

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2019-21 Budget  
Presentation

Ways and Means  
General Government  
Subcommittee  
Phase II

Kevin Olineck  
Director



# PERS: Today's Agenda

## System Overview Refresher

### Additional Policy Package Requests

- Oregon Savings Growth Plan
- Agency Reorganization
- Work Out of Class Resolution
- Individual Account Program Project
- E Board Reconciliation

### Policy Packages – Governor's Budget

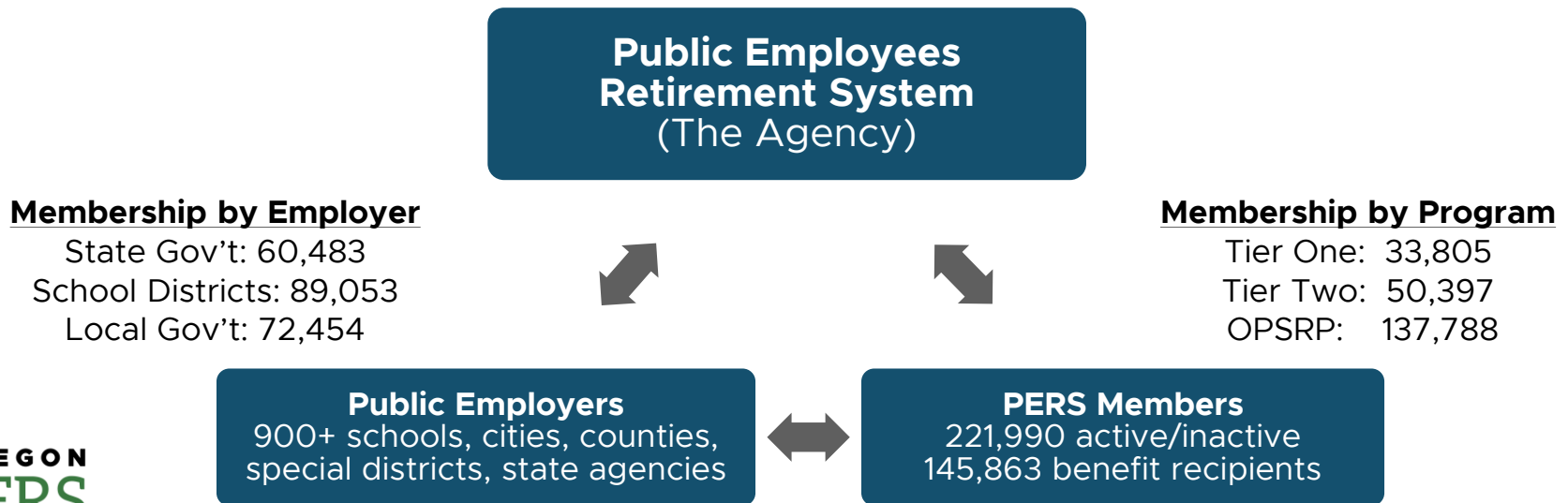
- Policy Package 081 – September 2018 Emergency Board
- Policy Package 082 – December 2018 Emergency Board
- Policy Package 090 – CFO Analyst Recommended Adjustments
- Policy Package 091 – Statewide Adjustments DAS Charges
- Policy Package 092 – Statewide Attorney General Adjustment
- Policy Package 102 – PERS Production Data Center Migration
- Policy Package 103 – Financial & Administrative Services Strategic Fulfillment
- Policy Package 104 – Maintaining Current Service Levels
- Policy Package 106 – Risk & Security Management
- Policy Package 107 – Deferred Maintenance Requirement of SB 1067
- Policy Package 109 – Business Innovation Program (BIP) Architecture & Planning

Key Performance Measures for 2019 -2021  
Long-Term Vacancies

# PERS: Overview and Partnerships (as of June 30, 2018)

The Oregon Legislative Assembly is the “Plan Sponsor” for the Oregon Public Employees Retirement System. The legislature determines the benefit structure for participating public employees. Those benefits have been modified over time, generally with benefit enhancements through 1995, but then reducing benefits since, including the creation of the Tier Two program for employees starting in 1996 and then the Oregon Public Service Retirement Program (OPSRP) for employees that started after August 28, 2003.

The legislature established PERS, the agency, to administer the retirement system in partnership with more than 900 public employers, including school districts, special districts, cities, counties, community colleges, universities, and state agencies. PERS collects records and maintains relationships with over 367,000 current and former public employees or their beneficiaries.



# PERS: A System Comprised of Trusts

- The Oregon Public Employees Retirement System was created by the Oregon Legislative Assembly in 1945.
- Operations commenced on July 1, 1946

