.49%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 43.61% "neutral" or "no opinion", and 2.91% "disagree" or "strongly disagree". And, 42.11% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 53.21% "neutral" or "no opinion", and 4.68% "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, retirement security planning seminars, and participation in defined contribution plans. In their comments, active members expressed appreciation for the new services available: the member portal, the benefit estimator, and the annual member account statements.

Compared to the 2022 survey results for active members, there were fewer respondents (172 v 236) and a lower response rate (8% v 11%). Respondents generally had more neutral responses, a larger percentage had not vested (25.14% v 11.96%), and fewer had contact with MainePERS within the twelve months preceding the survey (37.21% v 56.6%).

Retired Members Survey

MainePERS has approximately 49,000 retired members. In the summer of 2023, 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. Five hundred and eighty-five (585) retired members responded to the survey, a 26% response rate of those delivered. The confidence level of the survey is 98%, with a margin of error = 3.9%.

Of those responding, 91.8% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 6.51% "neutral" or "no opinion", and 1.7% "dissatisfied" or "very dissatisfied". Over ninety percent, 91.78%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 7.36% "neutral" or "no opinion", and 0.85% "disagree" or "strongly disagree". And, 79.04% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 19.9% "neutral" or "no opinion", and 1.03% "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.

In their comments, retired members expressed concerns about the Social Security Windfall Elimination Provision and the Government Pension Offset, as well as the insufficiency of the annual cost-of-living-adjustments to keep up with inflation. Many retired members also expressed appreciation for the work of MainePERS and its staff.

Compared to the 2022 survey results for retired members, there were more respondents (585 v 415) and a higher response rate (26% v 14%). Respondents were generally consistent with the prior year in the percentage of favorable comments. A smaller percentage of respondents had retired within the past five years (36.48% v 44.44%), and fewer had contact with MainePERS within the twelve months preceding the survey (39.69% v 43.38%).

Employee Satisfaction Survey

MainePERS conducted an employee satisfaction survey January 25 - February 7, 2024. All employees were invited to participate in the survey. Eighty-three (83) employees completed the survey, a 67% response rate. A copy of the survey is attached.

Of those responding, 87% stated that they "agree" or "strongly agree" they are satisfied with their job (compared to 74% in 2023), 11% were neutral, and 2% stated they "disagree" or "strongly disagree". Ninety-two percent (92%) indicated they "agree" or "strongly agree" they know what is expected of them in their position (compared to 91% in 2023), 6% were neutral, and 2% "disagree" or "strongly disagree". And, 88% said they "always" or "usually" receive helpful feedback from their supervisor (compared to 81% in 2023), while 8% said "sometimes", and 4% stated "rarely" or "never".

Two new questions were added to the survey to assess the climate for inclusivity. Eighty-three percent (83%) stated they "agree" or "strongly agree" that MainePERS is committed to creating an inclusive workplace environment, 17% were neutral, and none stated they "disagree". And, 80% indicated they feel their ideas are valued and feel safe suggesting them, 12% said "sometimes", and 8% said "rarely" or "never".

Responses to the survey suggest optimism that the work culture and environment continue to improve, but also acknowledge there is more work to be done. Some employees also noted the backlogs continue to be burdensome.

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, 2023 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, 2023, in conformity with generally accepted accounting principles.

Awards and Certifications

Government Finance Officers Association Certification - In 2022, the System submitted its FY 2022 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 nineteenth 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 2023 ACFR has been submitted to the GFOA.

Public Pensions Standards Award - In 2023, for the sixteenth 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 more than 100,000 active members and retirees as of December 31, 2023. The System approved monthly pension benefits for 1,889 new retirees during CY 2023. This is generally consistent with the number who retired during CY 2022, with 43% of the CY 2023 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 2023, approximately 53,000 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 885 life insurance claims with a value of approximately $18.8 million in CY 2023.

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 2023, 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 12 virtual sessions were conducted during the year. This is a decrease of approximately 50% from CY 2022 but is the result of combining what was two

different training sessions in past years into one session that is offered once per month. This session is supplemented with virtual and telephone one-to-one support for employers who request it.

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 2023.

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).

The CPI-U at June 30, 2023 was 3.0%. 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 $24,911.84 of benefits.

CY 2023 saw two one-time COLA payments to eligible retirees from the State-sponsored plans. Authorized by the state budgets, eligible retirees received a 1.0% one-time COLA payment in April 2023 and a 3.0% one-time payment in November 2023.

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. Upon a recommendation by the PLD Advisory Committee, the Board of Trustees, through their rulemaking authority, authorized the payment of an additional 0.5% one-time COLA payment for eligible retirees from the PLD Consolidated Retirement Plan. These payments were made in February 2024.

Disability Services

In CY 2023, 99% 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. At the request of the Committee, MainePERS is separately providing an update this year on implementation of new and amended disability rules and member experience. That update includes the following information from the most recent Disability Applicant Experience Survey results: Among those members responding to the survey, approximately 92% either agreed or agreed strongly they were treated respectfully and that MainePERS responded to their questions in a timely manner. In addition, 87% reported they were satisfied or very satisfied the process was fair.

Information Technology (IT)

The MainePERS technology stack underwent upgrades to increase the security posture of its infrastructure and add some additional networking services. Activities in CY 2023 included the following:

CyberArk. This project started in 2022 and finished in 2023 and 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.

Wireless Infrastructure Upgrades. MainePERS completed an upgrade to the wireless infrastructure in the Augusta and Portland offices. The upgrade increased overall wireless bandwidth and signal coverage.

Brunswick Data Center Upgrades. MainePERS completed multiple upgrades to the Brunswick Data Center. MainePERS increased the Oracle capacity to allow for faster real-time replication and more storage. This upgrade will enable more productivity in the event of an interruption of service at the Augusta Data Center.

Microsoft Dynamics Upgrade. MainePERS completed an upgrade of the Microsoft Dynamics Accounting systems.

Govenda Board Software. MainePERS deployed its first cloud based technology solution in 2023. Govenda Board management solution provides a single software that organizes board meeting agendas, documents, meeting details and Board Member communication.

Member Self Service Portal. MainePERS configured and implemented MainePERS' first Member Self Service Portal. The Member Portal enables Members and Retirees to access their account, retrieve documents and update demographic information.

DEFINED CONTRIBUTION PLANS

MaineSTART

The System continues to promote to its Participating Local District (PLD) employers 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 CY 2023, the total number of employers that offered access to MaineSTART was 87 with a total of 1,737 employees participating in the program. This represents approximately a 6.9% increase in employee participation over CY 2022.

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 2024 Board-approved administration budget is $19,170,306. 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

SUBJECT: MAINEPERS 2023 MEMBER SATISFACTION SURVEY

DATE: OCTOBER 3, 2023

POLICY REFERENCE

Board Policy 5.2 – Service to Members, Retirees, Employers and Stakeholders

MainePERS conducted a member satisfaction survey August 15 – 31, 2023. 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 member surveys are attached.

Active Members Survey

MainePERS has approximately 53,000 active members currently employed by a participating employer. In the summer of 2023, 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. One hundred and seventy-two (172) active members responded to the survey, an 8% response rate of those delivered. The confidence level of the survey is between 80% and 85%, with a margin of error = 7.3%

Of those responding, 46.52% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 40.7% "neutral" or "no opinion", and 12.79% "dissatisfied" or "very dissatisfied". More than half of respondents, 53.49%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 43.61% "neutral" or "no opinion", and 2.91% "disagree" or "strongly disagree". And, 42.11% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 53.21% "neutral" or "no opinion", and 4.68% "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, retirement security planning seminars, and participation in defined contribution plans. In their comments, active members expressed appreciation for the new services available: the member portal, the benefit estimator, and the annual member account statements.

Compared to the 2022 survey results for active members, there were fewer respondents (172 v 236) and a lower response rate (8% v 11%). Respondents generally had more neutral responses,

a larger percentage had not vested (25.14% v 11.96%), and fewer had contact with MainePERS within the twelve months preceding the survey (37.21% v 56.6%).

