

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2021-2023 Budget  
Presentation

Ways and Means  
General Government  
Subcommittee  
February 24, 2021

Kevin Olineck  
Director

Richard Horsford  
Chief Financial Officer



# PERS: Agency Presentation Schedule

## Day One

### System Overview

- Overview and Partnerships
- PERS Board
- Governance and Interdependencies
- Benefit Components
- Benefits and Funding
- Funded Status and Liabilities
- System-Wide Rates and Projections
- Appendix/Additional Resources

## Day Two

### Agency Overview

- System & Agency Funding
- Summary of Programs Services
- Organizational Structure and Divisional Budgets
- Major Budget Drivers 2021-2023
- Budget Risks & Environmental Factors
- Agency Changes Past 6 Years
- Agency Program Changes and Service Delivery 2019-2021
- 2021-2023 Proposed Technology Projects
- Key Legislation 2021 Session
- Agency Changes Cost Containing Measures
- 10% Budget Reduction Options

## Day 2 Reference Materials (Appendix)

- Mission, Vision Values
- Strategic Plan & Themes
- Performance & Outcome Measures
- Audit Response Reports
- Recent Changes to Agency Budget & Management
- 2019-21 Long-Term Vacancies
- Supervisory Span of Control
- Statewide Policy Packages
- Other Funds Ending Balances
- Additional Agency Budget Information
- Summary of 2021-2023 Policy Option Packages
- Additional Resources

## Day Three

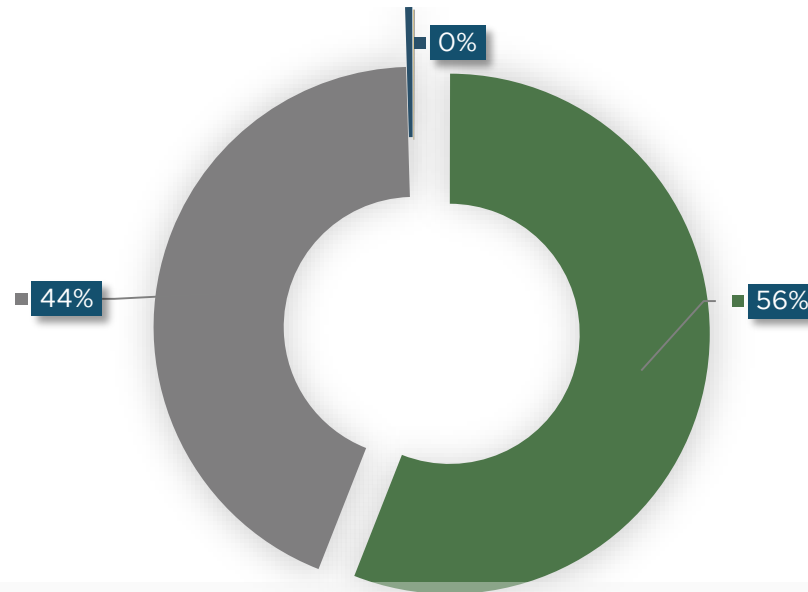
### Statutory Reporting

- Preliminary Earnings Crediting Report for Calendar Year 2020
- Senate Bill 1566 (2018) Reports:
  - General Status Update
  - SDULF Update

# PERS: System & Agency Funding

Estimated AY 2021

Category	Amount Received
Charges For Agency Services	\$4,217,216.
Investment Income	\$7,880,137,772.
PERS Contributions	\$6,135,382,678.
Insurance Premiums	\$62,665,506.
Other Revenue	\$4,591,155.
<b>Total</b>	<b>\$14,086,994,327.</b>

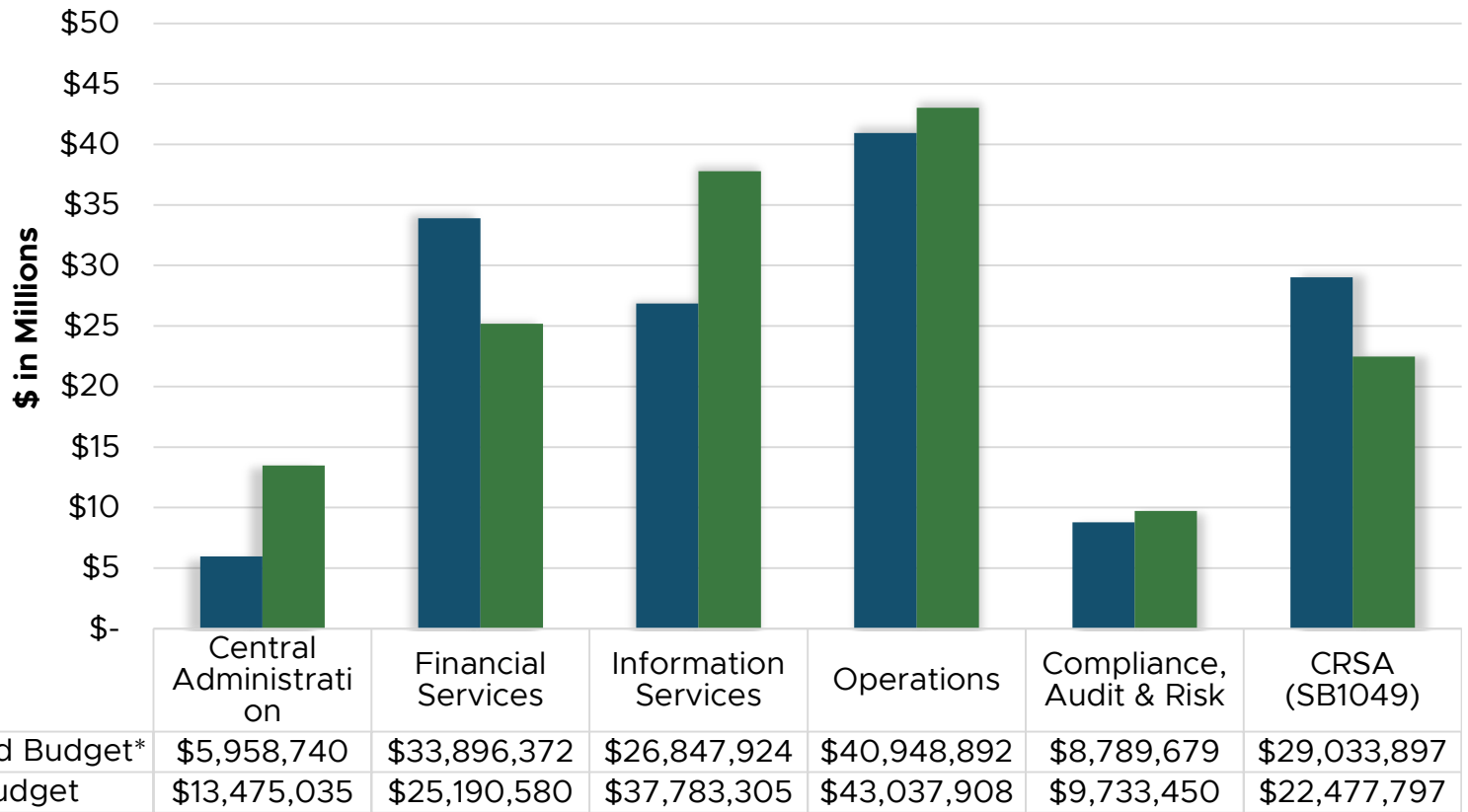


■ Charges for Services ■ Inv. Income ■ PERS Cont. ■ Ins. Premiums ■ Other Rev.

# PERS: Agency Operating Budget

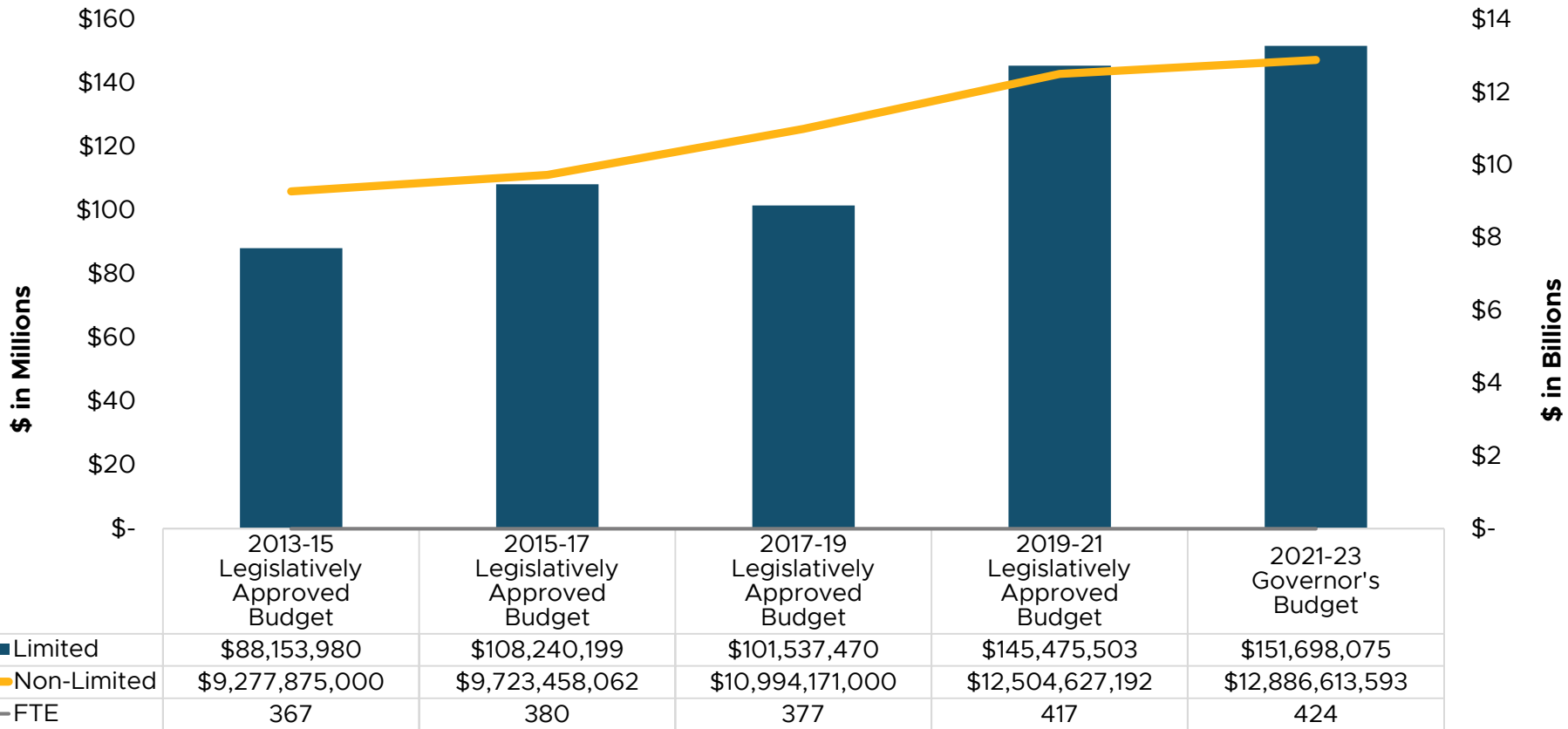
Agency Legislatively Approved Budget 2019-21: **\$145,475,503**

Agency Governor's Budget 2021-23: **\$151,698,075**



\*January 2021

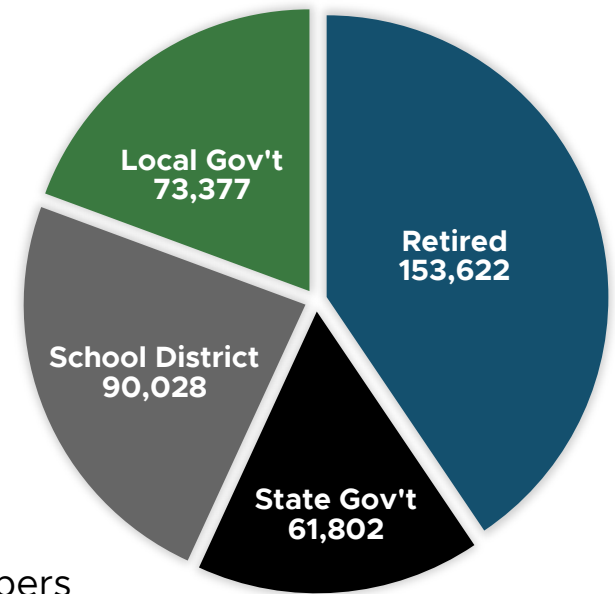
# PERS: Agency Limited & Non-Limited Budget



\*January 2021

# PERS: The Agency

- Under the oversight of the Board, and in alignment with statute, the Agency administers:
  1. Retirement, death, and disability benefits
  2. Other post-employment benefits
  3. Retiree health insurance programs
  4. The state-sponsored deferred compensation plan
  5. The federal Social Security program
- The Agency serves:
  - 900+ public employers
  - 378,829 active, retired and inactive members
  - 57,401 post employment health insurance plan members
  - 33,342 Oregon Group Savings Plan Members



Biennium	Total Membership
2015-2017	345,882
2017-2019	355,449
2019-2021	367,853
2021-2023	378,829

# PERS: Summary of Agency Programs

## Tier One and Tier Two Program (Non-Limited Budget)

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- Statutorily-created (ORS Chapter 238) public employee retirement benefit programs. Administration is funded with Other Fund revenues that provide retirement, death, and disability benefits for more than 71,000 non-retired members and more than 153,000 retired members and beneficiaries.
- Now closed to new members as of:
  - Tier One - December 31, 1995
  - Tier Two - August 28, 2003
- Benefit payments include:
  - Retirement allowances
  - Account withdrawals
  - Death and disability benefits
  - Health insurance premium (*pass-through*)
- Administration includes:
  - Receiving contributions on behalf of active Tier One and Tier Two members
  - Providing information and services to members
  - Processing retirements of Tier One and Tier Two members
- Tier One and Tier Two pensions were funded by employer contributions and pre-2004 member contributions to June 30, 2020. EPSA Account established July 1, 2020 where 2.50% of IAP redirected if member earns more than \$2,535 per month (increased by CPI yearly) to fund benefit accruals on and after that date.