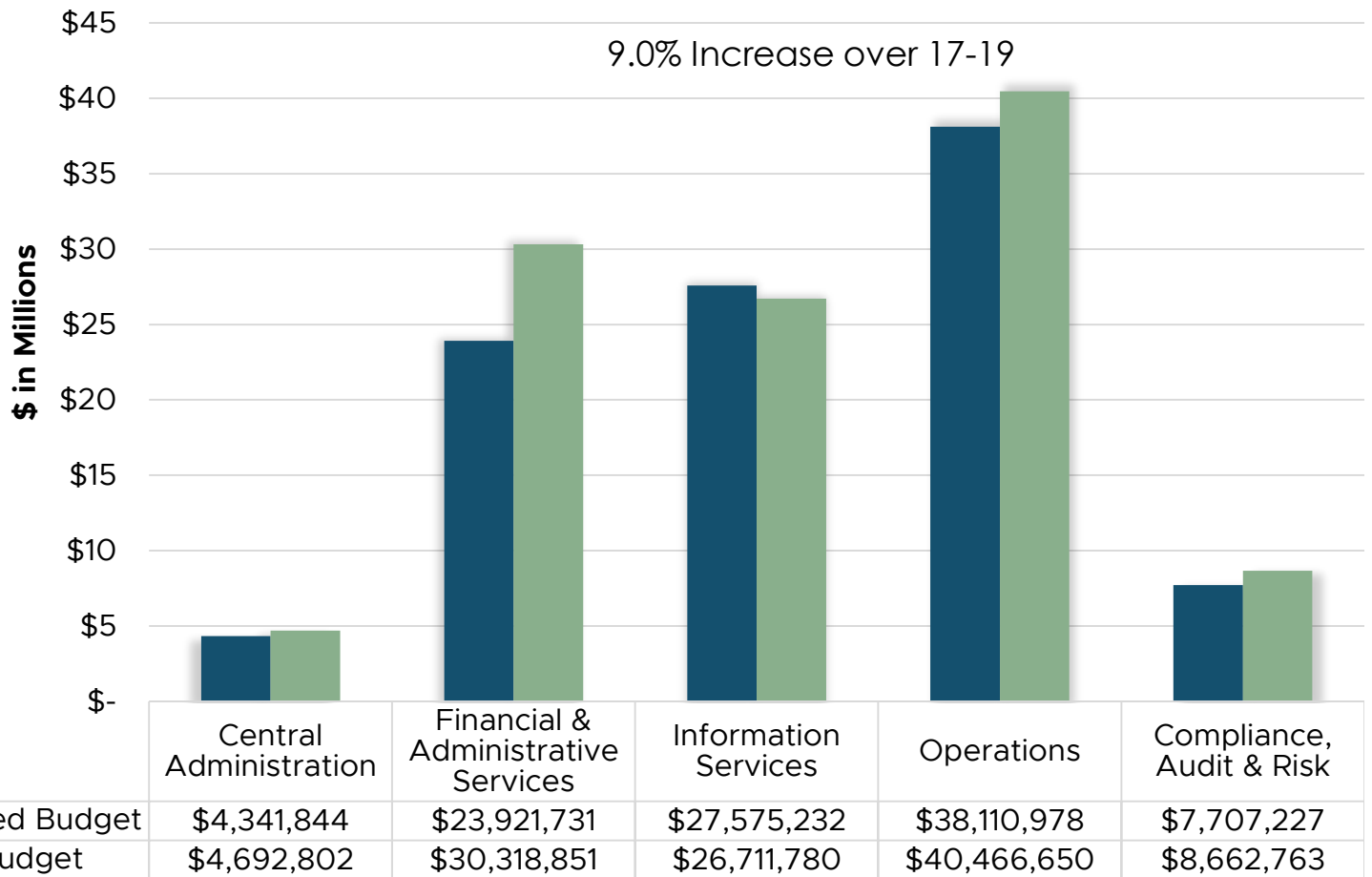
<b>Statutory References for the Agency</b>	
Statute & Chapter	Program
ORS 237 & 238	Tier 1/Tier 2
ORS 238A	Oregon Public Service Retirement Program (OPSRP)
ORS 238A.300 to ORS 238A.457	Individual Account Program (IAP)
ORS 238.500 to 238.585	Judge Member Retirement Program
ORS 238.485 to 238.492	Public Employees Benefit Equalization Fund
ORS 243.410 to 238.420	Retiree Health Insurance Program
ORS 243.401 to 243.507	Deferred Compensation Program: Oregon Savings Growth Plan (OSGP)
ORS 237.414 and 237.470	Social Security Administration Program

Oregon Administrative Rules (Ch. 459) govern the implementation of PERS' statutory responsibilities.