<u>Retired Members Survey</u>

MainePERS has approximately 49,000 retired members. In the summer of 2023, 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. Five hundred and eighty-five (585) retired members responded to the survey, a 26% response rate of those delivered. The confidence level of the survey is 98%, with a margin of error = 3.9%

Of those responding, 91.8% rate their overall satisfaction with MainePERS as "satisfied" or "very satisfied", 6.51% "neutral" or "no opinion", and 1.7% "dissatisfied" or "very dissatisfied". Over ninety percent, 91.78%, stated they "agree" or "strongly agree" that MainePERS acts with integrity, 7.36% "neutral" or "no opinion", and 0.85% "disagree" or "strongly disagree". And, 79.04% "agree" or "strongly agree" that MainePERS staff are knowledgeable, 19.9% "neutral" or "no opinion", and 1.03% "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.

In their comments, retired members expressed concerns about the Social Security Windfall Elimination Provision and the Government Pension Offset, as well as the insufficiency of the annual cost-of-living-adjustments to keep up with inflation. Many retired members also expressed appreciation for the work of MainePERS and its staff.

Compared to the 2022 survey results for retired members, there were more respondents (585 v 415) and a higher response rate (26% v 14%). Respondents were generally consistent with the prior year in the percentage of favorable comments. A smaller percentage of respondents had retired within the past five years (36.48% v 44.44%), and fewer had contact with MainePERS within the twelve months preceding the survey (39.69% v 43.38%).

RECOMMENDATION

No Board action is recommended at this time.

Member Satisfaction Survey

August 15 – 31, 2023

Actives

▶ Approx. 53,000

▶ Random selection of 2500 members

▶ 172 respondents
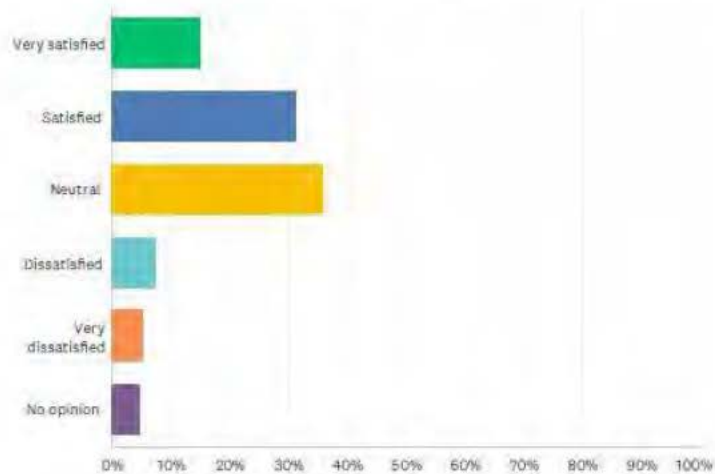
▶ 8% response rate

▶ 80% confidence level

Retirees

▶ Approx. 49,000

▶ Random selection of 2500 members

▶ 585 respondents

▶ 26% response rate

▶ 98% confidence level

2023 Active Member Survey

Q1 Please rate your overall satisfaction with MainePERS

Answered: 172   Skipped: 0

ANSWER CHOICES	RESPONSES	
Very satisfied	15.12%	26
Satisfied	31.40%	54
Neutral	36.05%	62
Dissatisfied	7.56%	13
Very dissatisfied	5.23%	9
No opinion	4.65%	8
TOTAL		172

Q2 When was the last time you contacted MainePERS?

Answered: 172   Skipped: 0
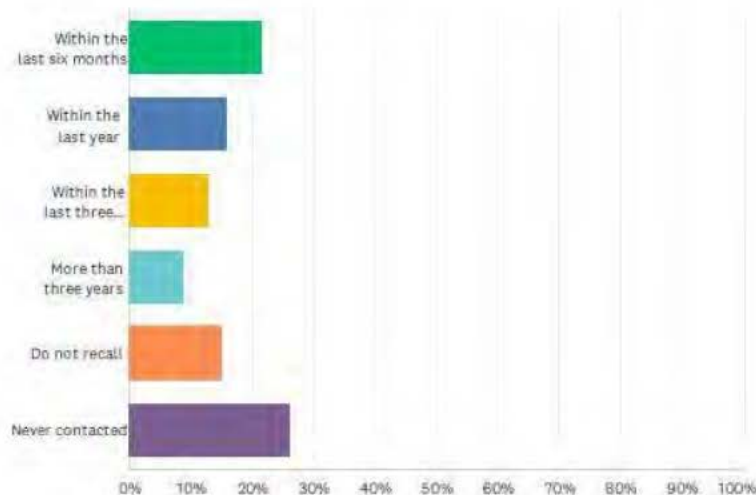
ANSWER CHOICES	RESPONSES	
Within the last six months	21.51%	37
Within the last year	15.70%	27
Within the last three years	12.79%	22
More than three years	8.72%	15
Do not recall	15.12%	26
Never contacted	26.16%	45
TOTAL		172

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

Answered: 172   Skipped: 0
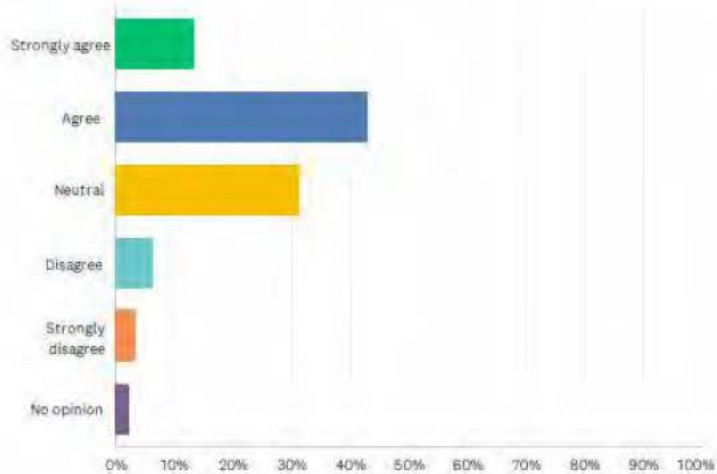
ANSWER CHOICES	RESPONSES	
Strongly agree	13.37%	23
Agree	43.02%	74
Neutral	31.40%	54
Disagree	6.40%	11
Strongly disagree	3.49%	6
No opinion	2.33%	4
TOTAL		172

Q4 MainePERS acts with integrity

Answered: 172   Skipped: 0
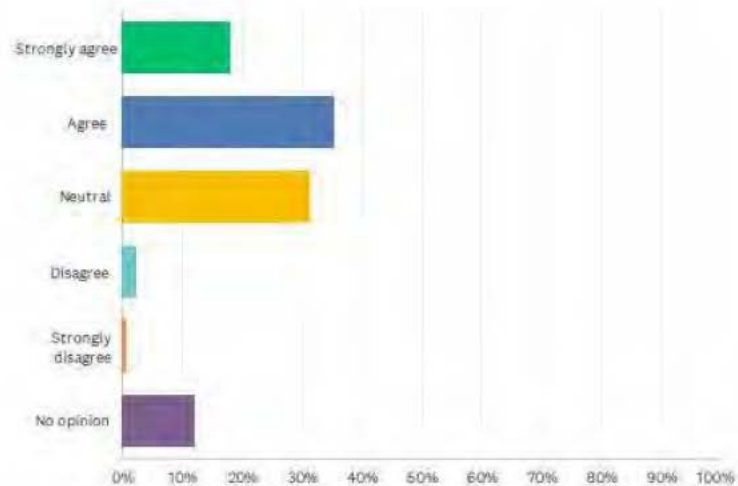
ANSWER CHOICES	RESPONSES	
Strongly agree	18.02%	31
Agree	35.47%	61
Neutral	31.40%	54
Disagree	2.33%	4
Strongly disagree	0.58%	1
No opinion	12.21%	21
TOTAL		172