Funds are held in trust for the exclusive benefit of the plans' members

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# PERS: Tier One and Tier Two

## Performance Metrics

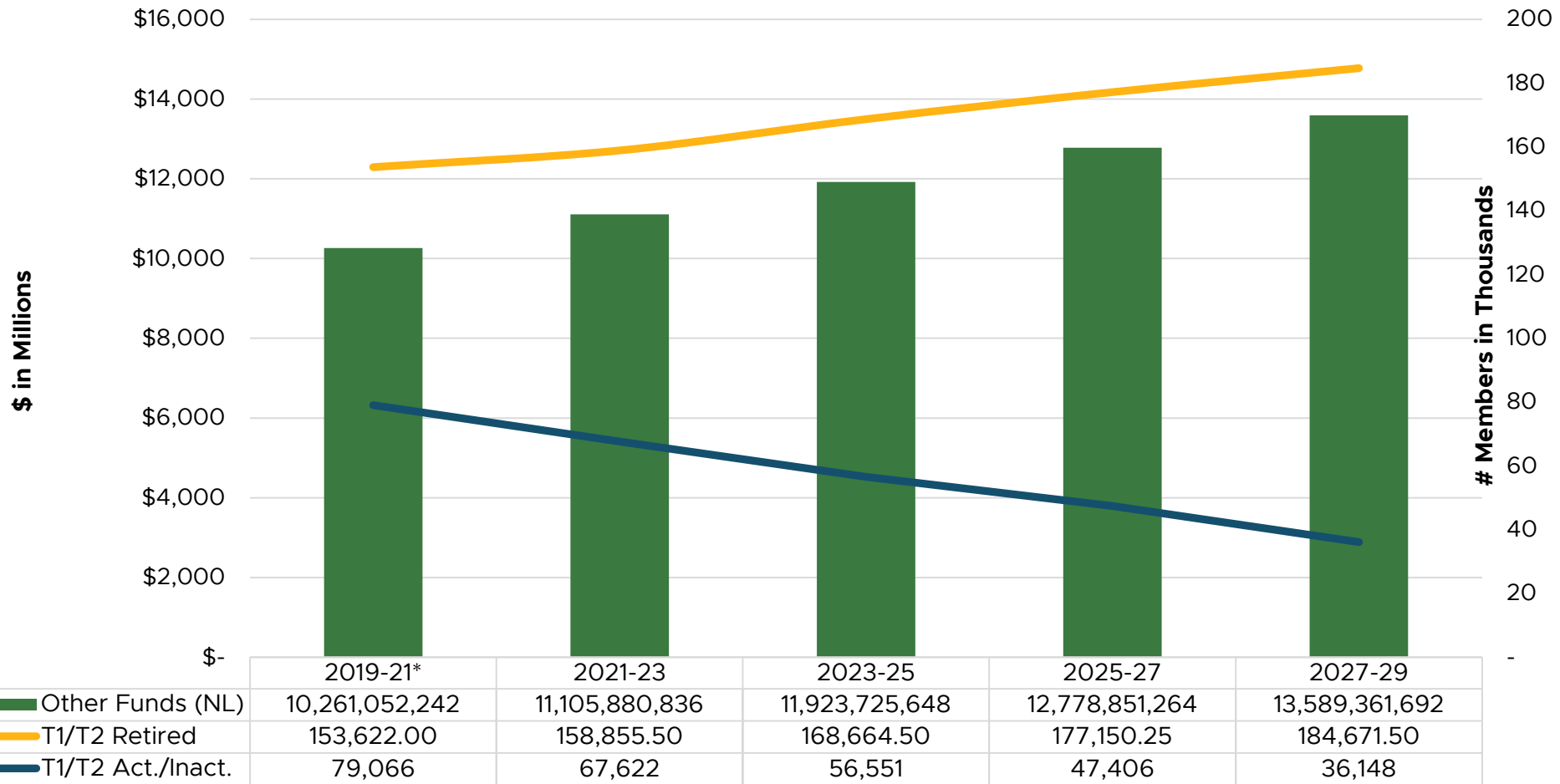
Fiscal Year	Total Active/Inactive Members	Total Retired Members	Tier One/Tier Two Program Expenditures (Non-Limited) Fiscal Year End (In Billions)	Fund Balance Fiscal Year End (In Billions)
2013	114,901	127,114	\$3.60	\$58.48
2014	108,800	131,417	\$3.89	\$65.40
2015	101,209	134,004	\$3.97	\$64.92
2016	96,988	135,775	\$4.24	\$62.08
2017	85,912	141,884	\$4.40	\$66.37
2018	84,202	145,863	\$4.69	\$69.33
2019	78,043	143,744	\$4.87	\$70.20
2020	71,681	153,622	\$5.12	\$68.32

Source of Information: Oregon Public Employees Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.



# PERS: Tier One and Tier Two

Plan Membership and Expenditure (*future years*)



# PERS: Summary of Agency Programs

## Oregon Public Service Retirement Plan OPSRP (Non-Limited Budget)

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- The Oregon Public Service Retirement Plan (OPSRP) was created in 2003 and, financed with Other Funds, provides a pension benefit for OPSRP members and a defined contribution individual account for all PERS members with service after January 1, 2004.
- Employees hired by PERS-participating employers in qualifying positions on or after August 29, 2003, participate in the OPSRP Pension Program.
- Designed to provide a reduced pension benefit compared to the Tier One and Tier Two programs
- Added the “defined contribution” Individual Account Program (IAP) for all Tier One, Tier Two, and OPSRP members, which is a member contribution of 6% of salary
- The OPSRP Pension Program was funded solely by employer contributions to June 30, 2020. EPSA Account established July 1, 2020 where 0.75% of IAP, which varies by Tier, is redirected if member earns more than \$2,535 per month (increased by CPI yearly) to fund benefit accruals on and after that date.
- Individual Account Program (IAP) for Tier One, Tier Two, and OPSRP members is funded by member contributions. Members in all Tiers can choose to make voluntary contributions to make up EPSA redirect amount effective July 1, 2020.

# PERS: Oregon Public Service Retirement Plan

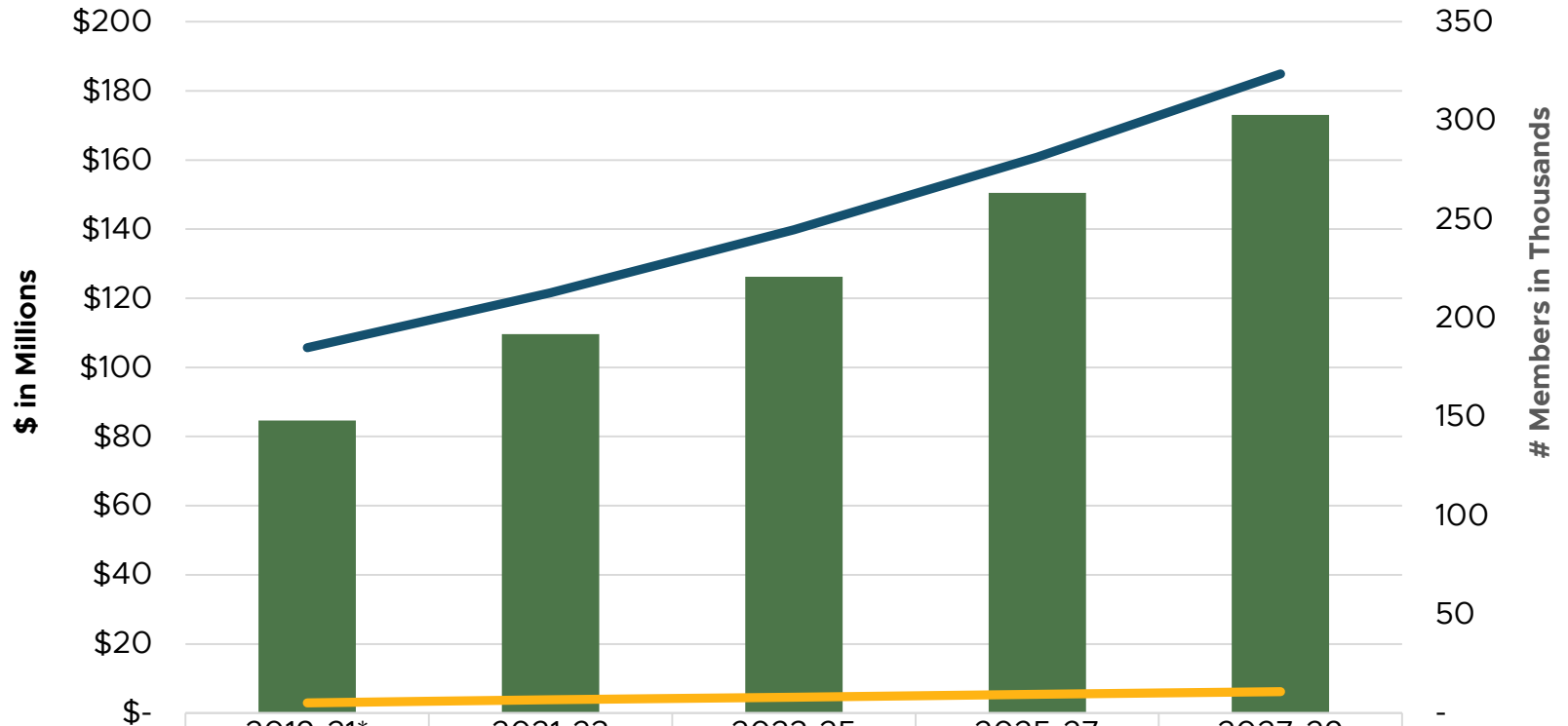
## Performance Metrics

Fiscal Year	Total OPSRP Pension Members	Total Retired OPSRP Pension Members	Total OPSRP Retirements Processed	Total OPSRP Program Expenditures FY End (in Millions)	Plan Balance FY End (in Billions)
2013	111,484	1,003	720	\$10.89	\$1.37
2014	121,006	1,533	778	\$13.97	\$1.89
2015	131,515	2,294	852	\$16.92	\$2.26
2016	148,775	2,874	933	\$21.38	\$2.69
2017	156,782	4,116	1,378	\$27.33	\$3.51
2018	142,242	4,445	1,408	\$35.30	\$4.58
2019	152,712	5,642	1,450	\$45.57	\$5.57
2020	160,466	6,570	1,568	\$56.77	\$6.54

Source of Information: Oregon Public Employees Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

# PERS: Oregon Public Service Retirement Plan

Plan Membership and Expenditure (est. future years)



Other Funds (NL)	84,670,408	109,636,842	126,253,572	150,484,984	173,056,126
OPSRP Membership	185,033	212,788	244,706	281,412	323,623
OPSRP Retired	5,231	6,817	8,089	9,570	10,912

# PERS: Summary of Agency Programs

## Individual Account Program (Non-Limited Budget)

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- All PERS members active since 2004 participate in the Individual Account Program (IAP). Under 2003 PERS Reform, employee contributions from Tier One, Tier Two, and OPSRP members were directed into this separate IAP account effective January 1, 2004.
- Funded by member contributions (6% of salary)
- The Individual Account Program (IAP) consists of two components:
  - Members in the Oregon Public Service Retirement Plan (OPSRP) program
  - Members in the Tier One and Tier Two pension programs
- Members in all Tiers can choose to make voluntary contributions to make up EPSA redirect amount effective July 1, 2020.
  - Over 4,100 members chose to make voluntary contributions as of January 1, 2021
- Senate Bill 1049 instituted Member Choice for IAP participants, beginning January 2021. Annually, PERS will inform members of an “optional investment choice window” in which they can choose a Target-Date Fund for your IAP investments different from the default fund based on their birth year.
  - Over 1,300 members chose to change their fund choice for 2021.

# PERS: Individual Account Program

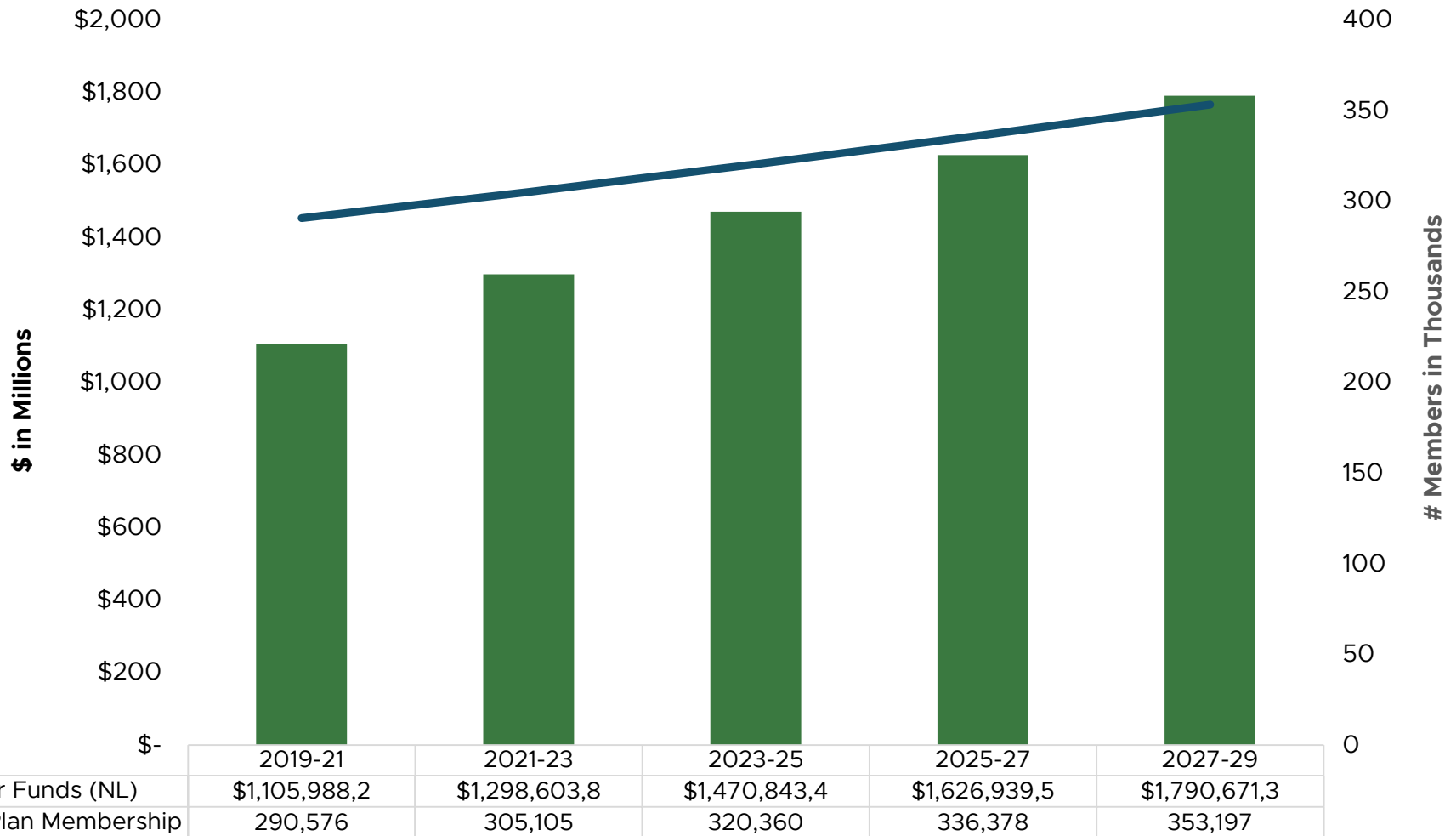
## Performance Metrics

Fiscal Year	Total IAP Membership	Total IAP Retirements Processed	Total IAP Expenditures (in Millions)	Fund Balance (in Billions)
2013	240,697	9,249	\$248.42	\$5.29
2014	244,256	9,021	\$337.47	\$6.46
2015	251,417	7,375	\$327.54	\$6.97
2016	260,164	7,163	\$373.02	\$7.24
2017	262,832	7,636	\$426.60	\$8.37
2018	269,812	8,251	\$559.17	\$9.20
2019	276,739	7,710	\$503.03	\$9.91
2020	285,293	8,210	\$623.43	\$10.24

Source of Information: Oregon Public Employees Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

# PERS: Individual Account Program

Plan Membership and Expenditure *(est. future years)*



# PERS: Summary of Agency Programs

## Retirement Health Insurance Programs (Non-Limited Budget)

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- PERS serves as a group sponsor, providing health insurance services to retired members and dependents. PERS works with insurance carriers to design benefit packages, determine specifications, solicit proposals, analyze carrier responses, and award contracts based on quality of care and cost containment. PERS uses a third-party administrator to provide insurance services directly to members.
- The PERS Health Insurance Program is comprised of three statutorily-mandated programs:
  - Retirement Health Insurance Account (RHIA)
  - Retiree Health Insurance Premium Account (RHIPA)
  - Standard Retiree Health Insurance Account (SRHIA)
- Provides PERS retirees with benefits that provide high quality, comprehensive coverage at the most cost-effective rates possible that will also meet retirees' benefit needs
- Core values of the program include maintaining the stability of premiums, coverage, and carriers