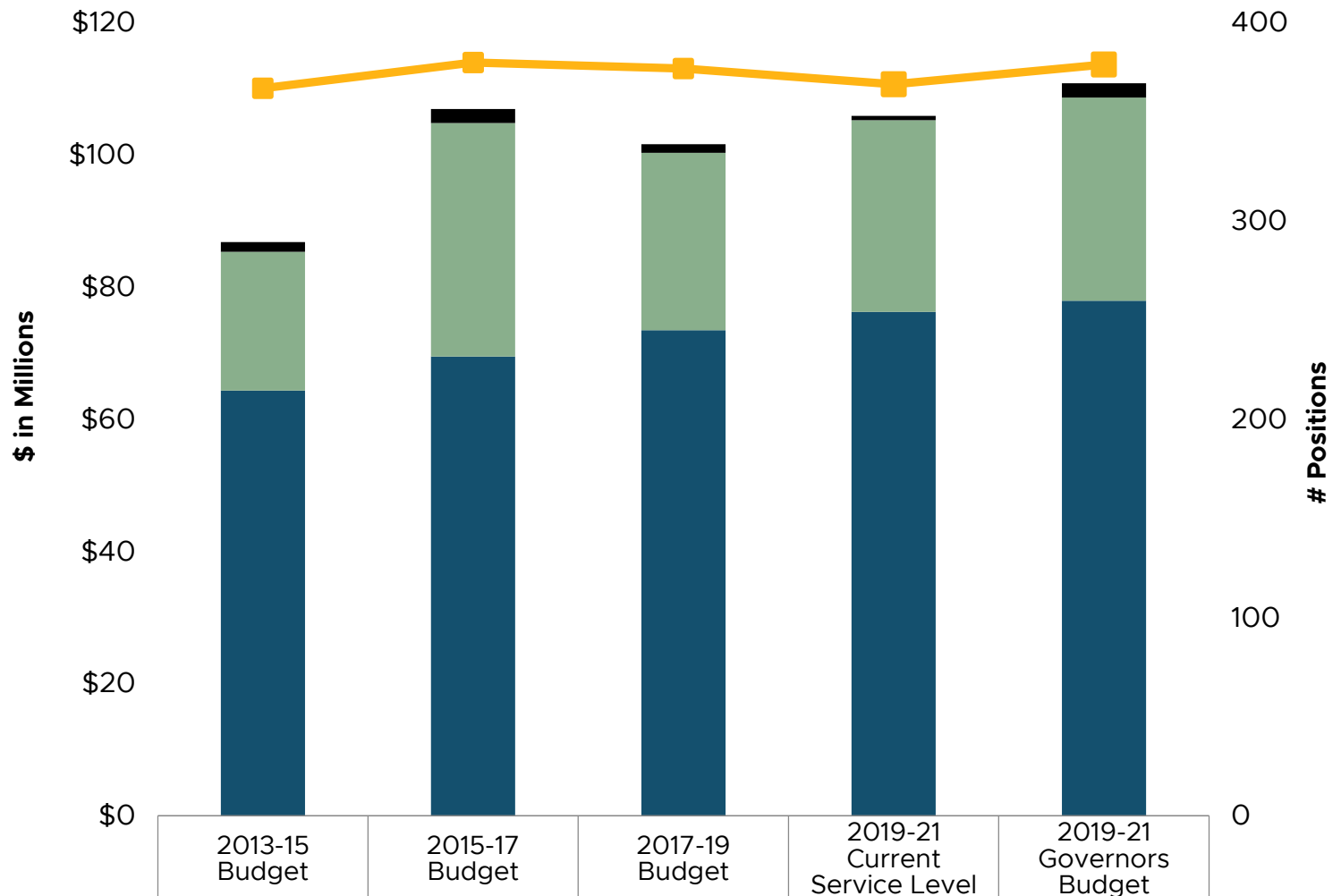
# PERS: Agency Budget

Agency Legislatively Approved Budget 2017-19: **\$101,657,012**

Agency Governor's Budget 2019-21: **\$110,852,846**



# PERS: Expenditures and Position Count



Capital Outlay	\$1,478,453	\$2,121,807	\$1,294,352	\$641,331	\$2,173,331
Services & Supplies	\$21,009,989	\$35,302,823	\$26,851,571	\$28,999,996	\$30,729,335
Personal Services	\$64,362,688	\$69,524,819	\$73,511,089	\$76,270,943	\$77,950,180
Number of Positions	367	380	377	369	379

# PERS: Summary of Statewide Policy Packages for PERS

---

Package	Package Description	Adjustment Amount
<b>Pkg. 090 CFO Analyst Adjustments</b>	(\$461,098) in Operations (\$183,430) in FASD (\$129,751) in ISD  General Fund Transfer to Non Limited	(\$774,279)   \$100,000,000
<b>Pkg. 091 Statewide Adjustments DAS Charges</b>	\$4,317 in FASD \$8,440 in ISD	\$12,757
<b>Pkg. 092 Statewide Attorney General Rate Reductions</b>	(\$63,764) made in CARD (\$7,408) in Central Admin (\$8,883) in FASD	(\$80,055)

---



# **PERS:** Summary of Policy Option Packages 2019-21

## **Package 102 – PERS Production Data Center Migration \$1,715,318 FTE 0.00**

One time request. This request relocates the PERS' data center to the state data center using a colocation model. Increases technical readiness in alignment with LFO and OSCIO memorandum.

## **Package 103 – Financial & Administrative Services Strategic Fulfillment \$357,679 FTE 1.00**

Request maintains one limited duration FTE for collections from *Strunk and Eugene* Oregon Supreme Court Cases.

## **Package 104 – Maintaining Current Service Levels \$1,289,416 FTE 7.00**

This request allows the agency to maintain current service level needs. Includes creation of a communications officer position, two ISD positions, and 4 operations positions.

## **Package 106 – Risk & Security Management \$1,282,475 FTE 3.00**

This request provides for three positions & contracted resources to administer Information Security, Business Continuity & Disaster Recovery programs.

## **Package 107 – Deferred Maintenance Requirement of SB 1067 (2017) \$625,000 FTE 0.00**

This request addresses deferred maintenance needs for the PERS owned headquarters building in Tigard, including an HVAC system and roof repairs.

## **Package 109 – Business Innovation Program (BIP) Architecture & Planning \$512,265 FTE 0.00**

Request is to perform architecture and planning of ORION (the Agency's data system) to create a roadmap to modernization including enhancement and sustainability of communications and technology foundations.



# **PERS:** Additional Policy Package Requests

## **Package 8XX – Oregon Savings Growth Plan \$1,698,000 FTE 0.00**

Request funds a permanent increase in Other Funds limitation in the Financial and Administrative Services Division to address a reporting and contract change.

## **Package 8XX – Agency Reorganization \$0 FTE 0.00**

This request is to gain approval to reorganize the Agency. This reorganization will allow the Agency to enhance operational capacity by grouping ‘like’ work and groups together. This will create greater alignment, integration and focus to the Agency.

## **Package 8XX – Work Out of Class Resolution \$62,006 FTE 0.00**

The Agency is requesting funds to resolve long standing work out of class positions than cannot be completed with permanent finance plans.

## **Package 8XX – Individual Account Program Project \$584,892 FTE 1.00**

This project was paused in July 2018 until the Director had a chance to review and provide direction on next steps. Request is for funds to complete project planning and obtain a Stage Gate 1 endorsement for the Individual Account Program (IAP) Project.

## **Package 8XX – E Board Reconciliation \$640,257 FTE 3.0**

September and December 2018 E Board actions were not entered into the agency’s Governor’s Budget and will need to be added. The positions and roll up costs requested for 19-21 are to reconcile those actions.

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statutes and applicable administrative rules.

# PERS: Additional Policy Package Requests

## Oregon Savings Growth Plan

### Request:

This request is for a permanent increase in Other Funds limitation of \$1,698,000. This increase will be used to pay the administrative fees associated with the Oregon Savings Growth Plan contract for investment and communications services. Package 082, discussed later, was approved at the December Emergency Board to pay for the current biennium cost shift to Other Funds limitation.

### Agency Impact:

PERS is responsible for administering the Oregon Savings Growth Plan, which is a voluntary 457 Deferred Compensation plan available to all state and local government employees who choose to adopt the plan. Funding for the administration of the plan is provided by a monthly assessment of 7 basis points (.007%) from participant accounts. PERS contracts necessary recordkeeping and related services required to properly administer the plan.