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

Answered: 171   Skipped: 1
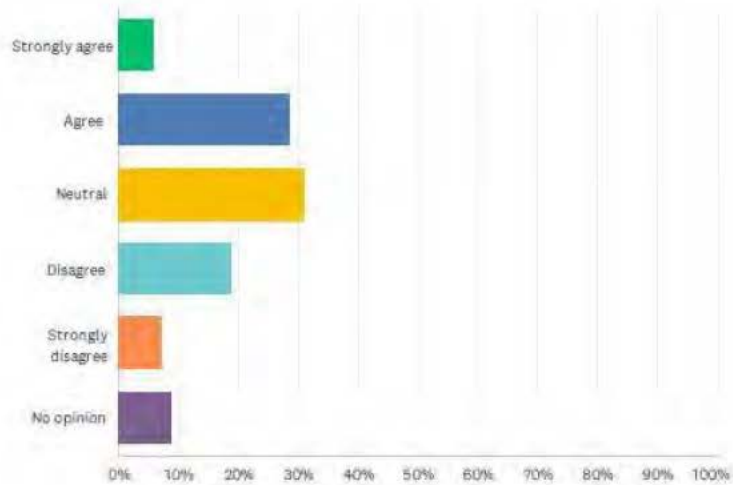
ANSWER CHOICES	RESPONSES	
Strongly agree	5.85%	10
Agree	28.65%	49
Neutral	30.99%	53
Disagree	18.71%	32
Strongly disagree	7.02%	12
No opinion	8.77%	15
TOTAL		171

Q6 Information I receive from MainePERS is easy to understand

Answered: 172   Skipped: 0
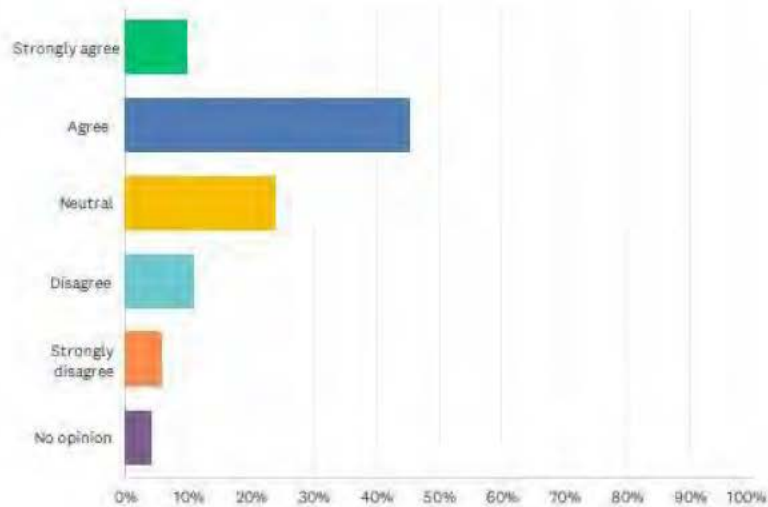
ANSWER CHOICES	RESPONSES	
Strongly agree	9.88%	17
Agree	45.35%	78
Neutral	23.84%	41
Disagree	11.05%	19
Strongly disagree	5.81%	10
No opinion	4.07%	7
TOTAL		172

Q7 MainePERS responds to my questions in a timely manner

Answered: 172   Skipped: 0
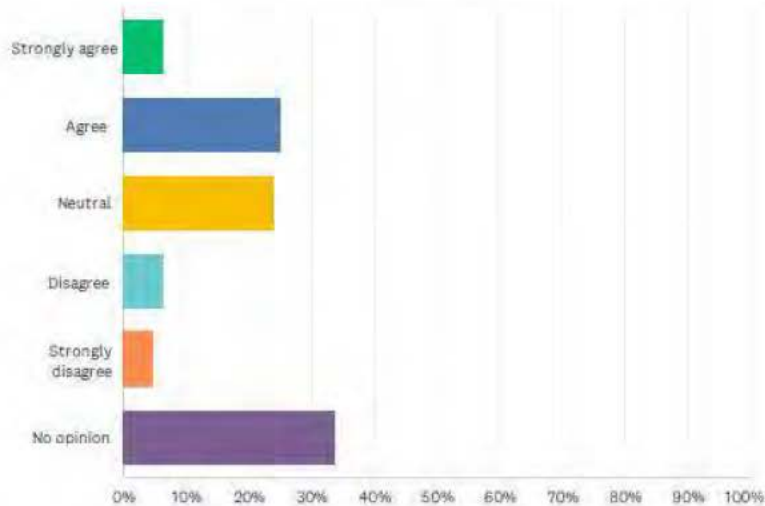
ANSWER CHOICES	RESPONSES	
Strongly agree	6.40%	11
Agree	25.00%	43
Neutral	23.84%	41
Disagree	6.40%	11
Strongly disagree	4.65%	8
No opinion	33.72%	58
TOTAL		172

Q8 MainePERS Staff are knowledgeable

Answered: 171   Skipped: 1
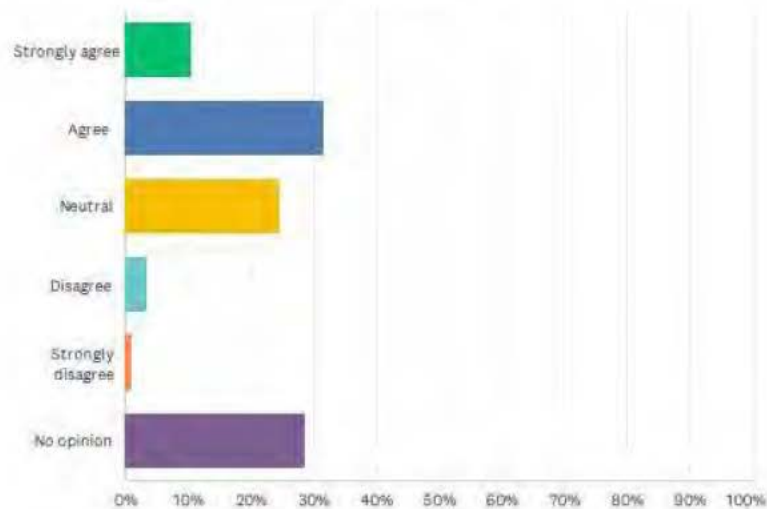
ANSWER CHOICES	RESPONSES	
Strongly agree	10.53%	18
Agree	31.58%	54
Neutral	24.56%	42
Disagree	3.51%	6
Strongly disagree	1.17%	2
No opinion	28.65%	49
TOTAL		171

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

Answered: 172   Skipped: 0
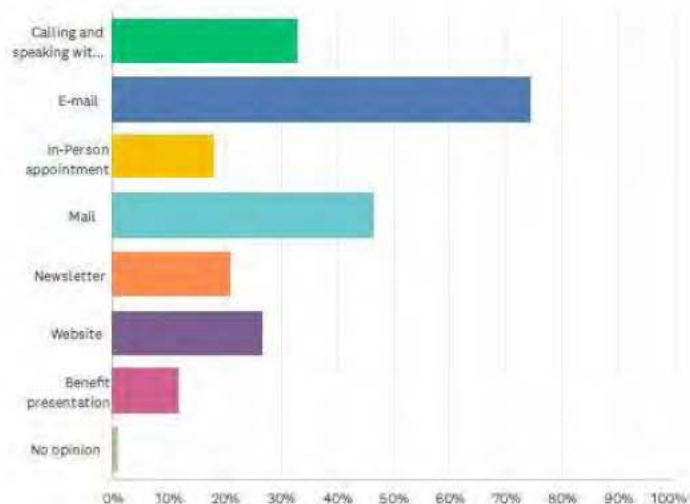
ANSWER CHOICES	RESPONSES	
Calling and speaking with a Member Services Representative	33.14%	57
E-mail	74.42%	128
In-Person appointment	18.02%	31
Mail	46.51%	80
Newsletter	20.93%	36
Website	26.74%	46
Benefit presentation	11.63%	20
No opinion	1.16%	2
Total Respondents: 172		

Q10 How likely is it that you will use the MainePERS Member Portal (offering convenient online access to your account information) when it is made available to you?