# PERS: Retirement Health Insurance Programs

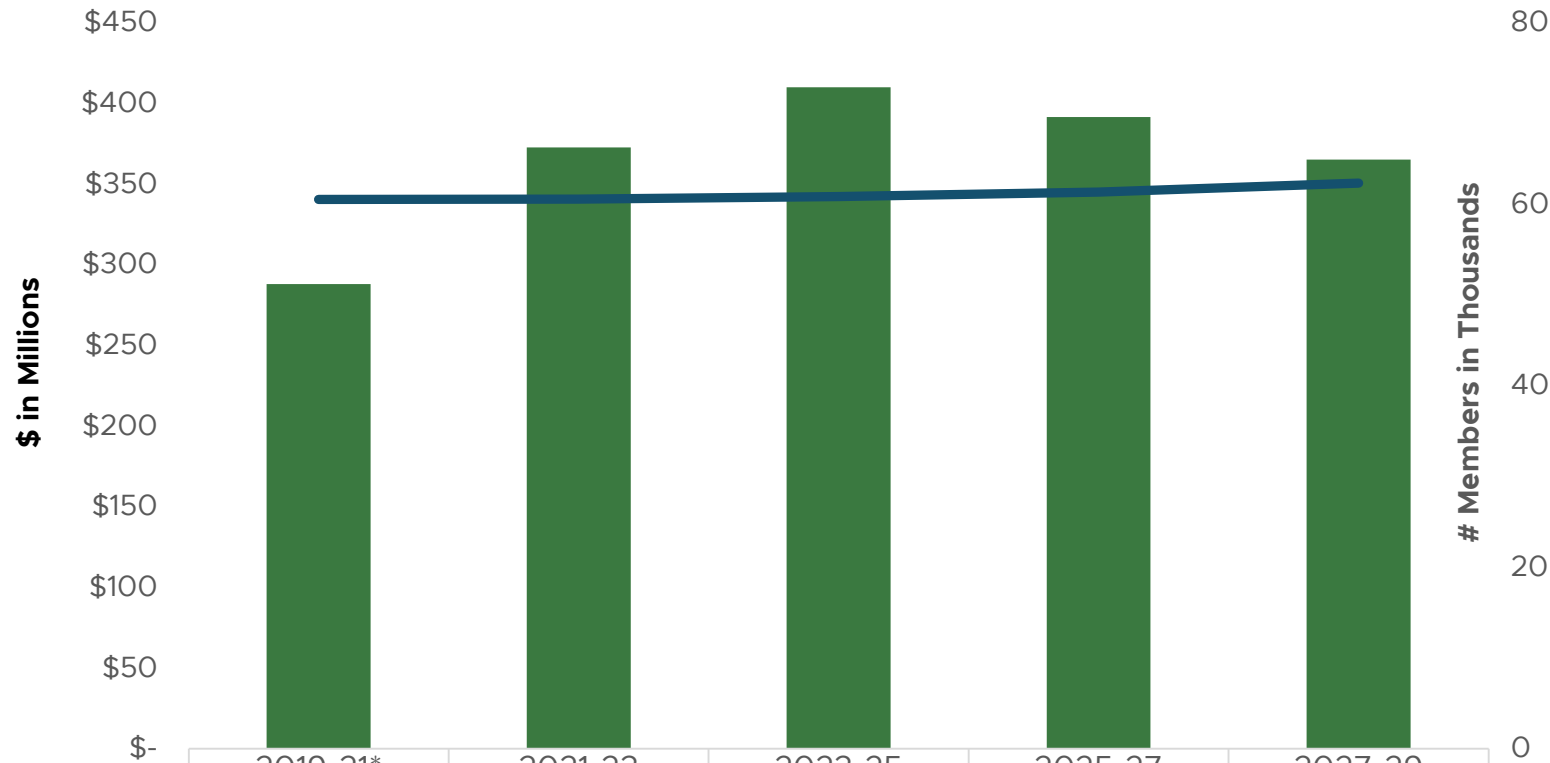
## Performance Metrics

Fiscal Year	SRHIA Members	RHIA Members Receiving Benefits	RHIPA Members Receiving Benefits	Fiscal Year Expenditures Total (in Millions)	Fiscal Year Fund Balance (in Millions)
2013	57,489	43,061	1,251	\$ 232.64	\$399.84
2014	58,760	44,087	1,264	\$ 240.45	\$465.36
2015	59,803	44,880	1,274	\$ 286.00	\$486.46
2016	59,983	45,060	1,238	\$ 254.52	\$499.29
2017	59,664	44,967	1,177	\$ 190.81	\$591.33
2018	59,190	46,033	1,228	\$ 197.77	\$684.49
2019	58,113	44,368	842	\$132.95	\$765.26
2020	57,401	43,827	794	\$60.72	\$764.00

Source of Information: Oregon Public Employees Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

# PERS: Retirement Health Insurance Programs

Plan Membership and Expenditure (est. future years)



	2019-21*	2021-23	2023-25	2025-27	2027-29
Other Funds (NL)	287,844,56	372,492,86	409,839,35	391,397,67	364,966,98
Health Insurance Membership	60,511	60,554	60,837	61,317	62,286

# PERS: Summary of Agency Programs

## Oregon Savings Growth Program (Non-Budgeted)

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- The Oregon Savings Growth Plan (OSGP) is a 457(b) deferred compensation program administered by PERS that provides the opportunity for public employees to voluntarily save additional funds to supplement their retirement benefits
- Is available to all state employees and those school districts and local government employers that choose to offer this plan
- Program allows participants to save additional funds for retirement while reducing their current taxable income
- Serves over 33,000 current and former state agency, school district, and local government employees
- Plan assets were valued at approximately \$2.5 billion as of June 2020
- A third-party administrator provides OSGP record-keeping and investment services. Investment alternatives are selected with assistance of Oregon State Treasury staff with oversight from the Oregon Investment Council (OIC). PERS manages contracts with the third-party administrator, provides plan enrollment and educational support, monitors participant satisfaction, and provides customer support outside of the third-party administrator.
- Non-Budgeted as the costs of administration are borne by the member

# PERS: Oregon Savings Growth Plan

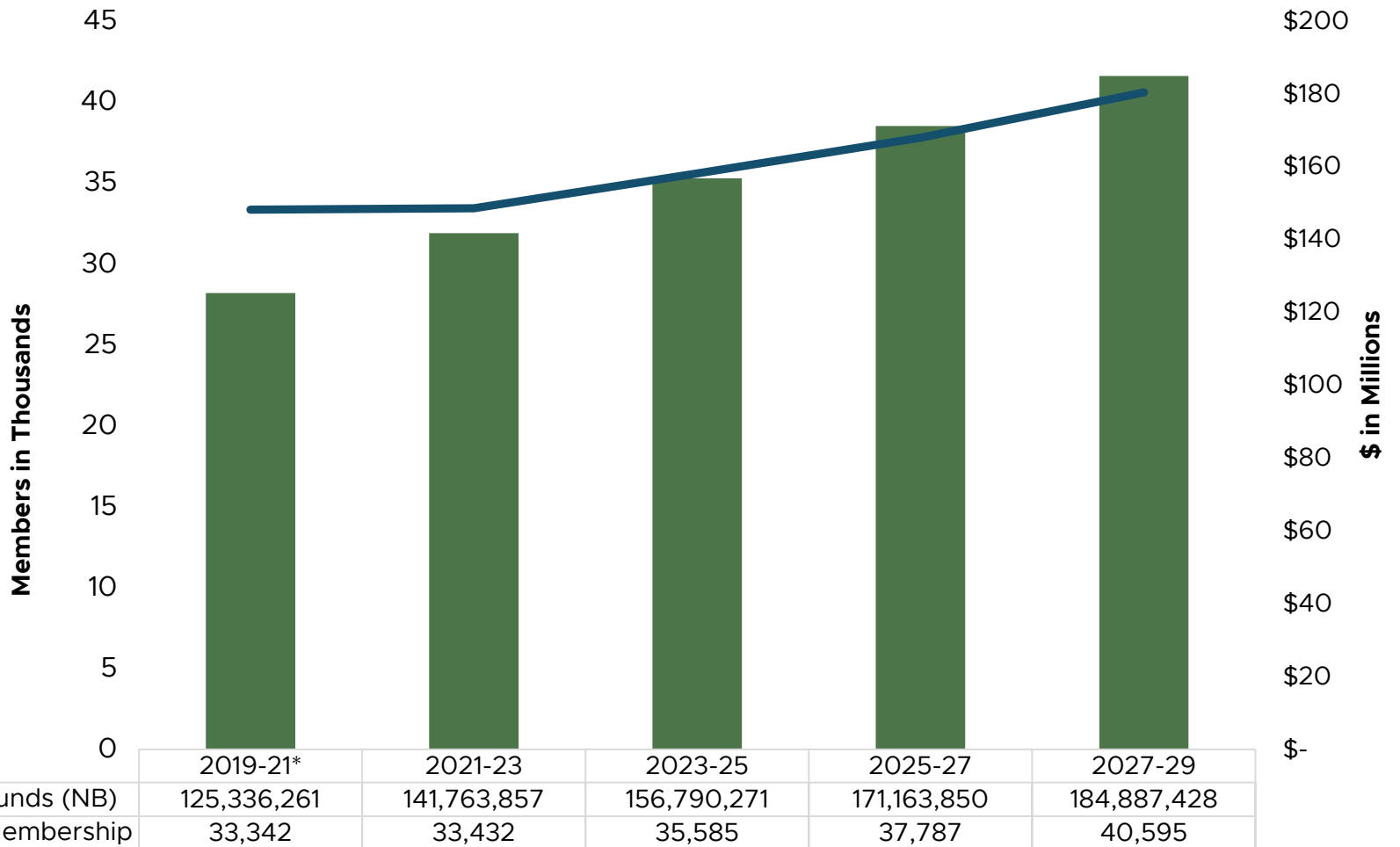
## Performance Metrics

Fiscal Year	Members	Admin Expense	Annual Expenditures Total (in Millions)	Fund Balance (in Billions)
2013	24,515	\$874,584	\$71.42	\$1.27
2014	24,578	\$997,202	\$90.64	\$1.48
2015	25,947	\$1,018,468	\$85.19	\$1.54
2016	27,204	\$1,202,786	\$92.55	\$1.56
2017	28,425	\$1,330,947	\$98.42	\$1.78
2018	30,135	\$1,469,816	\$117.80	\$1.96
2019	26,948	\$2,278,273	\$125.36	\$2.08
2020	33,342	\$2,071,770	\$120.42	\$2.18

Source of Information: Oregon Public Employees Retirement System, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

# PERS: Oregon Savings Growth Plan

Plan Membership and Expenditure (est. future years)

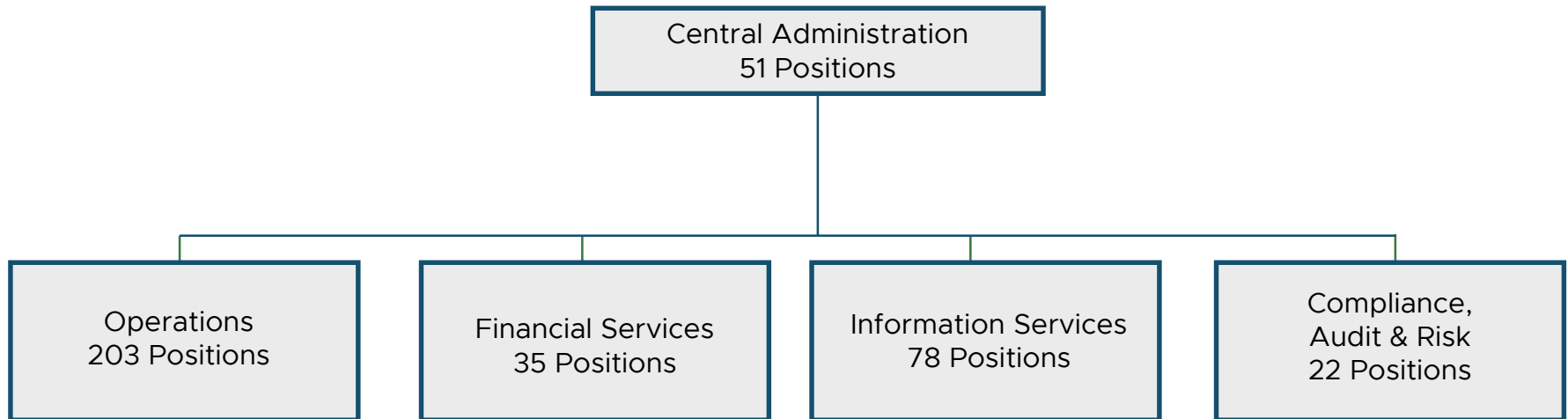


# PERS: How the Agency Works

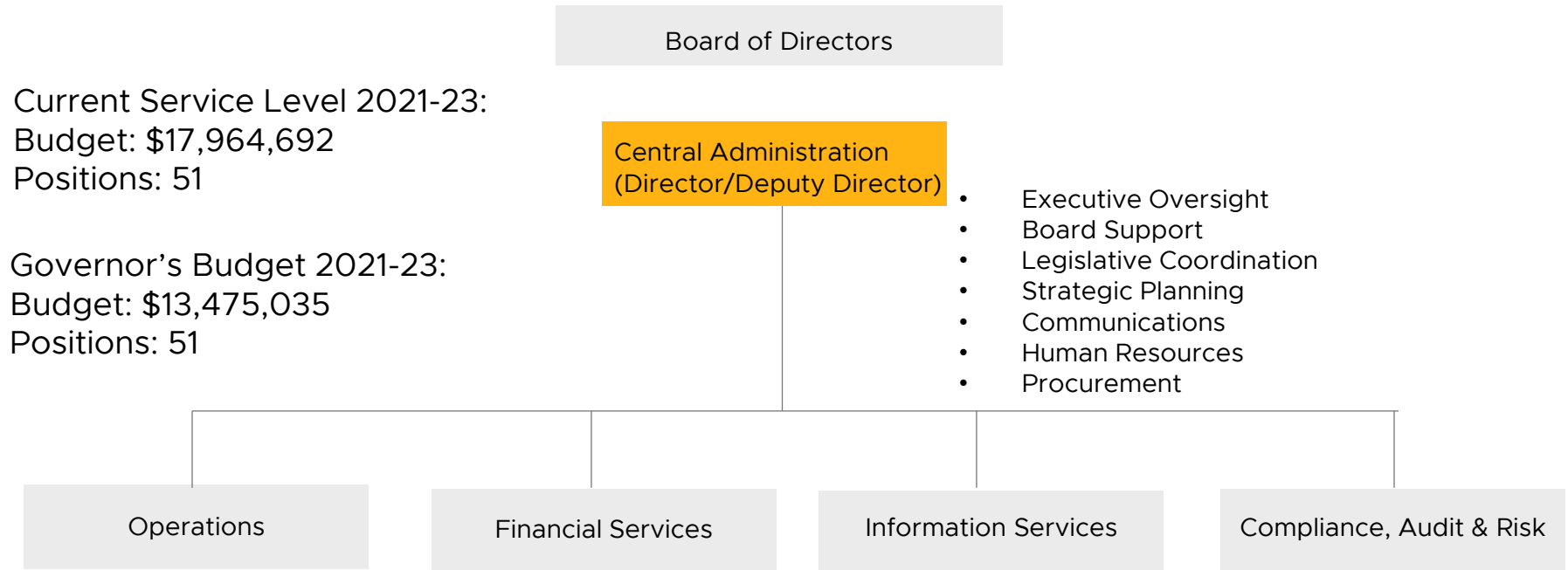
The Agency is divided into five separate divisions, each of which contribute to the success of the Agency's administrative duties.