---

### Oregon Savings Growth Plan

Services and Supplies	\$1,698,000
Total Other Funds	\$1,698,000

---

# **PERS:** Additional Policy Package Requests

## **Oregon Savings Growth Plan (continued)**

In 2017, PERS solicited recordkeeping contract proposals and subsequently awarded a three-year contract to a TPA effective January 1, 2018. This contract included costs associated with plan administration, Oregon State Treasury (OST) plan oversight fees, mandated contract investment consultant fees, and financial custodian fees. The new contract changes the way that administrative fees and operating costs are paid between the TPA and PERS. In the past, a portion of administrative expenses were paid directly by the TPA using non-budgeted appropriation. This payment was deducted from the total revenue received from investment income. This practice made it difficult to review the full administrative expense and to fully identify the operating cost of the program. This request will change that practice.

Under the new contract, all administrative operating expenditures, except third party administrative expenses, will be paid out of the PERS Other Funds limitation. This will increase transparency and allow for more detailed record keeping. PERS is requesting a permanent increase in limitation to pay these ongoing expenditures out of the appropriate administrative account in the Financial and Administrative Services Division. This proposal is intended to enhance the operational capability and increase exposure of OSGP.

# PERS: Additional Policy Package Requests

## Agency Reorganization – Centers of Excellence

### Request:

The Agency is requesting a package to reorganize internal divisions to align work processes.

### Agency Impact:

This proposal will enhance the operational capability of the Agency. This alignment will allow the Agency to streamline it's focus and priorities.

This reorganization has three guiding principles: creating centers of excellence, focusing on the enterprise, and focusing on the stakeholder.

Division Title	Budget Change
Central Administration	\$11,636,881
Financial Services	(\$11,537,589)
Information Services	\$2,002,982
Operations	(\$2,332,372)
Compliance, Audit & Risk	\$230,098
Total Other Funds	\$0.00

# **PERS:** Additional Policy Package Requests

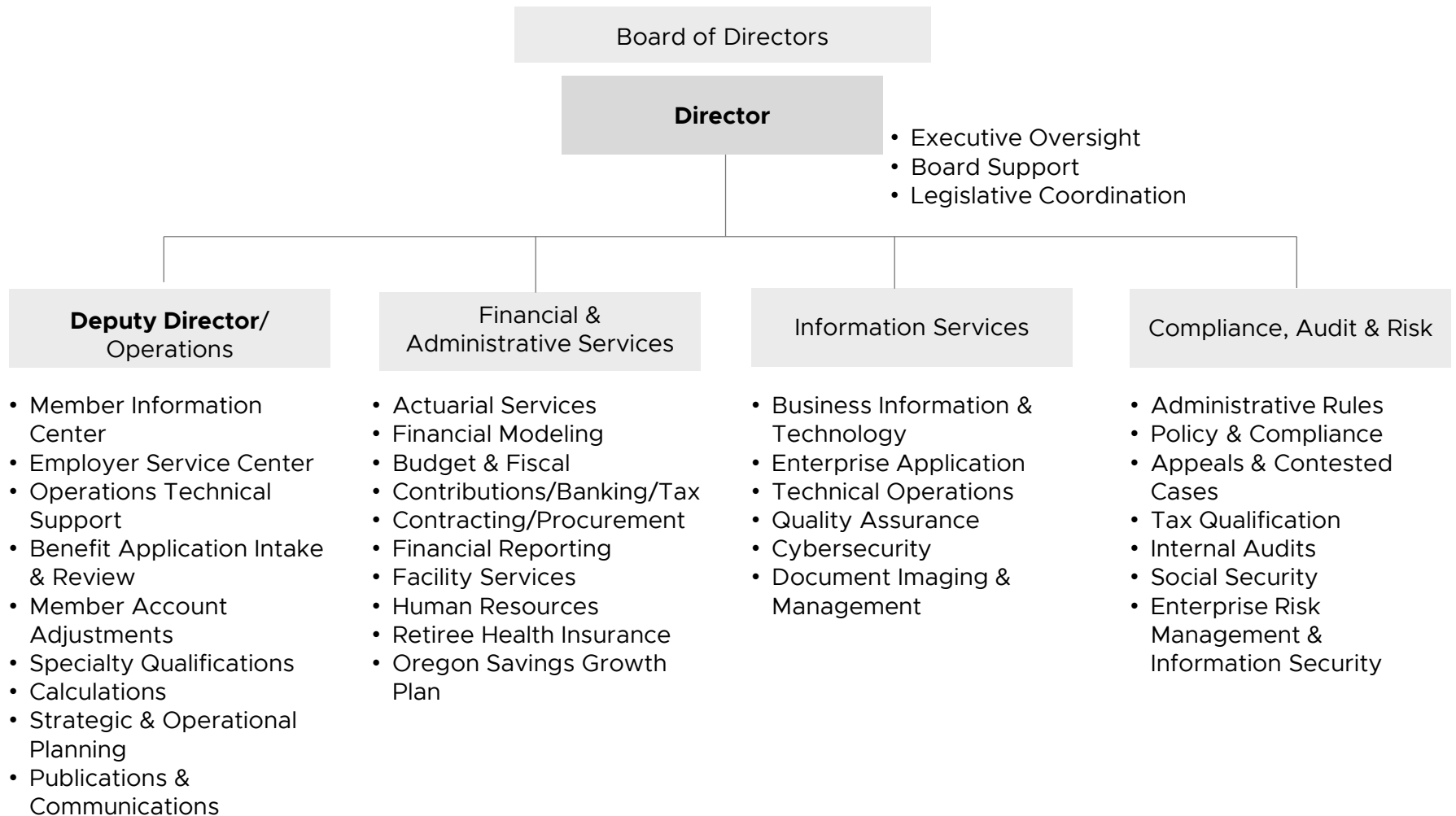
## **Agency Reorganization – Centers of Excellence (continued)**

As a fiduciary of public trusts, it is incumbent upon the agency to fulfill its mission in the most cost-effective and efficient manner possible with an eye not only to its current state but also with a view to the future. The structure of an organization is one of the principal means of ensuring the agency provides services in a cost-effective and efficient manner.

