



Meeting Minutes | Finance, Administration, Audit and Compliance (FAAC) Committee

Minutes Approved October 6, 2021

Others Present for All or a Portion of the Meeting: Peggy Boykin, Robby Brown, Jeremy Cannon, Sarah Corbett, Denise Hunter, James Manning, Mike McDermott, Heather Muller, John Page, Travis Turner, and Stephen Van Camp, from the South Carolina Public Employee Benefit Authority (PEBA); and Mike Heale, from CEM Benchmarking.

Others Present for All or a Portion of the Meeting Via Telephone: Amber Carter, Jessica Moak, Heather Young, and Angie Warren from the South Carolina Public Employee Benefit Authority (PEBA).

I. Call to Order

Chairman Jennifer Blumenthal called the PEBA Finance, Administration, Audit and Compliance (FAAC) Committee meeting to order at 8:37 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes- March 3, 2021

Mr. Steve Mathews made a motion, which was seconded by Ms. Amanda Blankenship, and passed unanimously, to approve the March 3, 2021, Committee meeting minutes as presented.

III. Election of Committee Vice-Chairman

Mr. Matthews made a motion, which was seconded by Chairman Blumenthal, and passed unanimously, to nominate Ms. Blankenship as the FAAC Committee Vice-Chairman.

IV. Strategic Key Measures Review

Ms. Sarah Corbett, Chief Operating Officer, reviewed strategic key measures related to the FAAC Committee, including PEBA's authorized budget versus actual expenditures; full time positions authorized; retirement administrative cost per member; and retirement and insurance operations by fiscal year.

Ms. Corbett reviewed Customer Contact Center and Visitor's Center wait times, and stated that PEBA's 2021 customer service satisfaction rate was 98.72 percent for the Visitor's Center, and 98.63 percent for the Customer Contact Center.

Ms. Corbett concluded her presentation by reviewing the number of member and employer retirement and insurance account online logins, and member customer satisfaction surveys for the State Health Plan and the Deferred Compensation Program.

V. CEM Retirement Systems Benchmarking

Mr. Mike Heale, Principal, CEM Benchmarking, presented PEBA's Pension Administration Benchmarking Results for Fiscal Year 2020, which focuses on cost performance and service levels. Mr. Heale reported that PEBA's total pension administration cost was \$15.7 million, or \$33 per active member and annuitant, which is \$52 below the peer average of \$85, and the third lowest cost in the peer universe. Mr. Heale added that PEBA's cost per member was the lowest in all pension administration categories, and cost trend decreased by 0.8 percent between 2013 and 2020. Cost trend among the peer universe increased by 1.8 percent during the same time period.

Mr. Heale advised that PEBA's total service score was 75, which is below the peer median of 80, and pointed out that PEBA's total service score has improved seven points between 2013 and 2020, mainly due to website enhancements and call center improvements.

VI. Internal Audit Reports

Mr. John Page, Director of Internal Audit, presented an internal audit report related to Actuarial File Creation, Review and Delivery; an internal audit report related to Health Plan Tax Reporting; and the latest Internal Audit Plan Update.

VII. Fiscal Year 2023 Agency Budget Approval

Mr. Travis Turner, Chief Financial Officer, presented the annual agency budget report, and noted that PEBA's authorization has remained fairly constant since PEBA was created in 2012. Additions include \$700,000 that was added in fiscal year 2015 for the required fiduciary audit (remaining as part of the approved authorizations for fiscal year 2016 through fiscal year 2022), and starting in fiscal year 2018, an additional budget authorization of \$10 million of recurring funds for PEBA's IT modernization project, peba:connect. This additional budget authorization will remain in the budget until the completion of the project.

Mr. Turner advised that PEBA's operating budget is funded by the insurance and retirement Trust Funds, not from General Funds. Mr. Turner explained that PEBA's General Fund appropriations are pass through appropriations only, and are not used for PEBA's operating expenses. Mr. Turner advised that General Funds for statewide contributions were added in fiscal year 2016, when the Department of Administration was created. Pass through funds for the South Carolina Retirement System (SCRS) Trust Fund, and the Police Officer Retirement System (PORS) Trust Fund, equal to one percent of the employer contribution increase were added as recurring funds in fiscal year 2018.

Chairman Blumenthal made a motion, which was seconded by Mr. Matthews, and passed unanimously, to approve the fiscal year 2023 agency budget request as presented, and submit to the full Board for approval.

VIII. Old Business/Director's Report

Ms. Peggy Boykin, Executive Director, stated that she would provide the Director's Report at the full Board meeting.

IX. Adjournment

There being no further business, Mr. Matthews made a motion, which was seconded by Ms. Blankenship, and passed unanimously, the Committee meeting adjourned at 9:42 a.m.