The Divisions are:

1. Central Administration
2. Operations
3. Financial Services
4. Compliance, Audit and Risk
5. Information Services



# PERS: Central Administration



Current Service Level 2021-23:  
Budget: \$17,964,692  
Positions: 51

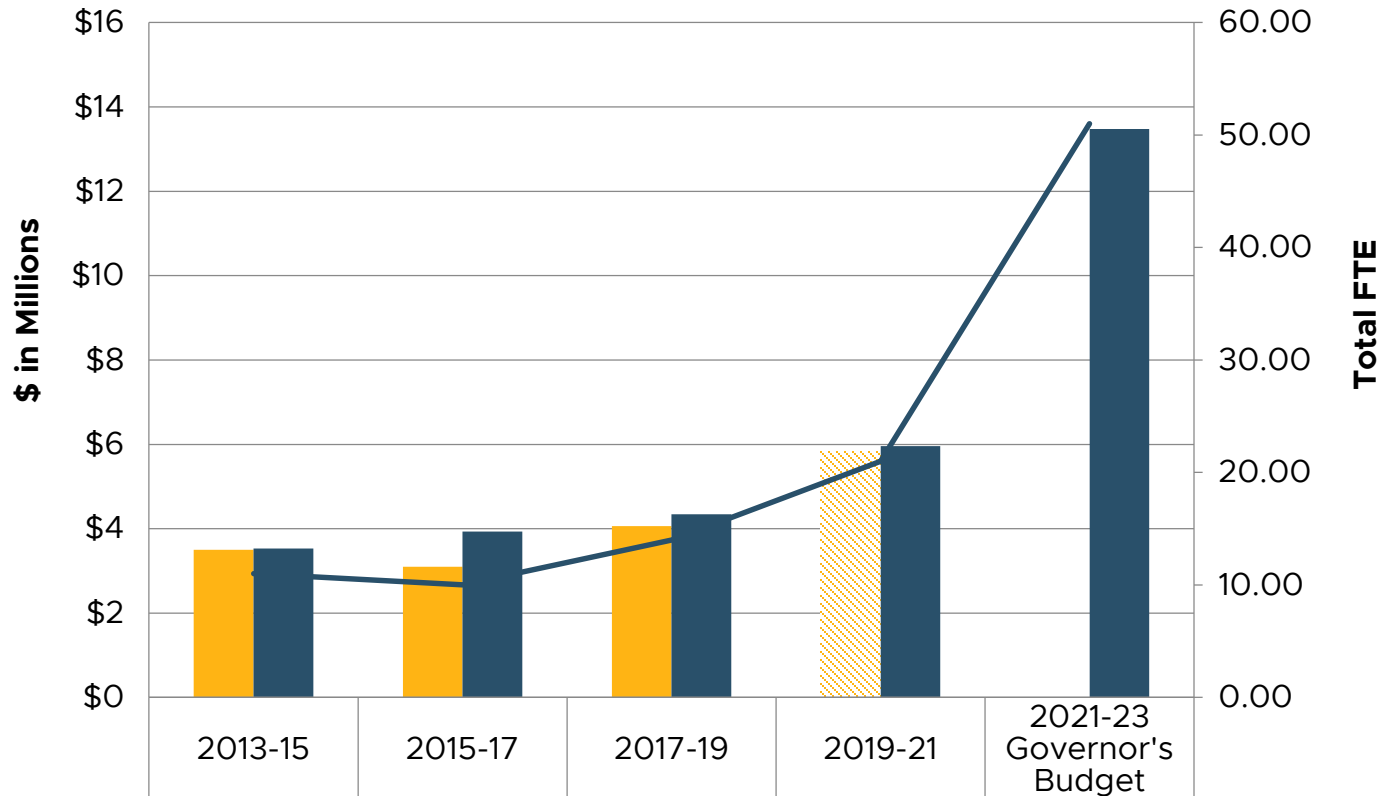
Governor's Budget 2021-23:  
Budget: \$13,475,035  
Positions: 51

Enabling legislation for PERS Operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, & 610; and 243.470.
- Oregon Administrative Rules Chapter 459

# PERS: Central Administration

## Budget to Actuals



Actuals *	\$3,498,585	\$3,096,695	\$4,063,956	\$5,839,565	
Leg. Approved Budget	\$3,530,301	\$3,932,628	\$4,341,844	\$5,958,740	13,475,035
FTE	11.00	10.00	14.00	21.00	51

*\*Projected Actuals*



# PERS: Central Administration

	Amount	FTE
Policy Packages		
Pkg. 90-99 CFO Analyst Adjustments	(\$5,192,645)	
Pkg. 112 Deferred Maintenance	\$702,988	0.00
Subtotal Policy Packages	(\$4,489,657)	0.00
2021-23 Total Governor's Budget	\$13,475,035	51.00

## Package 112– Deferred Maintenance \$702,988 FTE 0.00

Aligns with Organizational Management and Development | PERS Outcome-Based Management System

This request satisfies the requirement in Senate Bill 1067 (2017). This requires that an agency owning a state building, brings the total deferred maintenance and capital improvement budget to a level of two percent of the current replacement value.

10% Reductions Options (ORS 291.216) - \$1,796,469

# PERS: Operations Division

Current Service Level 2021-23:  
Budget: \$42,993,318  
Positions: 196

Governor's Budget 2021-23:  
Budget: \$43,037,908  
Positions: 203

Board of Directors

Central Administration

Operations

Financial Services

Information Services

Compliance, Audit & Risk

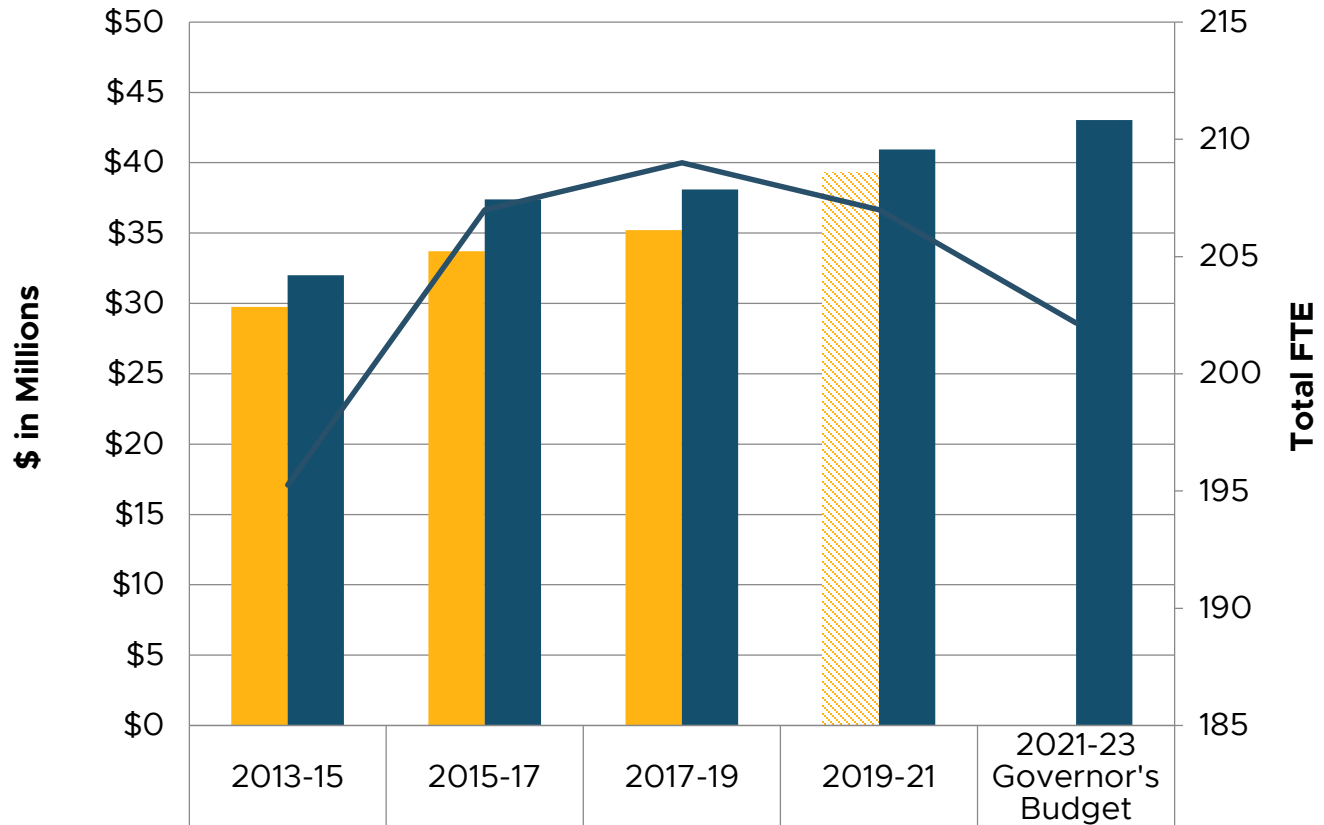
- Member Information
- Employer Service Center
- Benefit Application Intake & Review
- Member Account Adjustments
- Specialty Qualifications
- Calculations
- PERS Health Insurance
- OSGP
- Social Security

*Enabling legislation for PERS Operations (administrative costs) are:*

- Oregon Revised Statute (ORS) 237.500; 238.490, & 610; and 243.470.
- Oregon Administrative Rules Chapter 459

# PERS: Operations Division

## Budget to Actuals



Actuals *	29,760,712	33,707,129	35,205,007	39,310,936	
Leg. Approved Budget	31,996,072	37,397,922	38,110,978	40,948,892	43,037,908
FTE	195.26	207.00	209.00	207.00	202.16

# PERS: Operations Division

	Amount	FTE
Policy Packages		
Pkg. 90-99 CFO Analyst Adjustments	(\$958,601)	
Pkg. 106 Specialty Qualifications	\$278,924	1.76
Pkg. 107 Qualifying/Non-Qualifying	436,606	2.64
Pkg. 110 Education Team	287,661	1.76
Subtotal Policy Packages	\$44,590	6.16
2021-23 Total Governor's Budget	\$43,037,908	202.16

## **Package 106 – Specialty Qualifications \$278,924 FTE 1.76**

This request includes two positions for work in the death, divorce and disability unit.

## **Package 107 – Qualifying/Non-Qualifying \$436,606 FTE 2.64**

This request includes three limited duration positions for data services related to qualifying employment.

## **Package 110 – Education Team \$287,661 FTE 1.76**

This request includes two positions for the retirement education team.

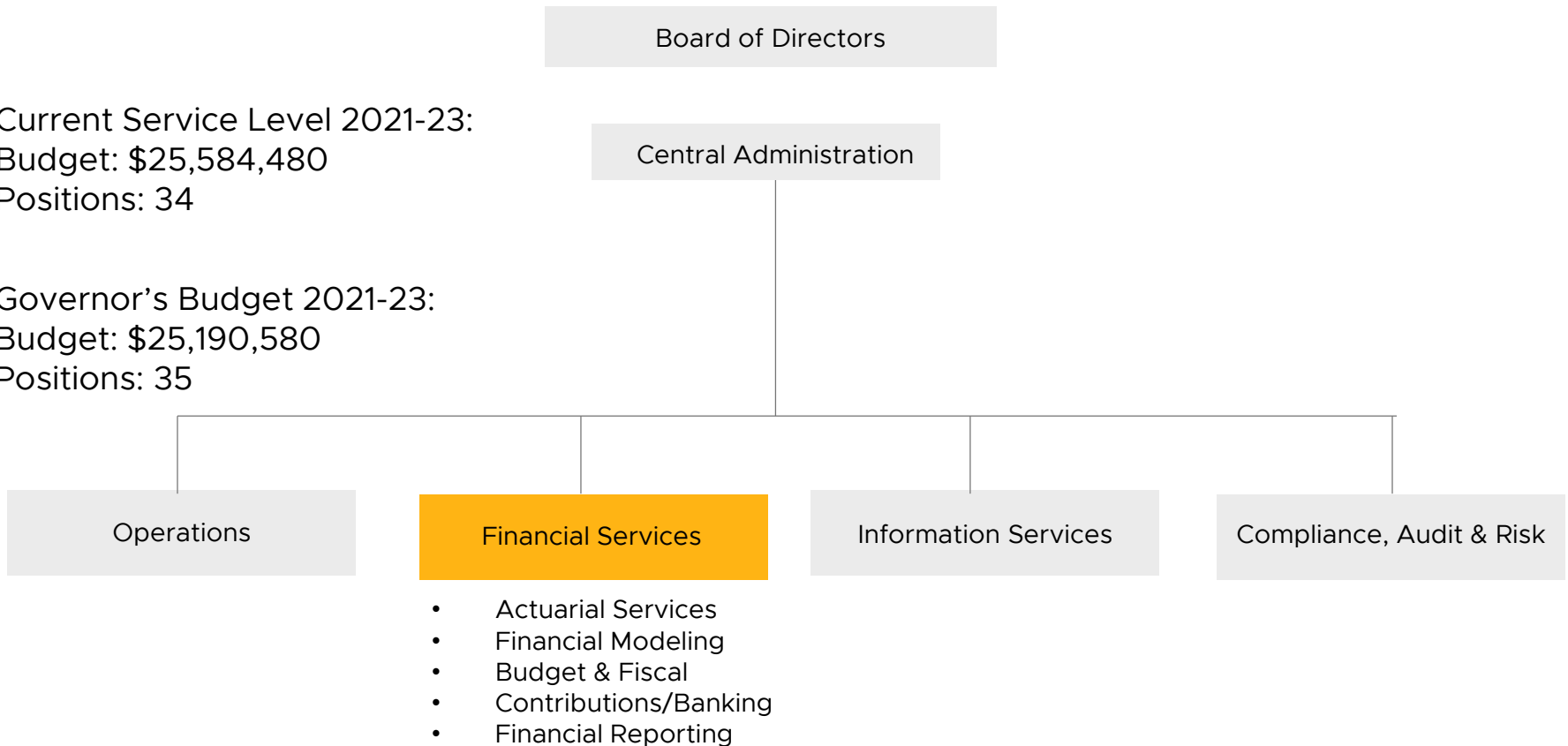
In this Division, these requests adds 7 operations positions.

Aligns with Organizational Management and Development | PERS Outcome-Based Management System

# PERS: Financial Services Division

Current Service Level 2021-23:  
Budget: \$25,584,480  
Positions: 34

Governor's Budget 2021-23:  
Budget: \$25,190,580  
Positions: 35

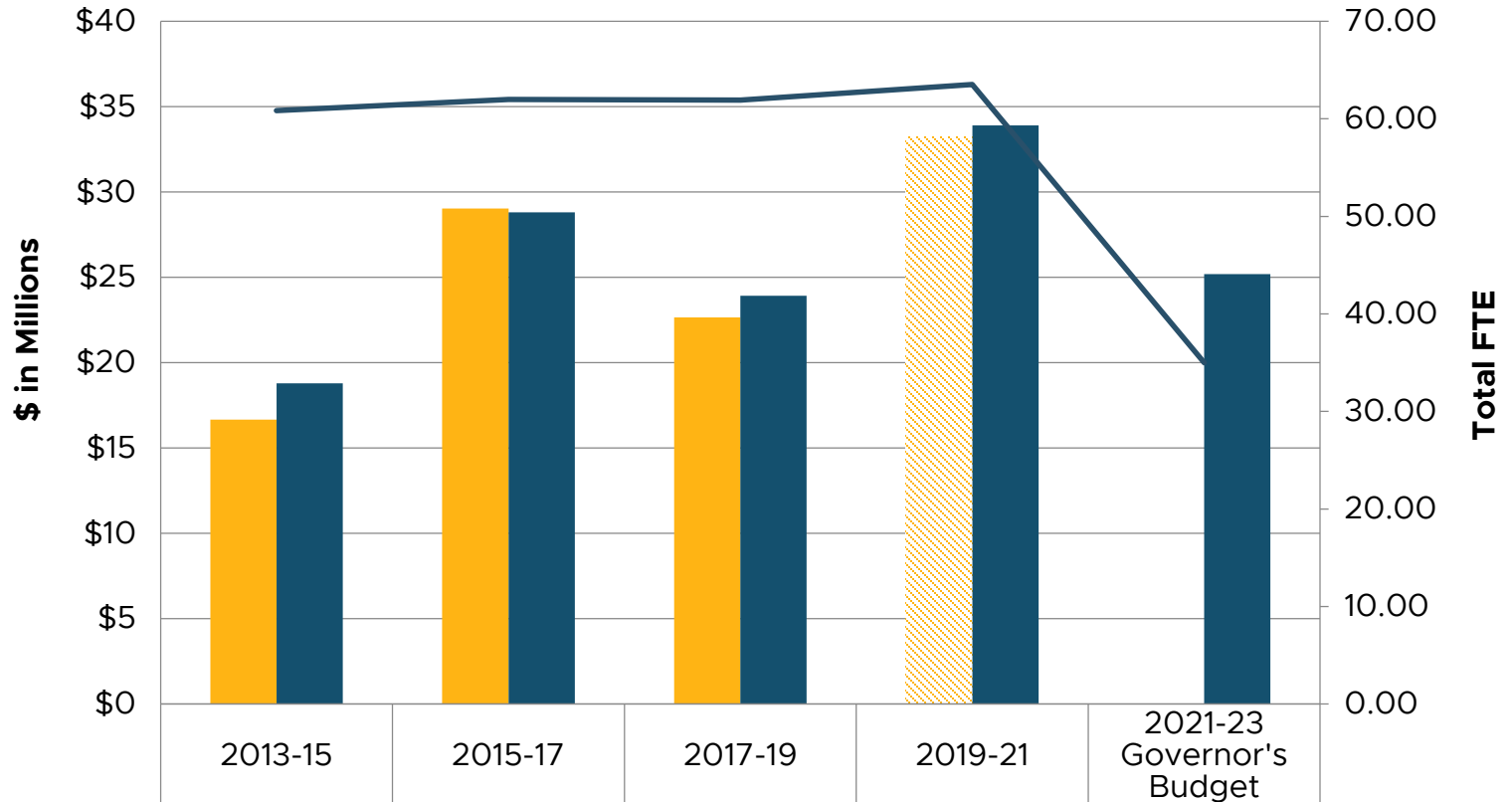


*Enabling legislation for PERS Operations (administrative costs) are:*

- Oregon Revised Statute (ORS) 237.500; 238.490, & 610; and 243.470.
- Oregon Administrative Rules Chapter 459