This package request is self-balancing and does not create a decrease or increase in expenditure limitation or FTE. This reorganization also addresses concerns raised by legislators around ensuring there are both a Deputy Director and Chief Financial Officer in place to properly support the ongoing operations of the agency administratively through a Permanent Finance Plan (PFP 1719-06) which was financed by the abolishment of full time equivalent authority.

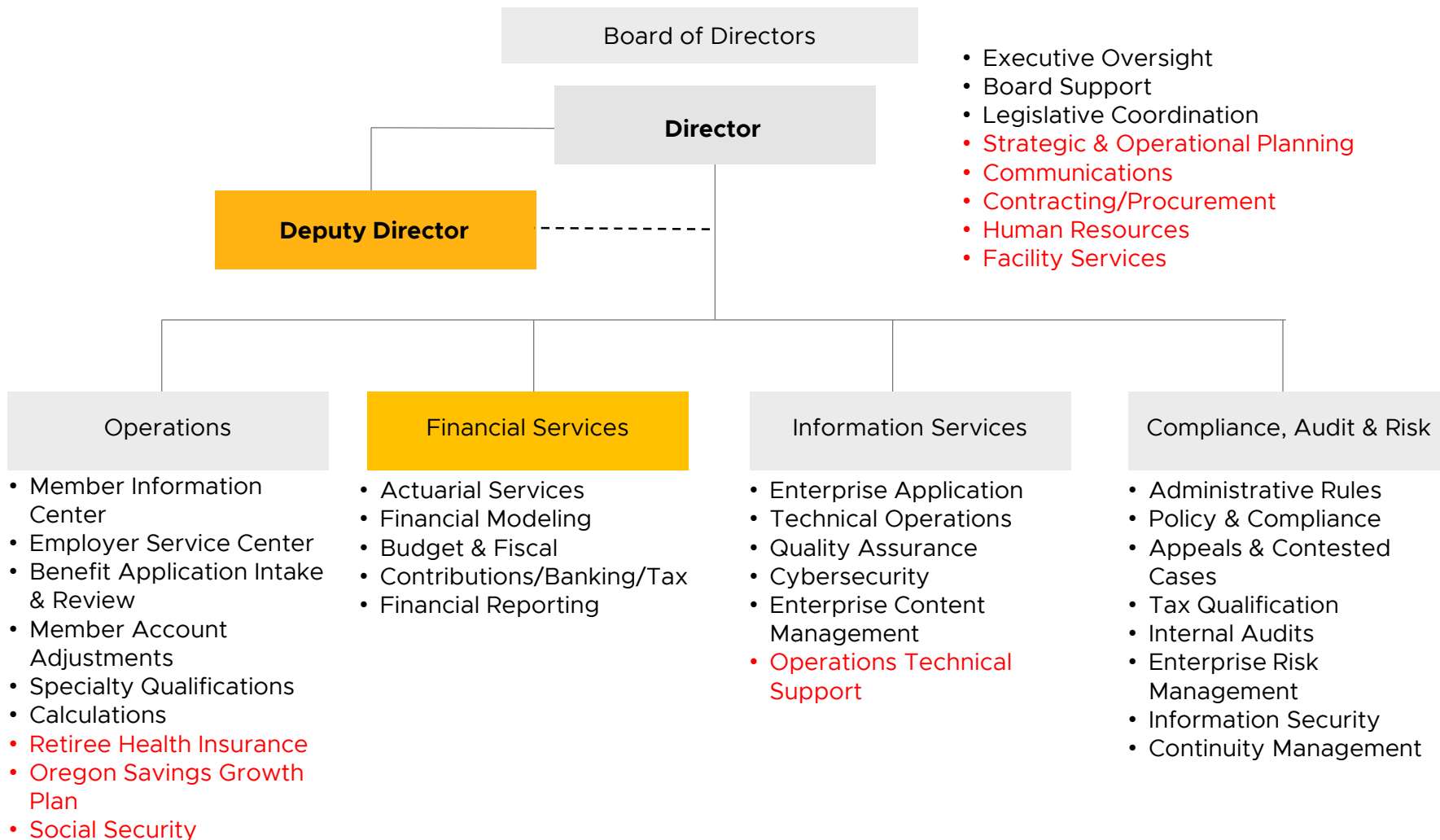
# PERS: Additional Policy Package Requests

## 2017-19 Legislatively Approved Budget Organizational Chart



# PERS: Additional Policy Package Requests

## 2019-21 Proposed Organizational Chart





# PERS: Additional Policy Package Requests

## Work Out of Class Resolution

### Request:

The Agency is requesting \$62,006 in Other Funds to resolve long standing work out of class positions.

### Positions Resolved:

- Human Resources Assistant to Human Resource Analyst 1
- Principle Executive B (Non Supervisory) to Principle Executive C (Supervisory)
- Information Systems Specialist 5 to Information Systems Specialist 7

### Agency Impact:

Resolves longer-term Work out of Class positions and is an extension of the reviews done by PERS executive as part of the Reorganizational Work noted in previous slides. Not shown below is impact of PFP 1719-07 where PERS abolished one position to finance the reclassification of three other staff.

---

### Work Out of Class Resolution

Personal Services	\$62,006
Total Other Funds	\$62,006

---

# PERS: Additional Policy Package Requests

## Work Out of Class Resolution (continued)

**Position # 8700113 in Human Services-** Reclass from a Human Resources Assistant, Step 8, to a Human Resource Analyst 1, Step 5, position. The cost would increase Personal Services by \$13,923. This reclass will ensure the timely processing of recruitments, processing of worker compensation claims, PEBB new enrollments and the processing of OFLA/FMLA work.