Answered: 171 Skipped: 1
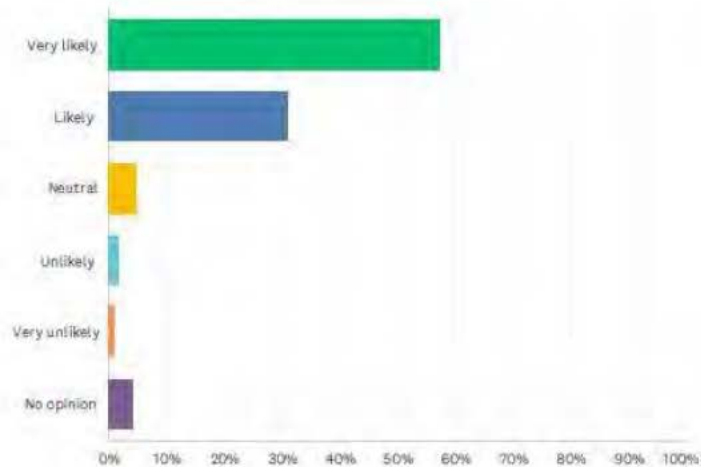
ANSWER CHOICES	RESPONSES	
Very likely	57.31%	98
Likely	30.99%	53
Neutral	4.68%	8
Unlikely	1.75%	3
Very unlikely	1.17%	2
No opinion	4.09%	7
TOTAL		171

Q11 From the items below, please check items which you would be interested in (Please select all that apply):

Answered: 156   Skipped: 18
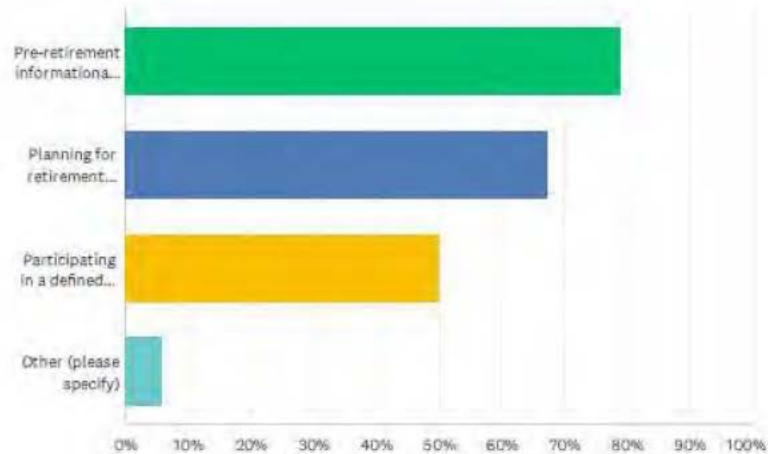
ANSWER CHOICES	RESPONSES	
Pre-retirement informational meetings	78.85%	123
Planning for retirement security seminars/webinars	67.31%	105
Participating in a defined contribution plan (401 and 457 plans or Roth IRA)	50.00%	78
Other (please specify)	5.77%	9
Total Respondents: 156		

Q12 How long have you been a member of MainePERS?

Answered: 171   Skipped: 1
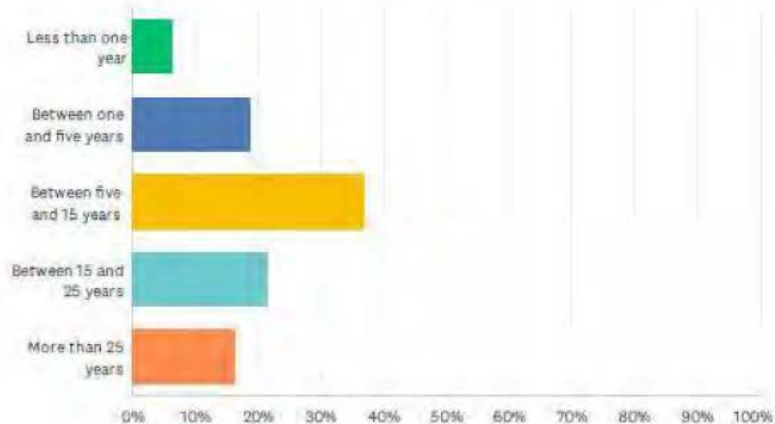
ANSWER CHOICES	RESPONSES	
Less than one year	6.43%	11
Between one and five years	18.71%	32
Between five and 15 years	36.84%	63
Between 15 and 25 years	21.64%	37
More than 25 years	16.37%	28
TOTAL		171

Active Member Survey

▶ More frequent communications

▶ Information that is easier to understand

▶ More timely responses to requests

▶ Interest in pre-retirement meetings

▶ Retirement security planning seminars

▶ Information on defined contribution plans

▶ Appreciation for new services:

    ▶ Member Portal

    ▶ Benefit Estimator

    ▶ Annual Member Account Statements
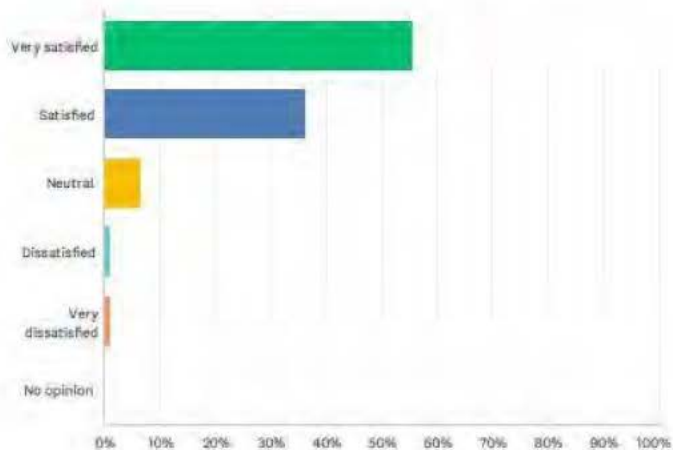
Active Member Survey

Compared to the 2022 Survey:

- ▶ Fewer respondents, 172 v 236
- ▶ Lower response rate, 8% v 11%
- ▶ Generally more neutral responses
- ▶ Larger percentage not vested, 25.14% v 11.96%
- ▶ Fewer had contacted us within a year of survey, 37.21% v 56.6%

2023 Retired Member Survey

Q1 Please rate your overall satisfaction with MainePERS

Answered: 585   Skipped: 0

ANSWER CHOICES	RESPONSES	
Very satisfied	55.56%	325
Satisfied	36.24%	212
Neutral	6.32%	37
Dissatisfied	0.85%	5
Very dissatisfied	0.85%	5
No opinion	0.17%	1
TOTAL		585

Q2 When was the last time you contacted MainePERS?