# PERS: Financial Services Division

## Budget to Actuals



Actuals *	\$16,660,637	\$29,032,266	\$22,649,318	\$33,218,445	
Leg. Approved Budget	\$18,785,159	\$28,800,574	\$23,921,731	\$33,896,372	\$25,190,580
FTE	60.84	62.00	61.92	63.52	35.00

*\*Projected Actuals*

# PERS: Financial Services Division

	Amount	FTE
Policy Packages		
Pkg. 90-99 CFO Analyst Adjustments	(\$574,719)	-
Pkg. 109 Strunk & Eugene Recovery	\$180,819	1.00
Subtotal Policy Packages	(\$393,300)	1.00
2021-23 Total Governor's Budget	\$25,190,580	35.00

## Package 109 – Strunk & Eugene Recovery \$180,819 FTE 1.00

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

Aligns with Financial Management | Technology Upgrades & System Integration | Financial Management Resource Development

Aligns with Organizational Management and Development | PERS Outcome-Based Management System

10% Reductions Options (ORS 291.216) - \$2,558,448

# PERS: Information Services Division

Current Service Level 2021-23:  
Budget: \$28,499,389  
Positions: 77

Governor's Budget 2021-23:  
Budget: \$37,783,305  
Positions: 78

Board of Directors

Central Administration

Operations

Financial Services

Information Services

Compliance, Audit & Risk

- Business Information & Technology
- Enterprise Application
- Technical Operations
- Quality Assurance
- Cybersecurity
- Document Imaging & Management

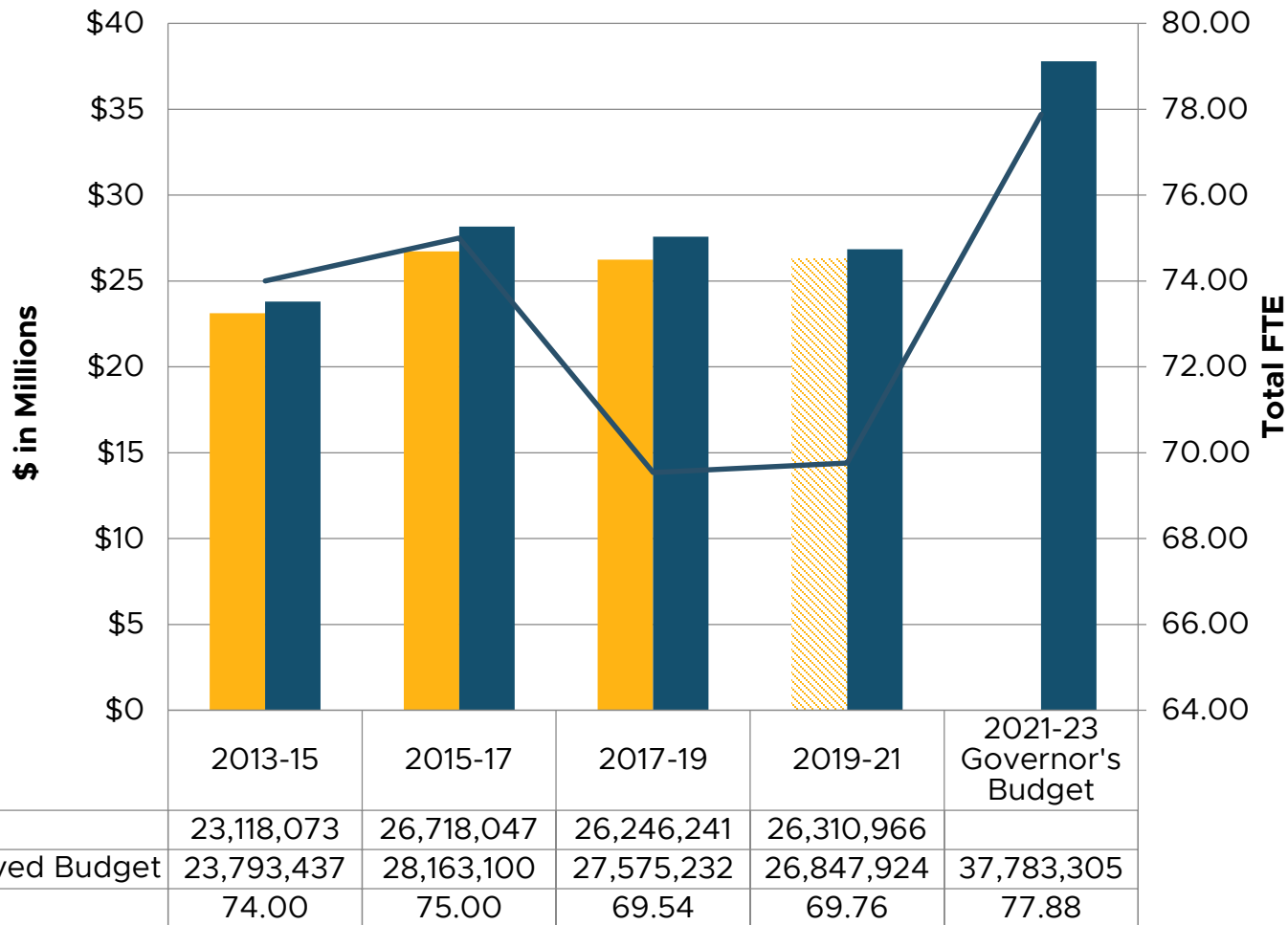
Enabling legislation for PERS Operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, & 610; and 243.470.
- Oregon Administrative Rules Chapter 459



# PERS: Information Services Division

## Budget to Actuals



*\*Projected Actuals*

# PERS: Information Services Division

	Amount	FTE
Policy Packages		
Pkg. 90-99 CFO Analyst Adjustments	(\$741,567)	
Pkg. 102 Modernization	\$9,800,000	
Pkg. 103 Information Security	\$208,450	.88
Pkg. 104 Business Innovation	\$17,033	
Subtotal Policy Packages	\$9,283,916	.88
2021-23 Total Governor's Budget	\$37,783,305	77.88

## Package 101 – SB 1049 Implementation \$22,477,797 FTE 34.88

This business case supports the request for funding necessary to continue development of the Member Redirect component of the SB 1049 legislation.

## Package 102 – Modernization \$9,800,000 FTE 0.00

PERS requests to modernize, enhance, and sustain our communication and technological foundation.

Aligns with Information Governance & Technology | Information Governance Practices

## Package 103 – Information Security \$208,450 FTE .88

This request includes limitation for the Information Security and Continuity Management programs. Adds one information services position.

Aligns with Organizational Management and Development | PERS Outcome-Based Management System

## Package 104 – Senior Systems Administrator \$17,033 FTE 0.00

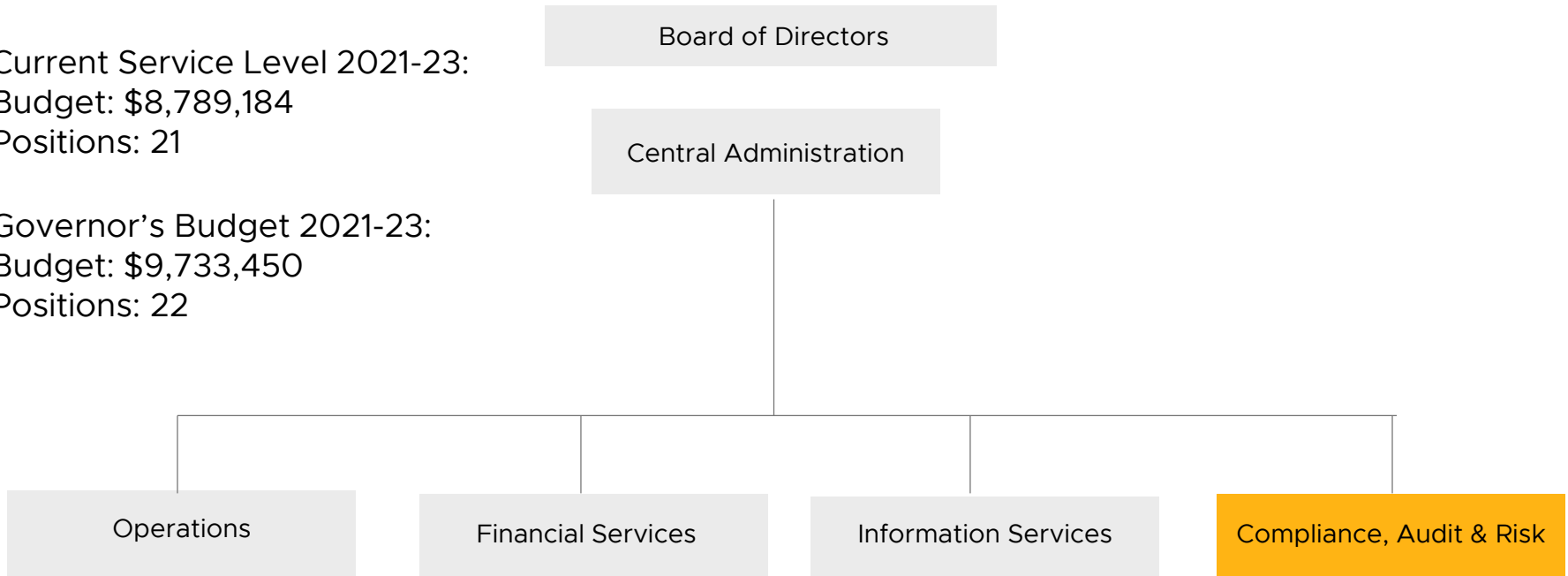
Provides limitation in the Information Services Division to re-class a position due to increased workload responsibilities.

Aligns with Information Governance & Technology | ORION Business Modernization | IT Digital Transformation

# PERS: Compliance, Audit and Risk Division

Current Service Level 2021-23:  
Budget: \$8,789,184  
Positions: 21

Governor's Budget 2021-23:  
Budget: \$9,733,450  
Positions: 22



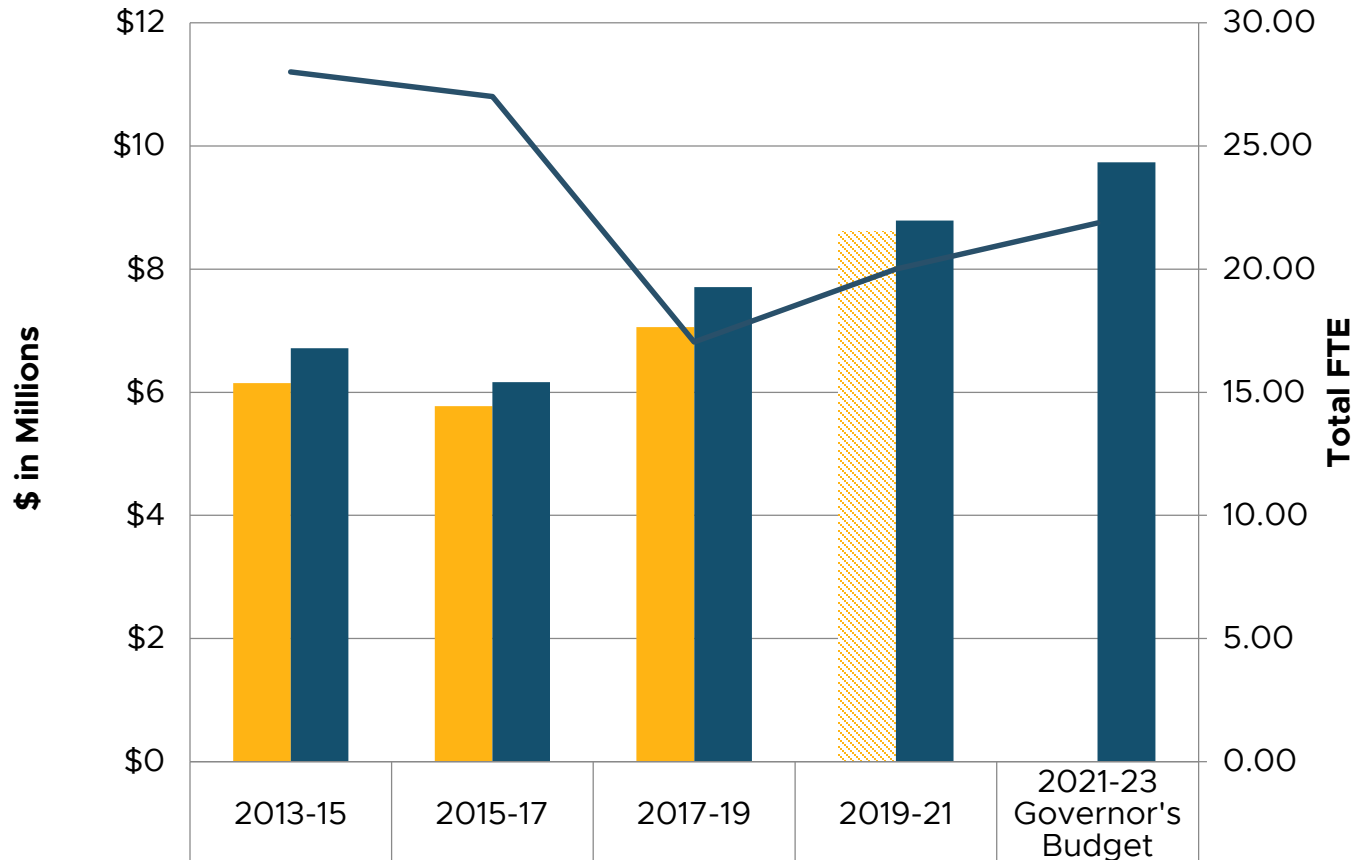
- Administrative Rules
- Policy & Compliance
- Appeals & Contested Cases
- Tax Qualification
- Internal Audits
- Enterprise Risk Management
- Information Security

Enabling legislation for PERS Operations (administrative costs) are:

- Oregon Revised Statute (ORS) 237.500; 238.490, & 610; and 243.470.
- Oregon Administrative Rules Chapter 459

# PERS: Compliance, Audit and Risk Division

## Budget to Actuals



Actuals *	6,150,330	5,775,826	7,056,121	8,613,885	
Leg. Approved Budget	6,715,066	6,164,049	7,707,227	8,789,679	9,733,450
FTE	28.00	27.00	17.04	20.00	21.88

\*Projected Actuals

# PERS: Compliance, Audit and Risk Division

	Amount	FTE
Policy Packages		
Pkg. 90-99 CFO Analyst Adjustments	(247,759)	
Pkg. 103 Information Security	994,000	0.00
Pkg. 105 Enterprise Risk Management	198,025	.88
Subtotal Policy Packages	944,266	.88
2021-23 Total Governor's Budget	\$9,733,450	21.88

## Package 103 – Information Security \$994,000 FTE 0.00

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

Aligns with Information Governance & Technology | Information Governance Practices

## Package 105 – Enterprise Risk Management \$198,025 FTE .88

This request provides limitation in the Compliance, Audit and Risk Division for one position to implement the agency's Enterprise Risk Management (ERM) program.

Aligns with Information Governance & Technology | Information Governance Practices

10% Reductions Options (ORS 291.216) - \$878,918

# PERS: Major Budget Drivers 2021-23

## Legislative Changes

- Senate Bill 1049 (2019)
  - Four of five elements to be completed in 2019-21: Salary Limit, Work After Retirement, Member Choice, Employer Programs
  - Member Redirect has significant work remaining in order to take into account the Employee Pension Stability Account into all calculations, accounting and reporting

## Agency Strategic Plan

- Technology Modernization
  - Business Innovation Program to begin multi-biennia journey
    - Address accrued technical debt
    - Improve IT efficiency and responsiveness to business operational changes

## State Government Mandates (limited budgetary impact)

- Continue to work on Secretary of State recommendations
  - 9 of 16 recommendations completed, 7 delayed due to focus on SB 1049 implementation as well as delays in fully implementing Backup Data Center (Warm Site) due to restricted replication capabilities
- Complete transition to State Data Center – equipment will be purchased and onsite, however, actual installation and migration will be in first six months of new biennium.