**Position # 137170 in Procurement, Facilities, and Logistics** –Reclass from a non-supervisory management Principal Executive Manager B, Step 8, to a supervisory management Principal Executive Manager C, Step 8, position. The cost would increase Personal Services by \$19,800. This reclass will ensure all PERS buildings are operating safely and securely. Segregating the oversight duties and positioning this Facilities Manager position to operate independently, allows facilities staff immediate access to leadership ensuring facilities, mailroom, warehouse and business continuity responses are addressed efficiently.

**Position # 911404 in Technical Operations Section** – Reclass from an Information Systems Specialist 5, Step 9, to an Information Systems Specialist 7, Step 8, position. This cost would increase Personal Services by \$28,283. This reclass will ensure the operational support and continued development of the IT Service Management (ITSM) program including asset and end-point management.

# PERS: Additional Policy Package Requests

## Individual Account Program Project

### Request:

The Agency is requesting \$584,892 in Other Funds limitation and 1.00 FTE to complete Planning Phase activities necessary to complete project planning and obtain Stage Gate 1 endorsement for the Individual Account Program (IAP) project.

Currently, the Third-Party Administrator (TPA) does not have the capability to fully administer IAP. As a consequence, PERS has had to resort to complex manual processes and workarounds to fill this gap in the TPA's service delivery. With over 270,000 members and over \$9 billion in assets in the IAP fund, this project seeks to remedy those issues.

### Agency Impact:

Allows the agency the ability to prepare to modernize and automate highly manual administrative processes. Ultimately, PERS will bring the administration in-house to the greatest extent possible and eliminate dependence on a third party administrator.

<b>Individual Account Program</b>	
Personal Services	\$38,178
Services and Supplies	\$546,714
FTE	1.00
Total Other Funds	\$584,892

# **PERS:** Additional Policy Package Requests

## **Individual Account Program Project (continued)**

Due to concerns raised by external stakeholders the project was halted in June 2018. Formal program closure documentation was accepted by the Office of the State Chief Information Officer (OSCIO) in February 2019. Upon initiating a new Planning Phase, the lessons learned from the last iteration have driven the focus and diligence of the program team and PERS leadership to ensure a successful completion.

The IAP project team will evaluate all available options to find a comprehensive solution. The IAP is proposed as a program comprised of multiple projects, through which PERS seeks to enhance the Oregon Retirement Information Online Network (ORION) in connection with different facets of IAP operations.

# PERS: Additional Policy Package Requests

## E Board Reconciliation

### Request:

This request is a technical adjustment to reconcile the September 2018 and December 2018 E Board actions. These approved items were not included in the Governor's Budget and will need an LFO package in order to be properly reflected in the agency's 2019-21 budget.

### Agency Impact 19-21:

- Position 1908101 Acct 4 \$198,066
- Position 1942011 Operations and Policy Analyst 3 \$212,871
- Position 1942012 Information Systems Specialist 8 \$229,320

E Board Reconciliation	Sept 18	Dec 18	Total 19-21
Personal Services	\$79,291	\$119,542	\$640,257
Positions	1	2	3
FTE	.38	.50	3.00

# PERS: Policy Option Package 081

## September Emergency Board

The Agency received approval for the establishment of a permanent, full-time Accountant 4. This position will implement the accounting foundation to support the Individual Account Program (IAP) and act as the primary, senior investment accountant for the Target Date Funds (TDF) reporting model.

<b>Package 081</b>	<b>17-19</b>	<b>19-21</b>
Request Type	E Board	LFO
Total Other Funds - Limited	\$79,291	198,066
FTE	.38	1.00

# PERS: Policy Option Package 081

## September Emergency Board (continued)

The Agency received approval for a budget rebalance between four programs. Historically, PERS had the authority to administratively rebalance its budget; however, beginning this biennium, the agency's budget was segregated by program and any rebalance now requires the approval of the Legislature or the Emergency Board. This change was made to provide the Legislature with increased clarity about program activities, priorities, budget, and expenditures.

- Transfers four positions (1.50 FTE) from the Operations Division to Central Administration to consolidate the communications staff.
- A one-time transfer of \$100,000 from the Operations Division to the Financial Services Division for Internal Revenue Service benefit compliance testing
- A one-time transfer of \$100,000 from the Operations Division to the Compliance, Audit and Risk Division for a Secretary of State audit.

<b>Package 081</b>	<b>17-19</b>	<b>19-21</b>
Request Type	E Board	LFO
Total Other Funds - Limited	\$0	\$0
FTE	0.00	0.00



# PERS: Policy Option Package 082

## December Emergency Board

PERS received approval to transfer funds internally to pay administrative fees related to the Oregon Savings Growth Plan (OSGP). PERS is responsible for administering OSGP, which is a voluntary 457 Deferred Compensation plan available to all state and local government employees who chose to participate in the plan. In the past, a portion of administrative expenses were paid directly by the TPA using non-budgeted appropriation. Under the new contract, all administrative operating expenditures, except third party administrative expenses, will be paid out of the PERS Other Funds limitation.

- A one-time transfer of \$424,500 from the Operations Division to the Financial and Administrative Division for 17-19 expenses was approved.

<b>Package 082</b>	<b>17-19</b>	<b>19-21</b>
Request Type	E Board	LFO
Total Other Funds	\$0	\$0
FTE	0.00	0.00

# PERS: Policy Option Package 082

## December Emergency Board (continued)

PERS received approval for the establishment of two full-time permanent positions to implement requirements set forth in Senate Bill 5534 (2017). Working with the OSCIO, the Enterprise Security Office (ESO), and with oversight of the LFO, PERS has been developing and implementing its Information Security Program. In addition, PERS is managing the development and implementation of the Business Continuity, Disaster Recovery, and Continuity of Operations plans, collectively known as the Continuity Management Program.