Answered: 583   Skipped: 2
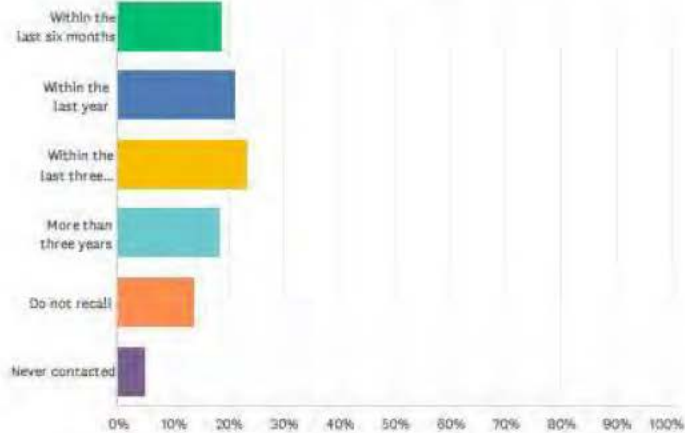
ANSWER CHOICES	RESPONSES	
Within the last six months	18.52%	108
Within the last year	21.10%	123
Within the last three years	23.33%	136
More than three years	18.35%	107
Do not recall	13.89%	81
Never contacted	4.80%	28
TOTAL		583

Q3 I am confident my MainePERS retirement is secure and will be there for me
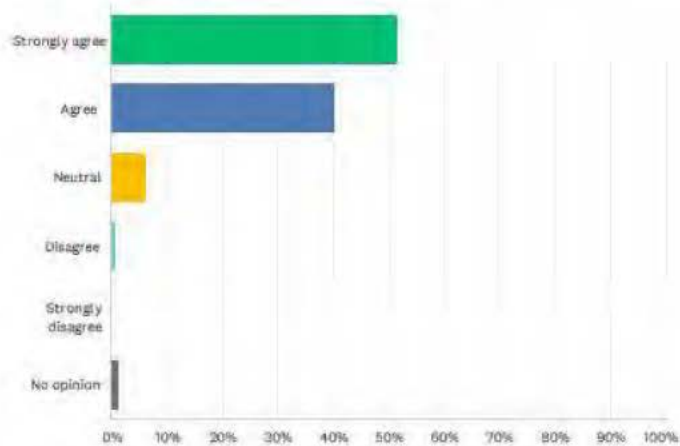
Answered: 585   Skipped: 0
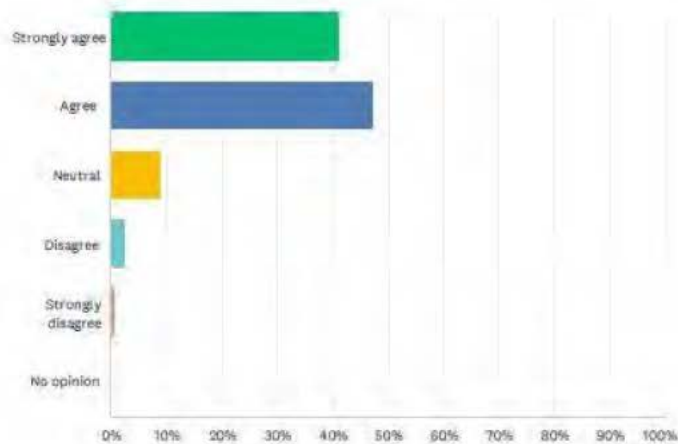
ANSWER CHOICES	RESPONSES	
Strongly agree	41.03%	240
Agree	47.35%	277
Neutral	8.72%	51
Disagree	2.39%	14
Strongly disagree	0.34%	2
No opinion	0.17%	1
TOTAL		585

Q4 MainePERS acts with integrity

Answered: 585   Skipped: 0

ANSWER CHOICES	RESPONSES	
Strongly agree	51.45%	301
Agree	40.34%	236
Neutral	6.15%	36
Disagree	0.68%	4
Strongly disagree	0.17%	1
No opinion	1.20%	7
TOTAL		585

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

Answered: 584   Skipped: 1
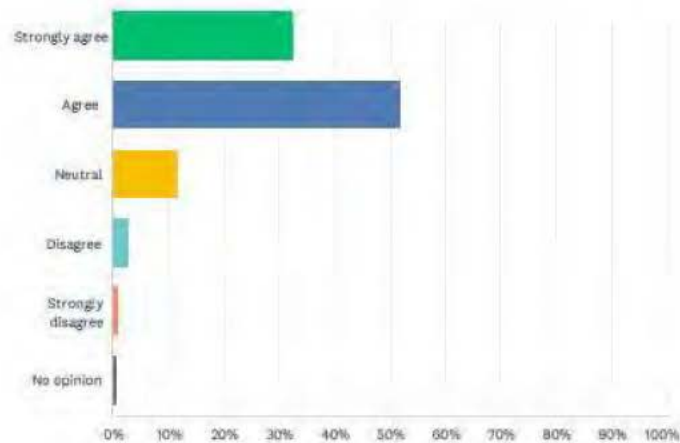
ANSWER CHOICES	RESPONSES	
Strongly agree	32.53%	190
Agree	51.88%	303
Neutral	11.64%	68
Disagree	2.74%	16
Strongly disagree	0.86%	5
No opinion	0.34%	2
TOTAL		584

Q6 Information I receive from MainePERS is easy to understand

Answered: 584   Skipped: 1
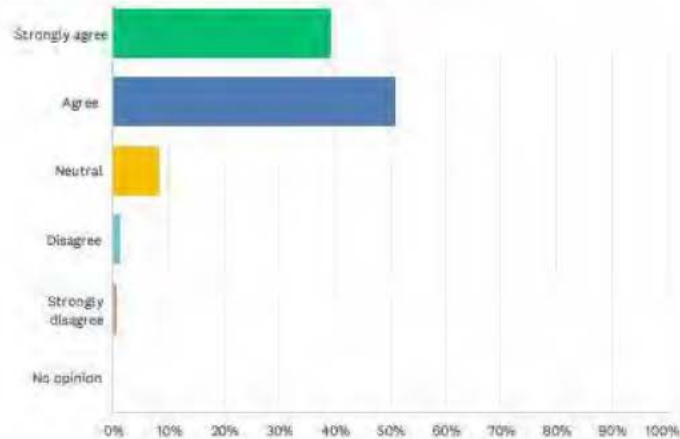
ANSWER CHOICES	RESPONSES	
Strongly agree	39.21%	229
Agree	50.86%	297
Neutral	8.05%	47
Disagree	1.37%	8
Strongly disagree	0.34%	2
No opinion	0.17%	1
TOTAL		584

Q7 MainePERS responds to my questions in a timely manner

Answered: 584   Skipped: 1
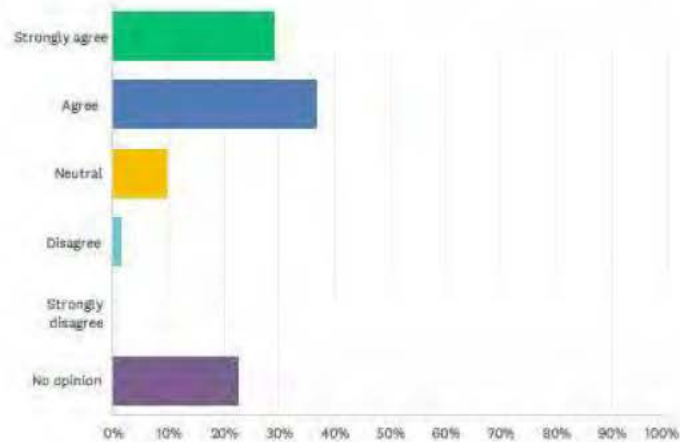
ANSWER CHOICES	RESPONSES	
Strongly agree	29.11%	170
Agree	36.82%	215
Neutral	9.76%	57
Disagree	1.54%	9
Strongly disagree	0.17%	1
No opinion	22.60%	132
TOTAL		584

Q8 MainePERS Staff are knowledgeable

Answered: 583   Skipped: 2
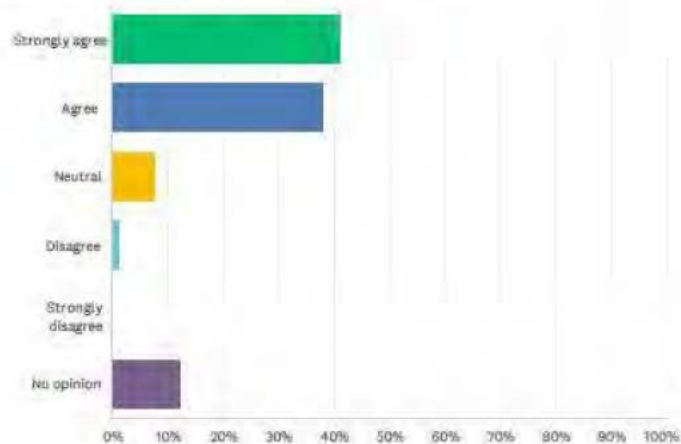
ANSWER CHOICES	RESPONSES	
Strongly agree	41.17%	240
Agree	37.91%	221
Neutral	7.72%	45
Disagree	1.03%	6
Strongly disagree	0.00%	0
No opinion	12.18%	71
TOTAL		583