# PERS: Budget Risks & Environmental Factors

## Budget Risks

### **Agency Risks:**

- Data Safety and Security
- Outdated technology
- Manual Processes that impede efficiency
- Facility Maintenance
- Professional development
- Employee Retirement
- Labor attraction and retention
- Transition to a telecommuting workforce

### **System Risks:**

- Investment returns
- Employer Program Funding Uncertainty (SDULF, EIF)
- Increasing employer contribution rates
- Potential change in Assumed Rate
- Increased complexity
- Liquidity concerns
- Data Safety and Security
- Operational continuity

## Environmental Factors

### **Agency Environmental Factors:**

- Outdated technology
- Increasing health care cost
- Increasing complexity
- Retirement
- Labor attraction and retention

### **System Environmental Factors:**

- Secretary of State Information Technology Audit
- Secretary of State Actuarial Review
- COOP – Continuity of Operations Planning
- Increased fiscal pressure on employers
- Outdated technology
- Economic instability
- Potential increase in plan and financing complexity due to legislative changes

# PERS: Agency Changes – Past 6 Years

## **Biennium 2015-2017:**

- Post-2013 Reform - 2015 *Moro* Court Decision to overturn COLA reductions to benefit payments
  - Project to re-program system and correct 136,000 benefit payments
- Agency Reorganization
- Establishment of Compliance, Audit and Risk Division
- Development of first Agency Strategic Plan 2015-2020

## **Biennium 2017-2019:**

- New Director and Chief Financial Officer
- New Board Chair
- Continuation of IAP Administration Project
- Oregon Investment Council transition to Target Date Fund investment model for IAP
- Continued conversation and reporting about Information Security and Continuity Management
- Revision of Agency Strategic Plan 2018-2023

## **Biennium 2019-2021:**

- SB 1049 (2019) implementation efforts primary focus of Agency efforts
- Establishment of best practice Continuity Management and Information Security Programs
- Re-organization efforts to enhance effectiveness and efficiency of Agency
- Revision of Agency Strategic Plan 2018-2023 to add Enterprise Risk Management as an additional area of focus



# PERS: Agency Changes Program & Service Delivery 2019-21

## 2019-21 Program Changes:

- SB 1049 (2019) implementation efforts eclipsed all other Agency efforts:
  - Re-amortization of Tier 1 and Tier 2 Unfunded Actuarial Liability
  - Employer Programs including Employer Incentive Fund established and administered
  - Salary Limit and Work After Retirement changes implemented
  - Member Choice for IAP implemented
  - Member Redirect including establishment of Employee Pension Stability Account and Voluntary Contribution option
  - *James* case heard by Supreme Court and legislative changes affirmed
- Refinement of Target Date Fund investment model for IAP for members in retirement phase
- Addition of an Associate Actuary enhances agency Actuarial Services

## 2019-21 Service Delivery Changes:

- Enhanced Online Member Services as a result of SB 1049 (2019): transitioned to a modern, user friendly platform and added online election options for Voluntary Contributions and Member Choice
- Creation of the Unfunded Actuarial Liability Resolution Program with an enhanced Employer Rate Projection Tool – created to help employers understand the potential impact of establishing or adding funds to side accounts
- Implemented a cloud-based backup data center to increase redundancy and resiliency but replication issues still outstanding
- State Data Center equipment purchased by end of biennium, implementation to flow into next biennium
- Call-back functionality for Member Information Center implemented

# PERS: 2021-23 Proposed Technology Project(s)

## **SB 1049 (2019) Implementation Project (POP 101)**

This request is for the funding necessary to continue development of the Member Redirect component of the SB 1049 legislation. In addition, PERS is requesting contingency funds in the event of unanticipated delays to any remaining components of the SB 1049 program.

Failure to complete the Member Redirect project or any other SB 1049 related project will result in substantial manual processes both within the PERS system and between the agency and the state employers. This outcome would pose significant risks associated with manually administering benefit calculations and Member Annual Statements. Additionally, it would adversely impact relationships between PERS, members and employers, and undermine our credibility and the trust of the citizens of Oregon.

The changes mandated by the SB 1049 legislation requires significant enhancements to PERS daily operations. These modifications are reflected in the maintenance of account balances, calculating benefits, communicating with stakeholders, and managing the associated accounting and financial reporting requirements. Approval of this business case will allow PERS to complete all the specific statutory requirements of SB 1049, as well as making modifications that will integrate these changes into the full range of PERS processing.

The complexity of SB 1049 required the agency to develop not only short- and long-term plans to adjust the existing technology infrastructure, but to develop new functionality to manage PERS data needs going forward.

# PERS: 2021-23 Proposed Technology Project(s)

## Modernization Plan (POP 102)

PERS needs to modernize, enhance, and sustain our communication and technological foundation to better align with the needs of our members as we strive to engage them in their career-long retirement planning.

To implement industry best practices 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.

Modernization will improve information technology efficiency, responsiveness to business operational changes, and resolve functionality and technical debt deficiencies that affect system administration, performance, maintainability, and sustainability as well as increase overall productivity.

Recent changes to the plans PERS administers continue to add complexity to ORION, specifically SB 1049 from the 2019-21 legislative session (IAP Redirect, IAP Member Choice, Work After Retirement, Salary Limits and Employer Programs). Implementing these significant changes to an already aging and quickly depreciating system, and on an architecture that is not conducive to change, adds more technical debt and further burden on maintaining ORION, which directly affects our ability to provide adequate services to our members and employers.

# **PERS:** Key Legislation 2021 Session

## **PERS Proposed Legislation**

**SB 111- ADMINISTRATIVE FIXES- SB 1049 (2019) and SALARY DEFINITION**

**SB 112- TREATMENT of COMMON-LAW EMPLOYEES**

**SB 113- INDIVIDUAL ACCOUNT PROGRAM (IAP) and PRIOR YEAR EARNINGS (PYE)**

## **Additional Information**

The agency will monitor and participate in conversations about a variety of proposals including concepts which:

- Provide full police and fire benefits to telecommunicators
- Change calculation of Final Average Salary
- Cancels pensions for those convicted of rape and murder
- Provide Police and Fire benefits to multiple employee positions
- Direct public employers to pay 1% of employer contributions once plan is funded above 90%
- Prevent loss of membership for OPSRP members who lost membership in 2020.

# PERS: Agency Changes Cost Containing Measures

## Cost Containing Measures 2019-21

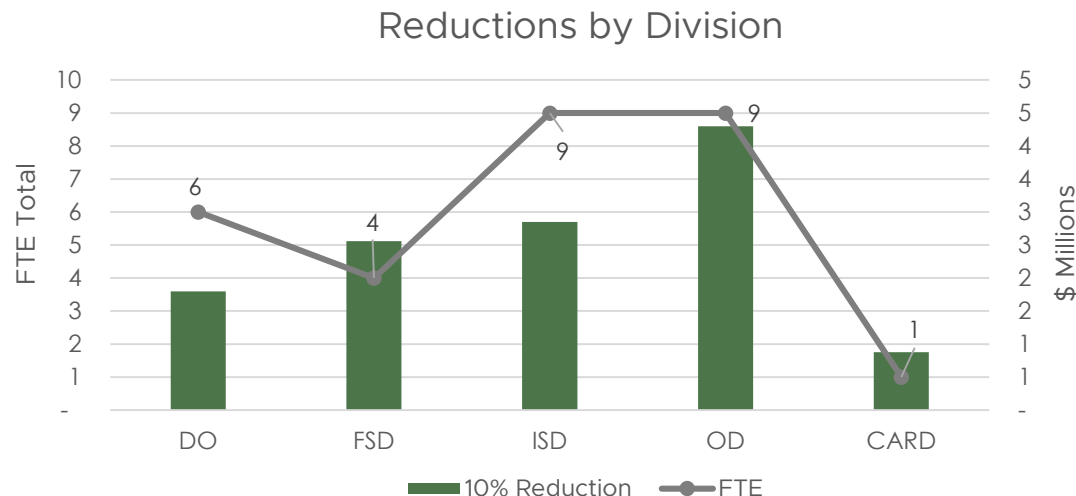
- Limited efforts on this front given agency focus on implementing SB 1049
- Agency re-organization to align to Centers of Excellence
- Continued streamlining of member and employer communication with GovDelivery
- Utilization of webinars and videos in lieu of in-person retirement education
- Implementation of call-back feature within Member Information Center reduced call backlogs, wait times and member frustration

## Planned Cost Containing Measures 2021-23

- Implementation of Enterprise Portfolio Management to better utilize resources
- Business Innovation Program sets technology modernization roadmap and begins transformation to modern platforms and business practices over multiple biennia
  - Includes business process management reviews to ensure processes are reviewed and improved upon prior to any implementation efforts
  - Includes move, where appropriate, to cloud based platforms
- Move to remote workforce may contain costs in longer-term
- Implementation of Agency Enterprise Risk Management function will focus efforts on high-risk efforts

# PERS: 10% Budget Reduction Options

- In compliance with ORS 291.216, PERS' 10% Reduction Options are included in the Governor's Budget in the Agency Summary Section.
- PERS administers a single, integrated system of retirement, death, and disability benefit programs for public employees. This system is protected under the Contracts Clause of the Oregon Constitution. As such, budget reductions are based on a strategy that would result in decreased service levels and performance, rather than eliminating programs or functions.
- The identified reduction options total 29 positions and \$12,383,106 against the Current Service Level of \$123,831,063 (10.0%).



# PERS: Key Performance Measures and Summary of Progress

Key Performance Measure	Metrics	Last Reported Result	Target 2020	Target 2021
1. Timely retirement payments	Percent of initial service retirements paid within 45 days of retirement date	62%	80%	80%
2. Total benefits administration cost	Total benefit administration cost per member	172\$	\$165	\$165
3. Member to staff ratio	Ratio of members to staff	983	1055	1055
4. Accurate benefit calculations	Percent of service retirement monthly benefits accurately calculated to within \$5 per month	100%	100%	100%
5. Level of participation	Percent of state employees participating in the deferred compensation program - Oregon Growth Savings Plan	37%	45%	50%
6. Customer service	Percent of member customers rating their satisfaction with the Agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information (overall)	89%	95%	95%
7. Timely benefit estimates	Percent of benefit estimates processed within 30 days of request	63%	95%	95%
8. Board of Directors best practices	Percent of total best practices criteria met by the PERS Board	100%	100%	100%

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



# Thank You

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

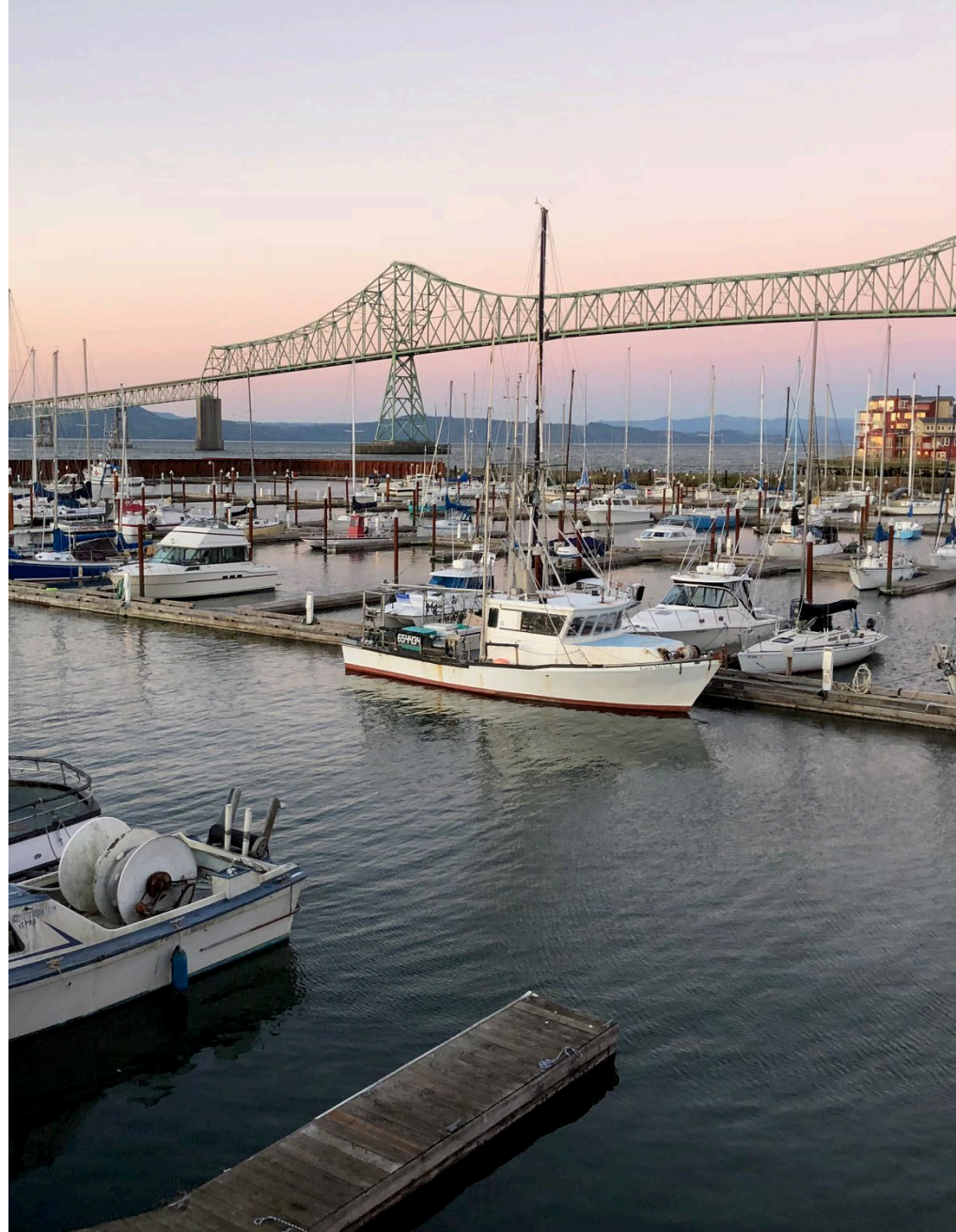




# APPENDIX

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- Mission, Vision Values
- Strategic Plan Themes
- Performance & Outcome Measures
- Audit Response Reports
- Recent Changes to Agency Budget & Management
- 2019-21 Long-Term Vacancies
- Supervisory Span of Control
- Statewide Policy Packages
- Other Funds Ending Balances
- Additional Agency Budget Information
- Summary of 2021-2023 Policy Option Packages
- Additional Resources



# PERS: Mission, Vision, Values and Operating Principles



## Mission

**We serve the people of Oregon  
by administering public employee benefit trusts  
to pay the right person the right benefit at the right time.**

## Shared Vision

Honoring your public service through secure retirement benefits.

## Core Values

### **Service-Focus**

We work together to meet the needs of others with dependability, professionalism, and respect.

### **Accountability**

We take ownership for our decisions, actions, and outcomes.

### **Integrity**

We inspire trust through transparency and ethical, sound judgment.

## Operating Principles

### **Professional**

We are responsive, respectful, and sensitive to the needs of our members, employers, and staff.

### **Accurate**

We ensure data integrity and provide consistent, dependable information and benefits.

### **Judicious**

We use sound judgment and prudent, principled decision-making in upholding our fiduciary responsibility.

### **Information Security**

We are constantly vigilant to safeguard confidential information.