- A one-time transfer of \$500,000 from the Information Services Division to the Compliance, Audit and Risk Division to align resources with operations of the program
- Established a Senior System Security Analyst
- Established a Continuity and Disaster Recovery Program Analyst

<b>Package 082</b>	<b>17-19</b>	<b>19-21</b>
Request Type	E Board	LFO
Total Other Funds	\$119,542	\$442,191
FTE	.50	2.00

# PERS: Policy Option Package 090

## CFO Analyst Recommended Adjustments

### School District Unfunded Liability Fund

Per the Governor's Recommended Budget, the Agency has been transferred \$100 million from the General Fund to the PERS Non-Limited appropriation to fund the School District Unfunded Liability Fund (SDULF). Provides funding that would be applied toward the unfunded actuarial liabilities of school districts to help stabilize PERS rates.

### Additional Adjustments

- (\$461,098) in Operations Division removes (\$250,000) in Personal Services and (\$211,098) in Services and Supplies for unused overtime and Professional Services allocation
- (\$183,430) in FASD removes unneeded facilities rent allocation
- (\$129,751) in ISD eliminates a long-term vacant OS1 (1.00 FTE) position in ECMS

---

<b>Package 090</b>	
Request Type	Analyst Recommended
Total Other Funds – Non Limited	\$100,000,000
Total Other Funds - Limited	(\$774,279)
FTE	(1.00)

---

# PERS: Policy Option Package 091

## Statewide Adjustment DAS Charges

Statewide adjustments to the Department of Administrative Services State Government Service Charges. These are reductions and increases in various fees and assessments.

- \$4,317 in Financial Services
- \$8,440 in Information Services

---

### Package 091

Request Type	Analyst Recommended
Total Other Funds	\$12,757

---

# PERS: Policy Option Package 092

## Statewide Adjustment Attorney General Charges

Statewide adjustments to the Attorney General rates resulted in a decrease in expenditure limitation for the agency.

- (\$7,408) in Central Administration
- (\$8,883) in Financial Services
- (\$63,764) in Compliance, Audit, and Risk

---

<b>Package 092</b>	
Request Type	Analyst Recommended
Total Other Funds	(\$80,055)

---

# PERS: Policy Option Package 102

## PERS Production Data Center Migration

Migrates the PERS' data center to the State Data Center (SDC) using a colocation model.

- Initial planning completed, funding request is to support procurement and migration
- State Data Center to provide space, power, HVAC, racks, and network connectivity
- Planning to procure new infrastructure to replace end-of-life hardware
- Estimated completion 6/30/2020 (dependent on SDC readiness)

---

<b>Package 102</b>	
Request Type	One Time
Total Other Funds	\$1,715,318
FTE Requested	0.00

---

# PERS: Policy Option Package 102

## **PERS Production Data Center Migration (continued)**

PERS is positioning itself for technical readiness in an effort to migrate systems and architecture in line with current and future technologies. To align with technical readiness, and in support of the joint April 2016 OSCIO and LFO memo, PERS proposes to migrate the agency data center to the State Data Center (SDC) in a co-location model, with some applications to be hosted by Enterprise Technical Services (ETS).

In addition, the PERS data center will be downgraded to a main distribution frame (MDF), also known as a small server room, to house systems that must remain onsite, such as telephony and security. While the state has not yet outlined a cloud-based strategy, this is a bridge to prepare to move to the cloud when the state is ready.



# PERS: Policy Option Package 103

## Financial & Administrative Services Strategic Fulfillment

Request maintains:

- One on-going limited duration FTE for collections from *Strunk and Eugene Oregon Supreme Court Cases*
- Authorizes third party collection fee expenditure

---

<b>Financial &amp; Administrative Services Strategic Fulfillment</b>	
Request Type	Limited duration & One time
Total Other Funds	\$375,679
FTE Requested	1.00

---

# PERS: Policy Option Package 103

## Financial & Administrative Services Strategic Fulfillment (continued)

This limited duration position will continue the work of the *Strunk and Eugene* Overpayment Recovery. PERS is currently receiving payments on 17,691 accounts and has collected \$108,307,299. There are an additional 80 accounts that have been suspended and further research is pending. Five hundred thirty eight (538) accounts in the amount of \$2,374,966 have been written off or waived. PERS has \$58,525,463 remaining to collect.

The collection process will continue for a minimum of four additional years monitoring payment plans, referring invoices to Third Party Collectors (TPC), monitoring estate activity, and processing write offs in the event that the debtor is insolvent and has no ability to pay.

The recovery effort involves recovering an estimated \$169,701,494 in overpayments from approximately 28,974 benefit recipients.

# PERS: Policy Option Package 104

## Maintaining Current Service Levels

Maintains current service levels.

Includes creation of a communications officer position, two ISD positions, and 4 operations positions.

Information Services Division: \$370,496 1.75 FTE

- ISS6 Test Engineer
- ISS6 System Analyst

Central Administration Division: \$244,231 1.00 FTE

- Communications Officer

Operations Division: \$578,867 3.50 FTE

- Intake Specialists (2)
- Operations and Policy Analyst
- Calculations Supervisor

<b>Package 104</b>	<b>Original 19-21</b>	<b>Adjusted 19-21</b>
Request Type	On Going	On Going
Total Other Funds	\$1,289,416	\$1,193,594
FTE Requested	7.00	6.25

# PERS: Policy Option Package 104

## Maintaining Current Service Levels (continued)

### Information Services Division

PERS is requesting to add one ISS6 System Analyst and one ISS6 Test Engineer to address the agency's backlog of change requests.

### Central Administration

PERS is in need of a Communications Officer who is knowledgeable about the system and can serve as a spokesperson. Therefore, the Director's Office requests the addition of one full time permanent PEME position to fulfill this function. Upcoming changes within the agency place additional importance on the external communications role.

### Operations Division

PERS is requesting to add two full time permanent positions; one RC1 and one OS2 to the team. The Intake team hires temporary staff each year to help with service retirement application processing during the peak months of July and December as well as the high volume of forms received from retired members wanting to make changes to their address, direct deposit information or tax withholdings.

The calculations section requests one permanent PEMB position. The requested management position for Calculations would support and supervise nineteen positions by developing, directing, and managing the pre and post retirement work for the Inceptions and Adjustments team.

# PERS: Policy Option Package 106

## Risk & Security Management

Properly resources Agency’s Security, Continuity, and Risk programs.