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

Answered: 585   Skipped: 0
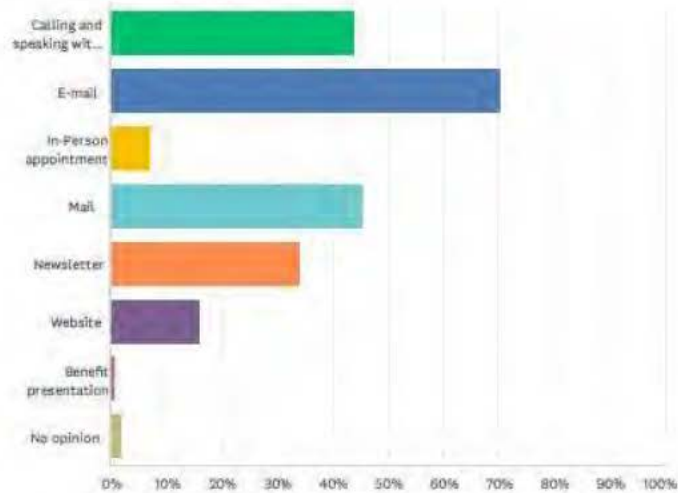
ANSWER CHOICES	RESPONSES	
Calling and speaking with a Member Services Representative	43.93%	257
E-mail	70.26%	411
In-Person appointment	7.01%	41
Mail	45.47%	266
Newsletter	34.19%	200
Website	16.07%	94
Benefit presentation	0.68%	4
No opinion	1.71%	10
Total Respondents: 585		

Q10 How likely is it that you will use the MainePERS Member Portal (offering convenient online access to your account information) when it is made available to you?

Answered: 585   Skipped: 0
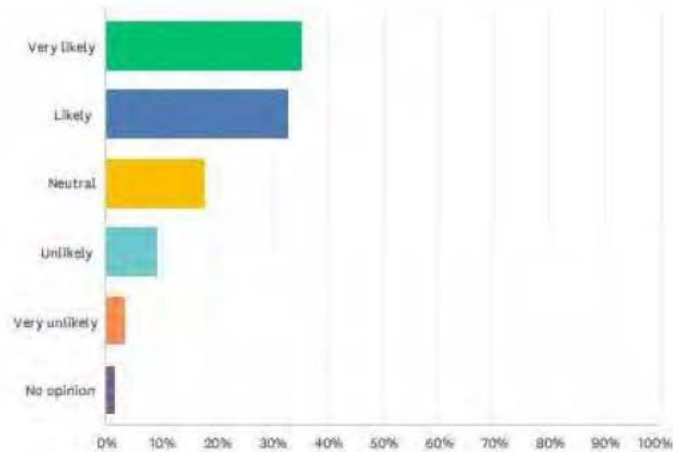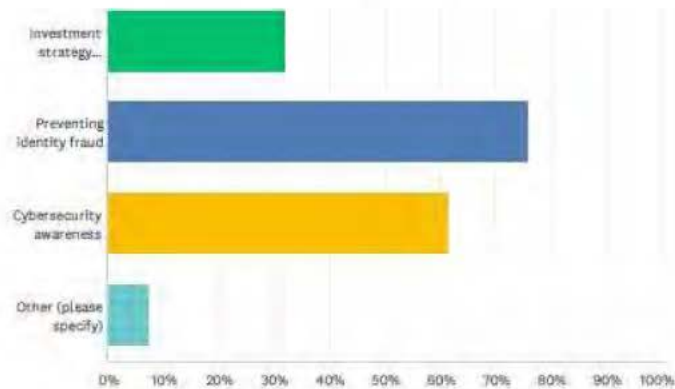

ANSWER CHOICES	RESPONSES	
Very likely	35.21%	206
Likely	32.82%	192
Neutral	17.78%	104
Unlikely	9.23%	54
Very unlikely	3.42%	20
No opinion	1.54%	9
TOTAL		585

Q11 From the items below, please check items which you would be interested in (Please select all that apply):

Answered: 484   Skipped: 101

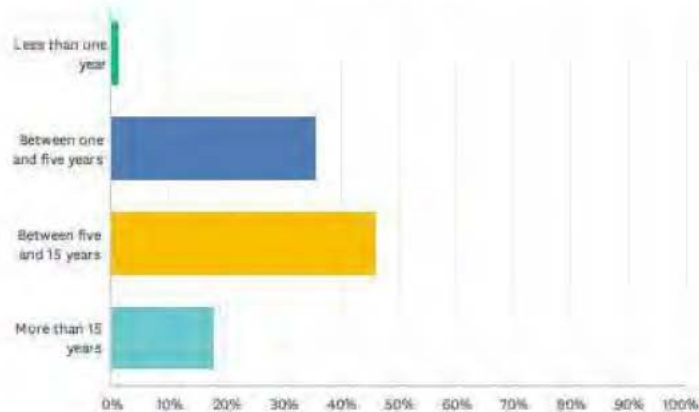| ANSWER CHOICES	RESPONSES	
Investment strategy overviews	32.02%	155
Preventing identity fraud	75.62%	366
Cybersecurity awareness	61.16%	296
Other (please specify)	7.44%	36
Total Respondents: 484		

Q12 How long have you been receiving MainePERS retirement benefits?

Answered: 585   Skipped: 0

ANSWER CHOICES	RESPONSES	
Less than one year	1.03%	6
Between one and five years	35.56%	208
Between five and 15 years	45.81%	268
More than 15 years	17.61%	103
TOTAL		585

Retired Member Survey

▶ **Generally satisfied with frequency of communication, clarity of information, & timeliness of responses**

▶ **Interested in information on cybersecurity awareness & preventing identity fraud**

▶ **Concerns beyond MainePERS control:**

  ▶ Impact of WEP & GPO

  ▶ COLA not keeping pace with inflation

  ▶ Issues with health & dental insurance

▶ **Many retired members expressed appreciation for MainePERS and its staff**

Retired Member Survey

Compared to the 2022 Survey:

▶ More respondents, 585 v 415

▶ Higher response rate, 26% v 14%

▶ Generally consistent responses

▶ Fewer retired less than 5 years, 36.48% v 44.44%

▶ Fewer had contacted us within a year of survey, 39.69% v 43.38%

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO

SUBJECT: 2024 EMPLOYEE SATISFACTION SURVEY

DATE: FEBRUARY 23, 2024

POLICY REFERENCE

Board Policy 5.3 Service to Staff

MainePERS conducted an employee satisfaction survey January 25 – February 7, 2024. All employees were invited to participate in the survey. Eighty-three (83) employees completed the survey, a 67% response rate. A copy of the survey is attached.

Of those responding, 87% stated that they "agree" or "strongly agree" they are satisfied with their job (compared to 74% in 2023), 11% were neutral, and 2% stated they "disagree" or "strongly disagree". Ninety-two percent (92%) indicated they "agree" or "strongly agree" they know what is expected of them in their position (compared to 91% in 2023), 6% were neutral, and 2% "disagree" or "strongly disagree". And, 88% said they "always" or "usually" receive helpful feedback from their supervisor (compared to 81% in 2023), while 8% said "sometimes", and 4% stated "rarely" or "never".

Two new questions were added to the survey to assess the climate for inclusivity. Eighty-three percent (83%) stated they "agree" or "strongly agree" that MainePERS is committed to creating an inclusive workplace environment, 17% were neutral, and none stated they "disagree". And, 80% indicated they feel their ideas are valued and feel safe suggesting them, 12% said "sometimes", and 8% said "rarely" or "never".

Responses to the survey suggest optimism that the work culture and environment continue to improve, but also acknowledge there is more work to be done. Some employees also noted the backlogs continue to be burdensome.

The results of the survey have been shared with staff and senior management continues to work on addressing issues of concern.