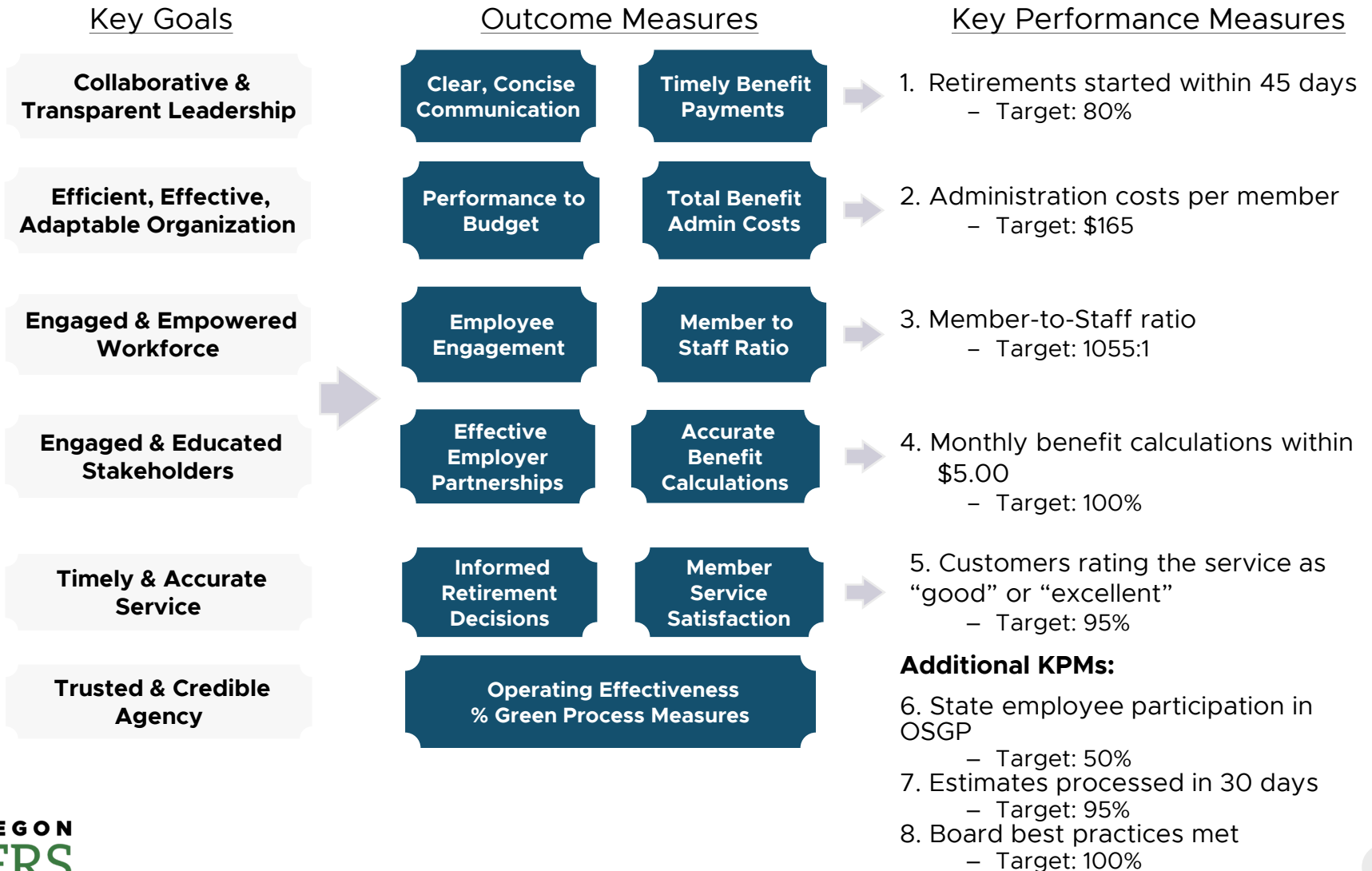
# PERS: Strategic Plan

Themes						
	Organizational Management & Development	Member Services & Communication	Data Reliability	Information Governance & Technology	Financial Management	Enterprise Risk Management
Focus Areas	Workforce Development	Member Relations	Member Accountability	Information Governance Practices	Technology Upgrades and System Integration	Build out Enterprise Risk Management Program
	Organizational Communication	Quality Delivery Methods	Data Constancy	ORION Business Modernization	Financial Management Resource Development	
	PERS Outcome-Based Management System		Agency Data Warehouse	IT Digital Transformation		

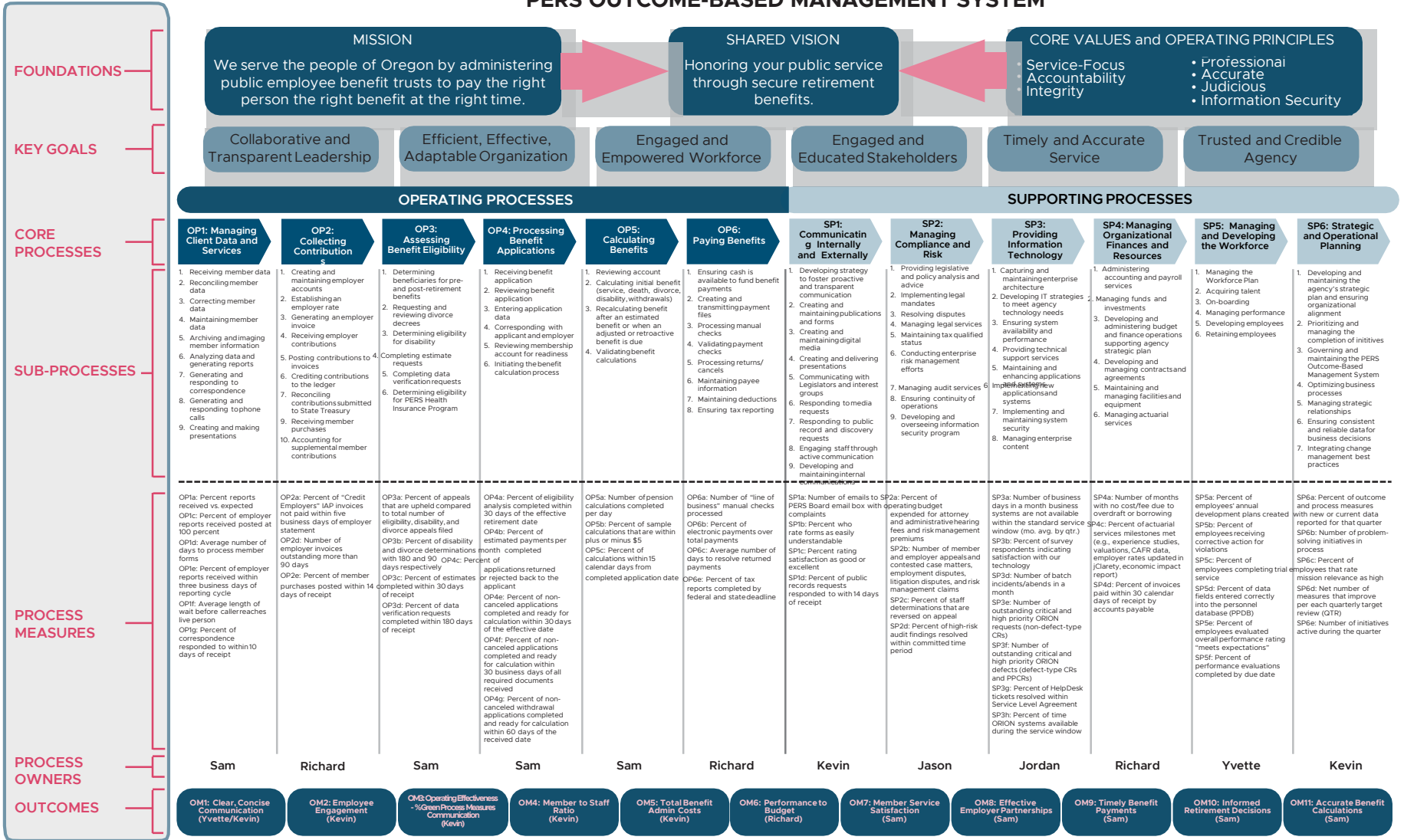
# PERS: Aligning the Agency for Success

- The Agency aligns the strategic plan with outcome based management system and key performance measures
- PERS Outcome-Based Management System (POBMS)
  - 72 internal processes and outcome-based measures
- Agency reviews and reports POBMS quarterly
  - Measures are shared semi-annually with the Board of Directors
- Eight legislatively mandated Key Performance Measures
- PERS participates in CEM Benchmarking, which is an international pension administration peer benchmarking group

# PERS: Performance and Outcome Measures



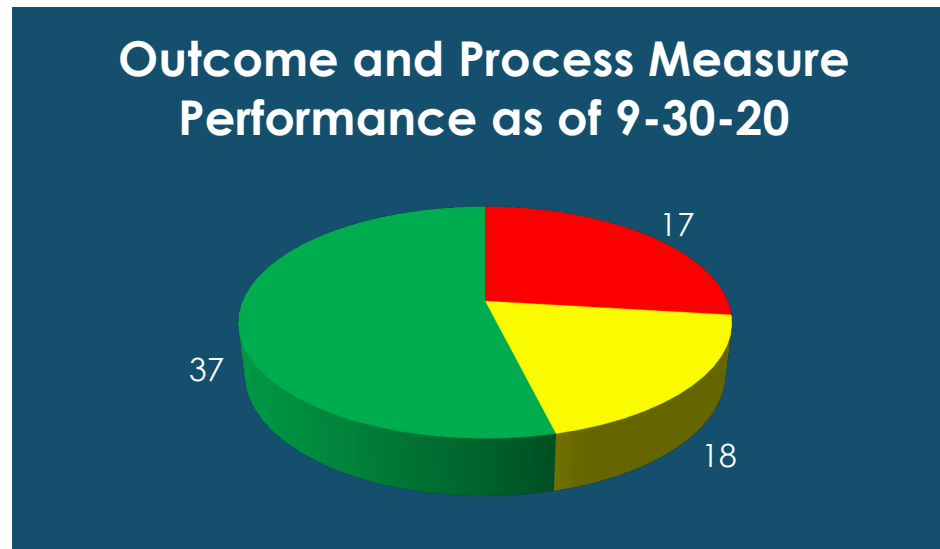
# PERS OUTCOME-BASED MANAGEMENT SYSTEM



## FUNDAMENTALS MAP

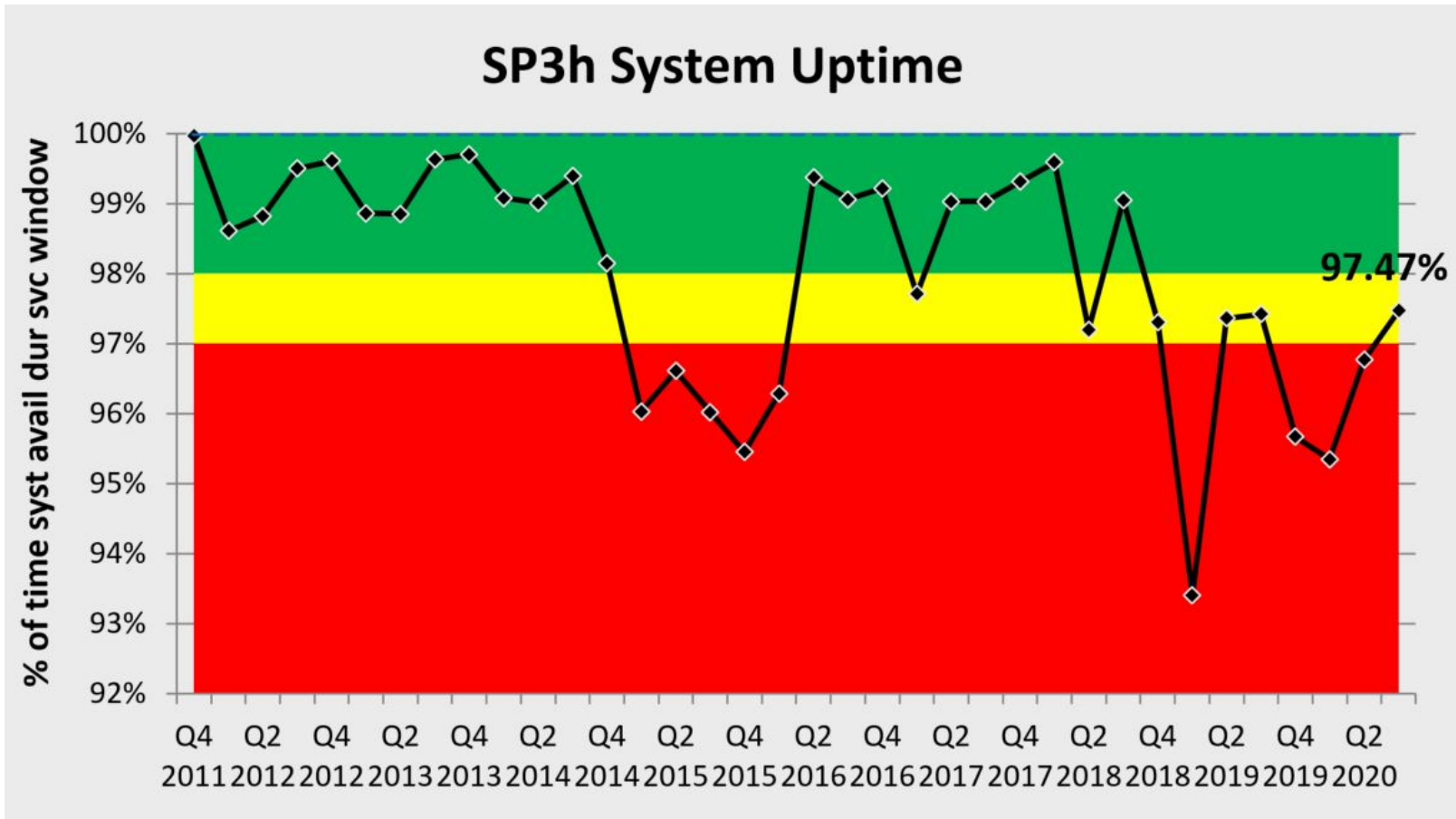
# PERS: Outcome-Based Management System

- The Outcome-Based Management System fosters accountability and transparency
- Targeted performance ranges are in place for each measure:
  - “Green” – At or above acceptable levels
  - “Yellow” – Needs attention to advance into acceptable levels
  - “Red” – Problem area; manager reports on corrective action plan