### Request Adjusted:

- Two positions received in December 2018 E Board
- Additional resource need identified by consultant
- Permanent services & supplies funding for agency’s Continuity Management Program, Information Security Program, and Risk Management Program

	Original Request		Adjustment		Total Request	
	Positions	FTE	Positions	FTE	Positions	FTE
ISS 8	1	1.00	(1)	(1.00)	0	0.00
OPA 3	2	1.00	(1)	(1.00)	1	.88
OPA 2	0	1.00	1	.88	1	.88
Total Pos.	3	3.00	(1)	(1.12)	2	1.75
Total Cost	\$1,282,475				\$1,219,400	

# **PERS:** Policy Option Package 106

## **Risk & Security Management (continued)**

### **Enterprise Risk Management**

This proposal is intended to enhance the capabilities of the agency by implementing an ERM program that ties together strategy and business plans using risk management methodologies as one of the key decision-making criteria. PERS has an ambitious Strategic Plan for the 2018 – 23 period and applying an ERM perspective is critical to supporting those strategies.

### **Information Security and Continuity Management**

This proposal will complete the development and implementation of the Agency's industry standard Information Security Program, as well as the Agency's Business Continuity and Disaster Recovery Program(s) including staffing requirements, and permanent funding necessary to effectively run and monitor the program, all in alignment with the unification efforts outlined by 2017 ORS 276A.300.

# PERS: Policy Option Package 107

## Deferred Maintenance Requirement of SB 1067 (2017)

- Addresses deferred maintenance needs and aligns with SB 1067.
- The System owns the headquarters building in Tigard which is now close to 25 years old.
- Identified needs in the next biennia include HVAC work and roof repairs.

---

<b>Deferred Maintenance</b>	
Request Type	One Time
Total Other Funds	\$625,000
FTE Requested	0.00

---



# PERS: Policy Option Package 107

## Deferred Maintenance Requirement of SB 1067 (2017) (continued)

This proposal is intended to satisfy the requirement in Senate Bill 1067 (2017) that PERS, as an agency owning a state building in Tigard, provide support to the Governor's 2019-2021 Budget in bringing the agencies' total deferred maintenance and capital improvement budget to a level of two percent of the current replacement value of state-owned buildings and infrastructure.

While PERS' headquarters building and major equipment in Tigard, Oregon has been extremely well maintained since its construction in 1996, certain building components and major equipment are operating well beyond their expected lifecycle. This creates an ever-increasing potential need for repair and/or replacement without advance notice. Specifically, the building's roof has exceeded its anticipated functional life of 20 to 25 years, and the HVAC system has exceeded its anticipated functional life of 15 to 20 years.

# PERS: Policy Option Package 109

## Business Innovation Program (BIP) Architecture & Planning

Architecture and planning for the Agency's data system modernization.

### Provides opportunities to:

- Modernize and enhance the Agency's communication and technological foundation
- Implement industry standards
- Establish a flexible and secure technology platform aligned with today's service-driven technology standards
- Improve and resolve functionality and deficiencies affecting system administration, performance, and sustainability

---

<b>Business Innovation Program</b>	
Request Type	One Time
Total Other Funds	\$512,265
FTE Requested	0.00

---

# PERS: Policy Option Package 109

## **Business Innovation Program (BIP) Architecture & Planning (continued)**

Our shifting demographics mean we now have more OPSRP members than Tier One and Tier Two members. We need to modernize, enhance, and sustain our communication and technological foundation to better align with the needs of these younger members as we strive to engage them in their career-long retirement planning. To implement industry standards in line with member expectations, we need to establish a technology platform that is flexible, secure, and aligned with today's service-driven technology standards.

To adapt, PERS is planning to initiate the Business Innovation Program (BIP) that will improve the efficiency, responsiveness to business operational and plan changes, and resolve functionality and deficiencies that affect system administration, performance, maintainability, and sustainability.

# PERS: Key Performance Measures Proposed for 2019 - 2021

Key Performance Measure	KPM Performance		KPM Targets		Proposed Targets	
	2017	2018	2018	2019	2020	2021
Timely Retirement Payments	79%	65%	80%	80%	80%	80%
Cost Per Member	\$155	\$145	\$145	\$145	\$165	\$165
Member to Staff Ratio	1005	1048	995	995	1055	1055
Accurate Benefit Calculations	97%	100%	100%	100%	100%	100%
Level of Participation (OSGP)	40%	42%	50%	50%	45%	50%
Customer Service	87% Mbr, 91% ER	91% Mbr, 89% ER	95%	95%	95%	95%
Timely Benefit Estimates	52%	34%	95%	95%	95%	95%
Board Best Practices	100%	100%	100%	100%	100%	100%

# PERS: 2017-19 Long Term Vacancies

Agency Cross Reference	PPDB Position Number	Job Profile	Type	FTE	Position Open Reason
Operations Division	0137220	Principal Executive/ Manager D	PF	1.00	Recruitment in Process
Financial & Admin Services Division (FASD)	0137340	Principal Executive/ Manager	PF	1.00	PFP 1719-06
Information Services Division	8900104	Information Systems Specialist	PF	1.00	Recruitment In Process
Operations Division	9300009	Principal Executive/ Manager F	PF	1.00	Agency Hold
Information Services Division	0911420	Office Specialist 1	PF	1.00	PFP 1719-07
Financial & Admin Services Division (FASD)	1902101	Accounting Technician 3	LD	1.00	Project End
Total				6.00	

# Additional Resources

## **PERS Agency Strategic Plan – 2018-2023**

- Agency-established priorities and plan to achieve the core mission  
<https://www.oregon.gov/pers/Documents/Strategic-Plan.pdf>

## **PERS Agency Website**

- PERS website  
<https://www.oregon.gov/pers/Pages/index.aspx>

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



# Thank You

Kevin Olineck  
PERS Director  
2019

[www.oregon.gov/pers](http://www.oregon.gov/pers)