RECOMMENDATION

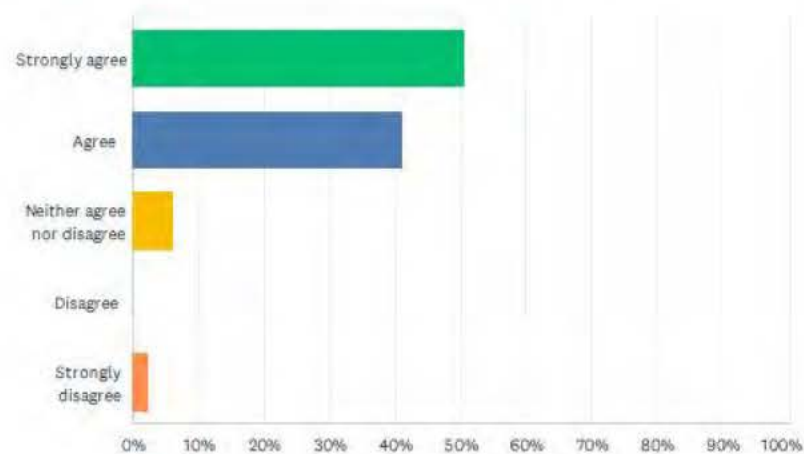*No Board action is recommended at this time.*

2024 Employee Satisfaction Survey

January 15 – February 7, 2024

Question 1

Q1 I know what is expected of me in my position.

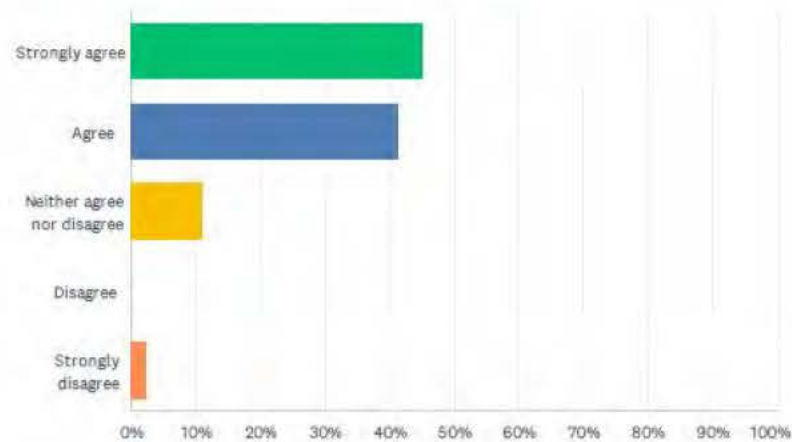Answered: 83   Skipped: 0

ANSWER CHOICES	RESPONSES	
Strongly agree	50.60%	42
Agree	40.96%	34
Neither agree nor disagree	6.02%	5
Disagree	0.00%	0
Strongly disagree	2.41%	2
TOTAL		83

Question 2

Q2 In general, I am satisfied with my job.

Answered: 82   Skipped: 1

ANSWER CHOICES	RESPONSES	
Strongly agree	45.12%	37
Agree	41.46%	34
Neither agree nor disagree	10.98%	9
Disagree	0.00%	0
Strongly disagree	2.44%	2
TOTAL		82

Question 3

Q3 I receive timely and relevant communications from my supervisor.

Answered: 83   Skipped: 0
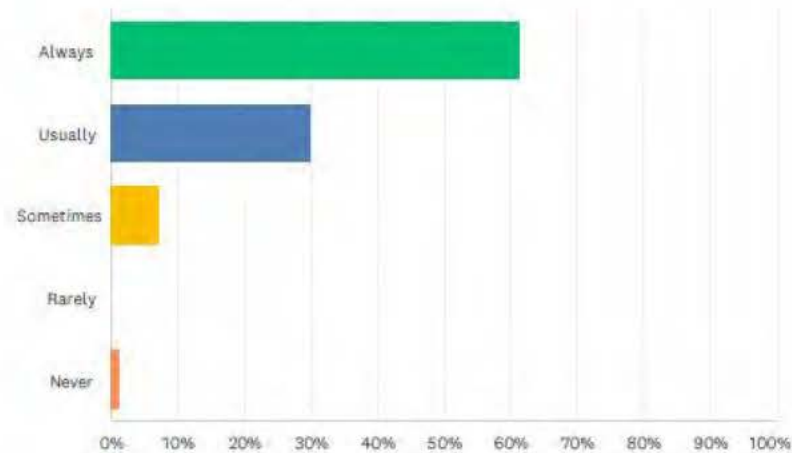
ANSWER CHOICES	RESPONSES	
Always	61.45%	51
Usually	30.12%	25
Sometimes	7.23%	6
Rarely	0.00%	0
Never	1.20%	1
TOTAL		83

Question 4

Q4 My supervisor provides helpful feedback.

Answered: 82   Skipped: 1
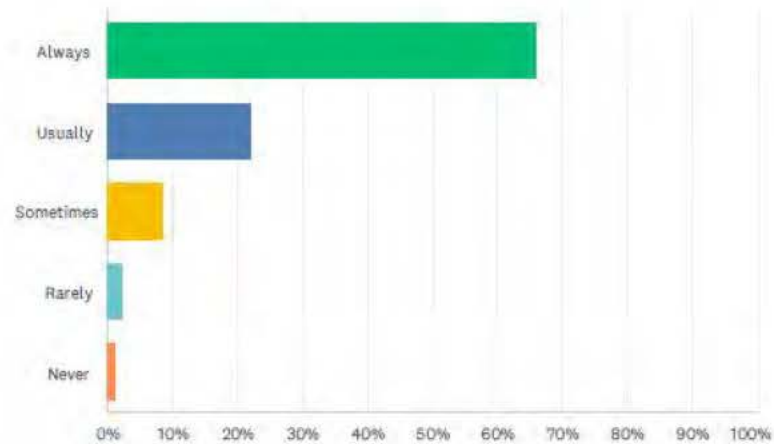
ANSWER CHOICES	RESPONSES	
Always	65.85%	54
Usually	21.95%	18
Sometimes	8.54%	7
Rarely	2.44%	2
Never	1.22%	1
TOTAL		82

Question 5

Q5 The option of a hybrid remote work schedule has improved my work-life balance and is beneficial for MainePERS.

Answered: 83   Skipped: 0
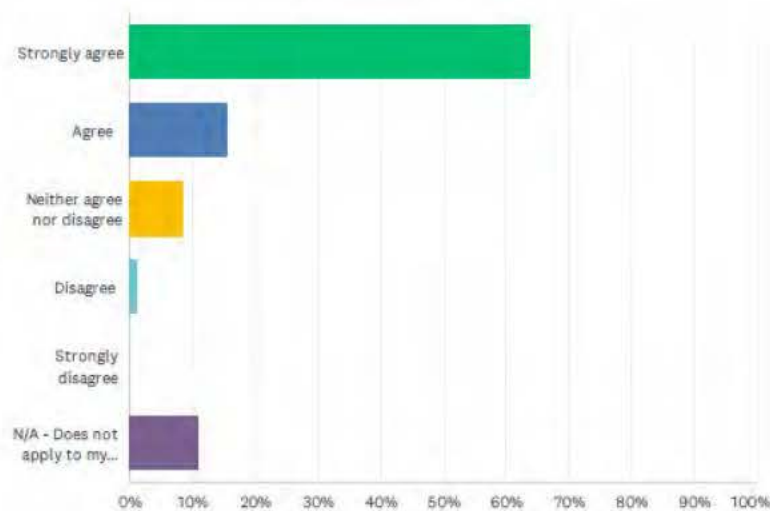
ANSWER CHOICES	RESPONSES	
Strongly agree	63.86%	53
Agree	15.66%	13
Neither agree nor disagree	8.43%	7
Disagree	1.20%	1
Strongly disagree	0.00%	0
N/A - Does not apply to my position	10.84%	9
TOTAL		83

Question 6

Q6 MainePERS is committed to creating an inclusive workplace environment.

