Oregon
Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

February 26, 2019

TO: Senate Workforce Committee

FROM: Marjorie Taylor, Senior Policy Director

SUBJECT: Senate Bill 75

Senate Bill 75

PERS requested introduction of Senate Bill 75 to resolve implementation issues with Senate Bill 1566 (2018), which established the Employer Incentive Fund (EIF), the Unfunded Actuarial Liability Resolution Program (UALRP), and the School Districts Unfunded Liability Fund. Revenue sources for the two new funds were defined in Senate Bill 1566 or Senate Bill 1529 (2018).

The bill accomplishes the following:

1) Eliminates the restriction on the Board to only open the EIF application window after making a determination of sufficient funds in EIF (currently scheduled for 2021).
2) Narrows the initial EIF application window for employers with UAL exceeding 200 percent of payroll from 180 days to 90 days.
3) Allows the Board to approve EIF applications as long as projected moneys in EIF are available and establish a “wait list” for employers who have submitted timely applications, but for whom funds are not available. If previously allocated funds become available, employers on the wait list will be given access to them.
4) Requires employers to make qualifying lump sum payments no later than September 30, 2021. This allows the deposits to be reflected in a rate-setting system valuation.
5) Limits participation in the UALRP to only those employers who apply for EIF matching funds.
6) Repeals the UALRP on January 2, 2025, to coincide with the end date for the EIF.
7) Allows earnings on the corpus of EIF to be used to match qualifying employer payments.
8) Clarifies when certain revenue streams will be deposited into the School Districts Fund to coincide with the best timing for system valuations.
9) Has an emergency clause on the bill to allow for the fastest implementation of the programs as funds allow.

If funds are available to capitalize the EIF and the School Districts Unfunded Liability Fund sooner than currently anticipated, provisions of this measure will allow for more timely and flexible deployment of that revenue to the benefit of PERS-participating employers.