Answered: 82   Skipped: 1
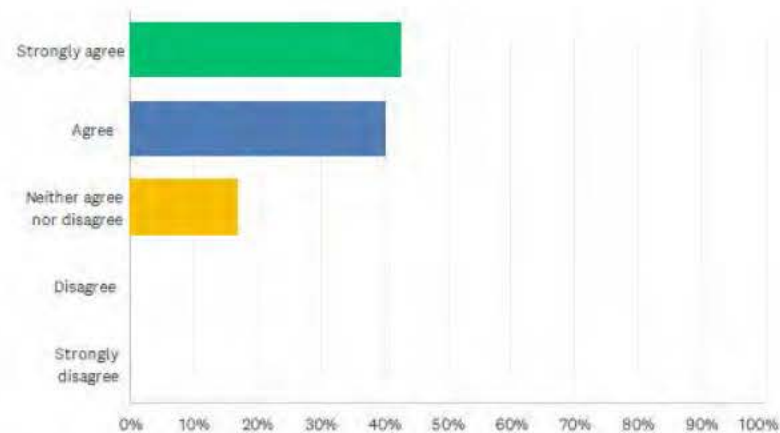
ANSWER CHOICES	RESPONSES	
Strongly agree	42.68%	35
Agree	40.24%	33
Neither agree nor disagree	17.07%	14
Disagree	0.00%	0
Strongly disagree	0.00%	0
TOTAL		82

Question 7

Q7 I feel my ideas are valued and I feel safe in suggesting them.

Answered: 83   Skipped: 0
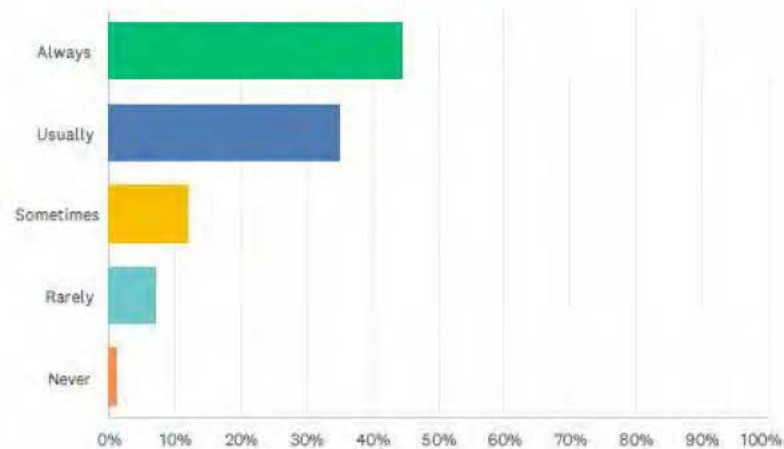
ANSWER CHOICES	RESPONSES	
Always	44.58%	37
Usually	34.94%	29
Sometimes	12.05%	10
Rarely	7.23%	6
Never	1.20%	1
TOTAL		83

Question 8

Q8 I would recommend MainePERS as a great place to work.

Answered: 83   Skipped: 0
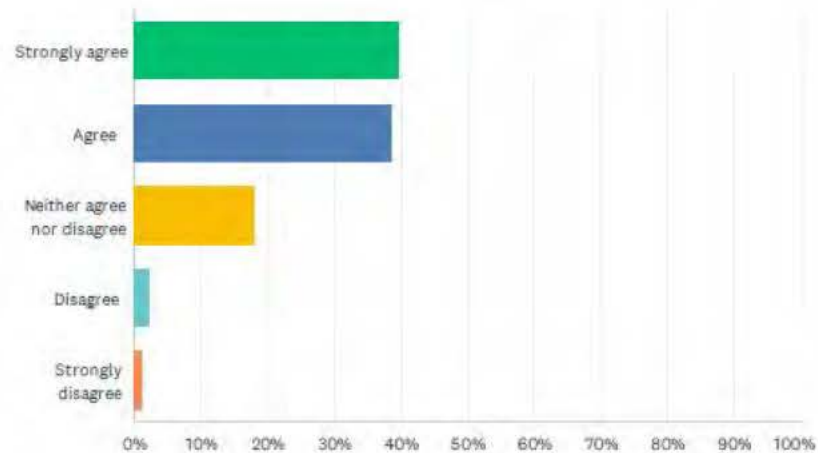
ANSWER CHOICES	RESPONSES	
Strongly agree	39.76%	33
Agree	38.55%	32
Neither agree nor disagree	18.07%	15
Disagree	2.41%	2
Strongly disagree	1.20%	1
TOTAL		83

Survey Themes

- Work culture and environment are moving in a positive direction, but there is more work to do.

    Question 8 – I would recommend MainePERS as a great place to work

    2023   79% agree –   3% disagree – 18% neutral

    2022   61% agree – 13% disagree – 26% neutral

- Backlogs continue to be burdensome, but progress has been made

Note, two new questions for this year's survey:

    Question 6 – MainePERS is committed to creating an inclusive workplace environment, 83% agree

    Question 7 – I feel my ideas are valued and I feel safe in suggesting them, 80% agree

NEW RETIREES
Calendar Year 2023

5 M.R.S. § 17103(F)

Plan Status	Retired Members
State	557
Teacher	824
Legislative	21
Judicial	3
Participating Local District	484
Total	**1889**

NEW ACTIVE MEMBERS
Calendar Year 2023

5 M.R.S. § 17103(G)

Plan Status	New Active Members
State	1586
Teacher	1916
Legislative	0
Judicial	1
Participating Local District	2079
Total	**5582**

DISABILITY RETIREMENT and APPEALS
Calendar Year 2023

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	77	99%
Applications terminated due to death	0	
Applicants denied at the application stage	1	1%
DISABILITY APPEALS¹		
Number of appeals pending 12/31/2022	7	
Number of appeals filed in 2023	1	
Total appeals closed in 2023	3	
Appeals Withdrawn or Abandoned	1	
Appeals Resolved on the Merits	2	
Total resulting in denial of benefits	2	
Total resulting in the award of benefits	0	0%
Number of Appeals Pending 12/31/2023	5	

¹This 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.

BUDGET STATUS OF ADMINISTRATIVE OPERATIONS AND FUNCTIONS
FY 2023-2024

5 M.R.S. § 17103(E)

	FY 2024 Budget	07/01/2023-12/31/2023 Actual	01/01/2024-06/30/2024 Expected	Projected Surplus /(Deficit)
Personal Services	11,524,520	5,306,581	6,403,809	(185,870)
Professional Services[1]	1,454,898	498,411	986,091	(29,604)
Communications	712,844	487,379	343,070	(117,605)
Building Operations	1,131,941	530,724	566,942	34,275
Computer Maintenance and Supplies	3,017,266	1,330,577	1,682,868	3,821
Depreciation	578,836	280,161	316,521	(17,846)
Professional Development	89,760	31,707	58,053	0
Medical Consultation and Records	244,500	64,393	126,915	53,192
Miscellaneous Operating Expenses	415,742	190,411	229,308	(3,977)
Total Administrative Expenses	19,170,307	8,720,344	10,713,577	(263,614)

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

SUMMARY OF ADMINISTRATIVE EXPENSES
FY 2023

5 M.R.S. § 17103(D)

Personal Services	9,915,429
Professional Services	2,211,730
Communications	604,017
Office Rent and Building Operations	493,170
Computer Maintenance and Supplies	1,783,445
Depreciation	755,483
Professional Development	39,504
Medical Records and Exams	21,037
Miscellaneous Operating Expenses	691,544
Total Administrative Expenses[1]	16,515,359

[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]	57,974,703	190,338,898	362,275,003
Teacher	113,962,817	274,787,876	639,369,263
Judicial	662,365	620,462	5,433,883
Legislative	226,997	5,513	655,401
Participating Local Districts	65,716,199	92,690,870	211,907,375
Total	238,543,081	558,443,619	1,219,640,925

[1]State Plan totals include Governors