# PERS: Outcome-Based Management System

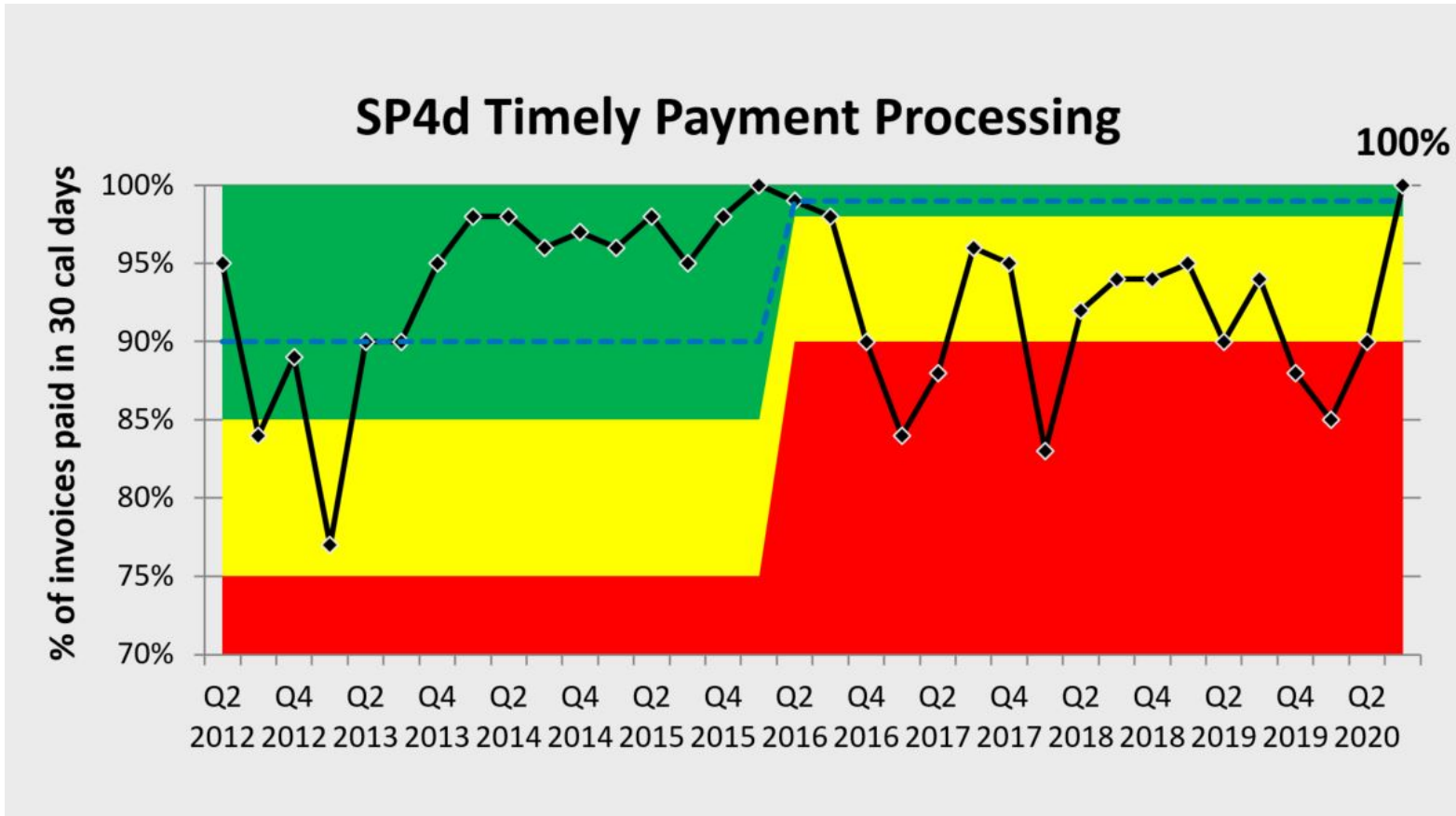
“Red” Measures Drive Priorities





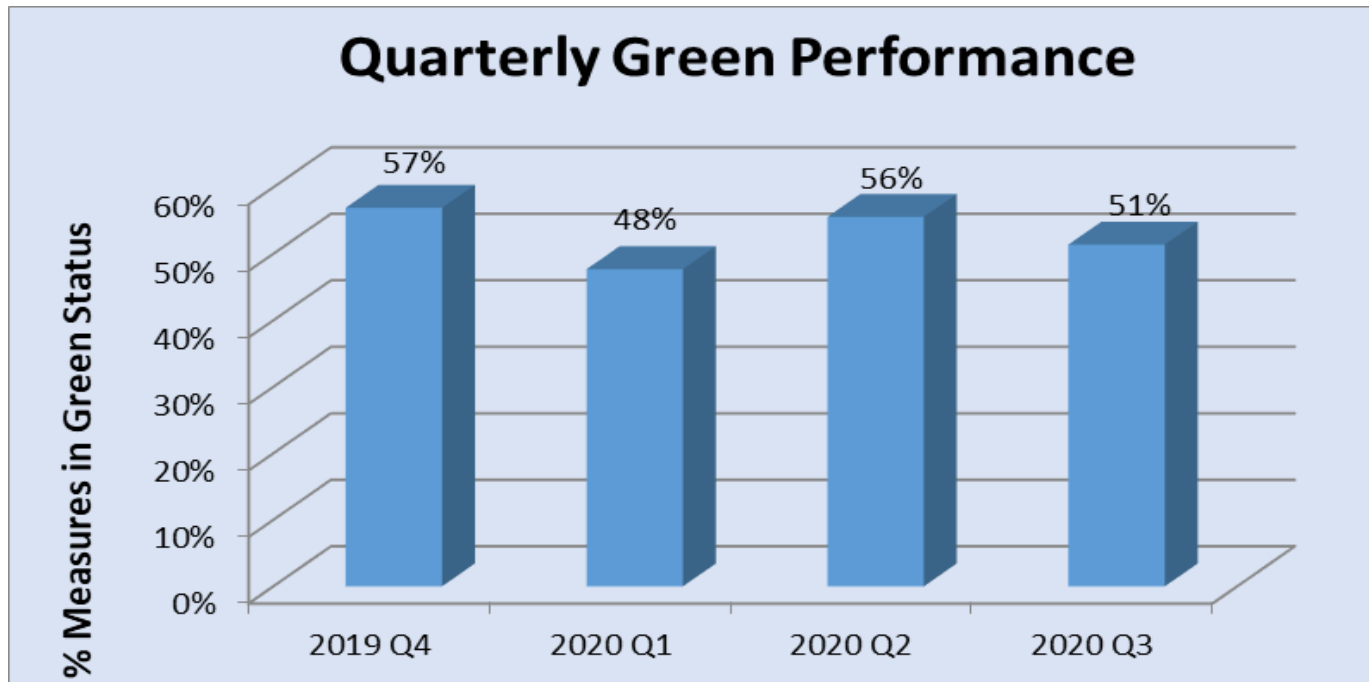
# PERS: Outcome-Based Management System

“Green” Measures show successful change in processes



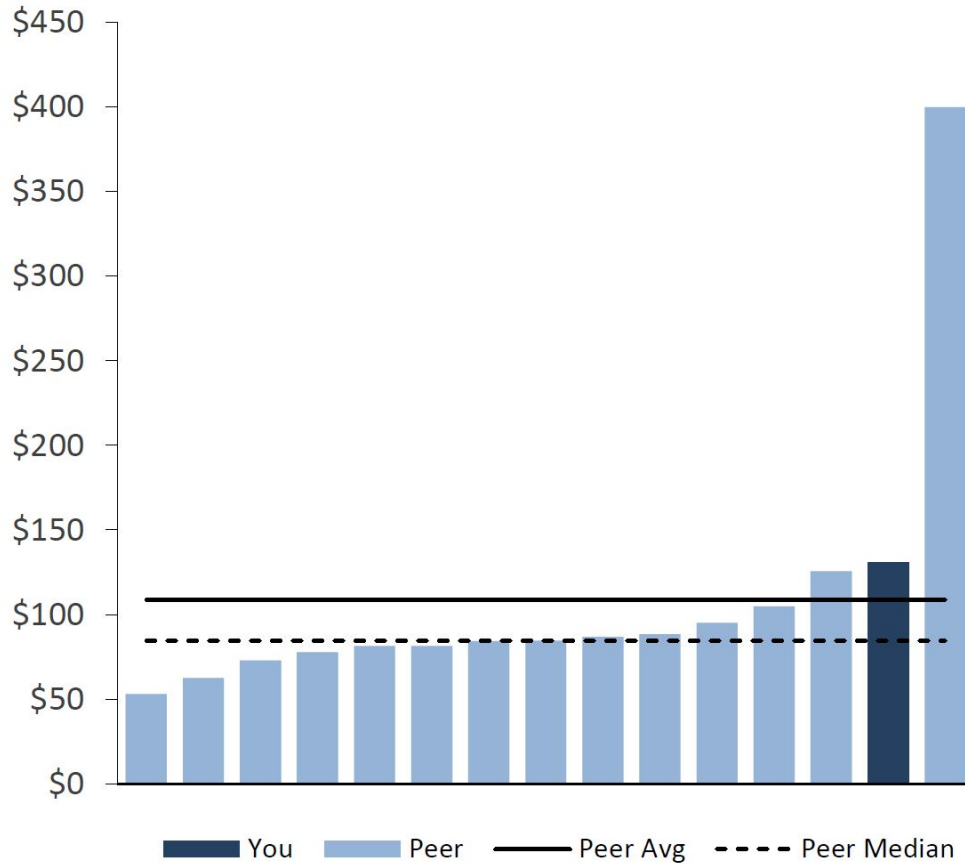
# PERS: Outcome-Based Management System

Overall trend in measures significantly impacted by resource draw for SB 1049 implementation



# CEM Benchmarking: PERS' Costs Relative to Peers

## Pension Administration Cost Per Active Member and Annuitant



- Total pension administration cost was \$131 per active member and annuitant
- This was \$22 above the peer average of \$109
- Total pension administration cost was \$43 million. This excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of \$13.6 million
- Data as of FY 2019

# CEM Benchmarking: Major Cost Drivers

How PERS Compares to Peers:

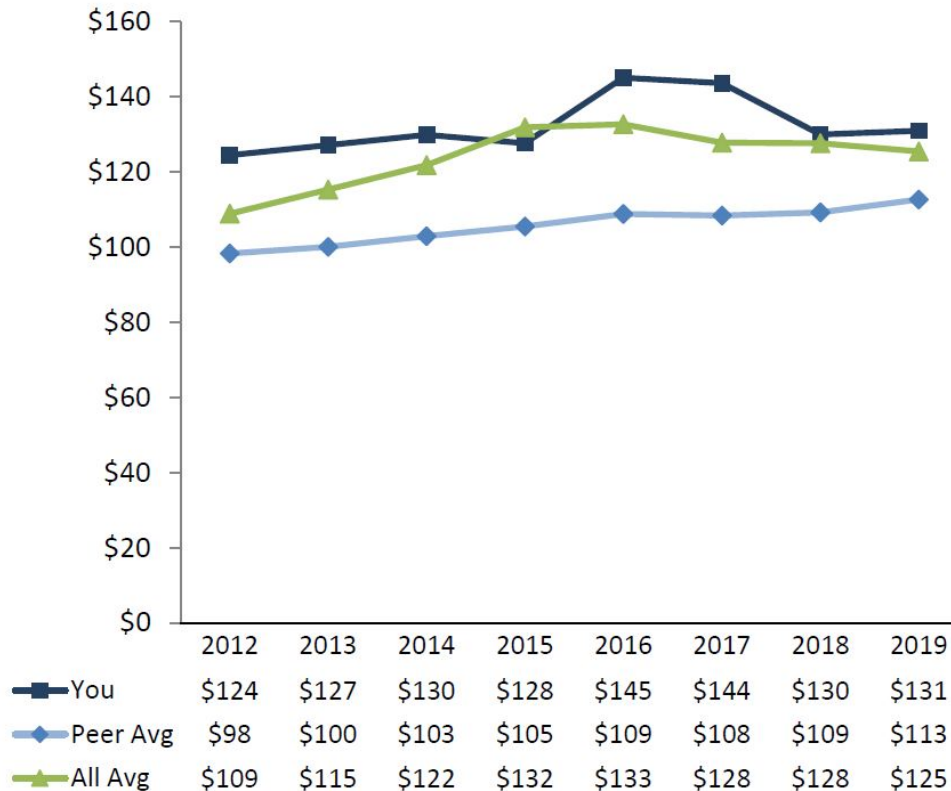
Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 More front-office FTE per 10,000 members	6.1 FTE	3.9 FTE	\$22
2 Lower third party costs per member in the front-office	\$3	\$7	-\$4
3 Higher costs per FTE			
Salaries and Benefits	\$91,964	\$106,850	
Building and Utilities	\$4,106	\$11,049	
HR	\$2,773	\$4,949	
IT Desktop, Networks, Telecom	<u>\$11,534</u>	<u>\$16,672</u>	
Total	\$110,377	\$139,521	-\$18
4 Lower support costs per member <sup>1</sup>			
Governance and Financial Control	\$9	\$9	
Major Projects	\$11	\$8	
IT Strategy, Database, Applications	\$29	\$18	
Actuarial, Legal, Audit, Other	<u>\$18</u>	<u>\$12</u>	
Total	\$67	\$46	\$21
<b>Total</b>			<b>\$22</b>

<sup>(1)</sup>PERS administers four programs (Tier One, Tier Two, OPSRP Pension Program, IAP); we process two retirements per member and use up to three calculation methods to determine the benefit amount

Data from CEM, Inc. for FY 2019

# CEM Benchmarking: Cost Trends

Trend in Total Pension Administration Costs

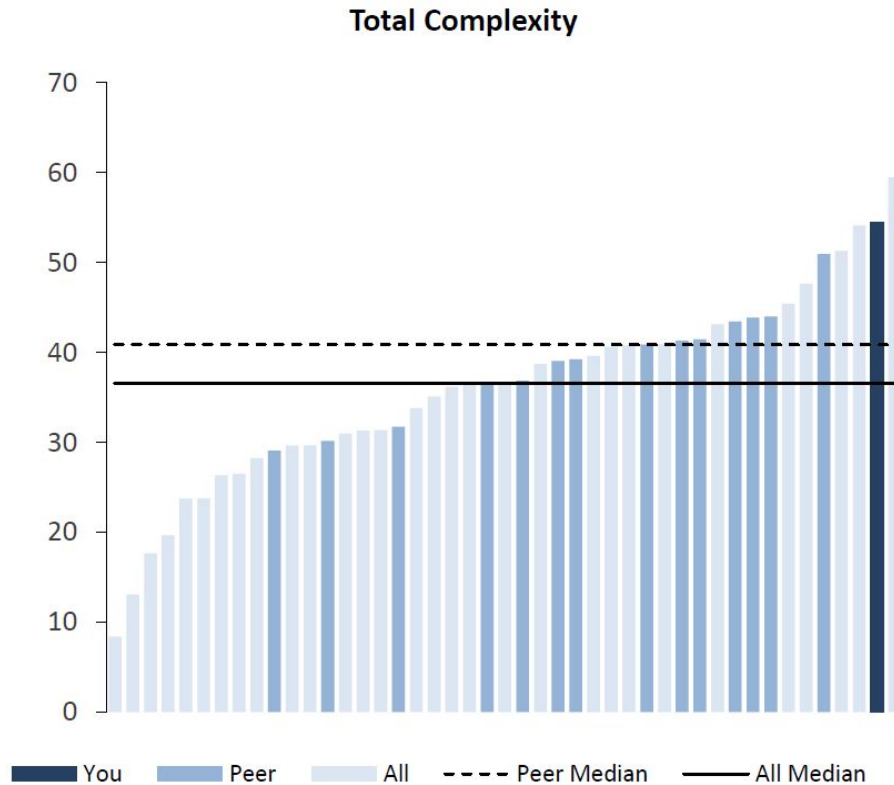


Between 2012 and 2019:

- Total pension administration cost per active member and annuitant increased by 0.7% per annum
- During this same period, the average cost of our peers with 8 years of consecutive data increased by 2.0% per annum
- Your higher costs per member in FYE 2016 & 2017 were due to State Government Service Charges.

Trend analysis is based on systems that have provided 8 consecutive years of data (13 of your 15 peers).a

# CEM Benchmarking: PERS' Total Relative Complexity



Complexity Score by Cause (0 least - 100 most)		
Cause	You	Peer Avg
Pension Payment Options	46	39
Customization Choices	26	14
Multiple Plan Types and Overlay	65	32
Multiple Benefit Formula	70	52
External Reciprocity	0	31
COLA Rules	57	31
Contribution Rates	64	38
Variable Compensation	100	81
Service Credit Rules	48	46
Divorce Rules	100	60
Purchase Rules	67	59
Refund Rules	24	43
Disability Rules	83	66
<b>Total Complexity</b>	<b>54</b>	<b>40</b>

# PERS: Central Administration Division

## Performance Information and SB 1049 Project Support

The Central Administration Division includes the Human Resources, Communications, Strategic and Operational Planning (SOP), and Procurement, Facilities and Logistics sections. These sections have spent most of the biennium supporting SB 1049.

<b>Staff Dedicated to SB 1049</b>	2019	2020
Project Managers	3	3
Other SOP Support	8	17
Communications	3	5
Procurement	1	1

<b>Member Engagement</b>	2019	2020
Member Satisfaction	87%	89%
Website Visits (Members)	63,223	80,425
Website Visits (Employers)	5,201	6,183
Views for Animated Videos (3)	NA	28,046
GovDelivery Subscribers	517,935	724,046

<b>Overall Workloads</b>	2019	2020
Contracting Engagements	397	485
Dollar Value of Contracts	\$18,420,000	\$20,235,000
Vacancies (at year end)	56	16
Recruitments (at year end)	19	10

# PERS: Operations Division

## Performance Information

Transaction	Calendar Year 2016	Calendar Year 2017	Calendar Year 2018	Calendar Year 2019	Calendar Year 2020
Retirements*	14,257	17,435	14,280	15,479	14,592
Withdrawals	4,344	3,883	3,958	3,627	3,647
Eligibility reviews	13,788	15,585	14,674	14,729	14,691
Telephone calls (incoming)	167,861	186,140	160,668	174,740	180,941
Written benefit estimates**	12,191	11,018	12,172	9,573	10,465
Online benefit estimates***	52,036	59,671	54,248	52,793	46,079

\* Including IAP

\*\* Including Tier One/Tier Two and OPSRP

\*\*\* Previously this number tracked all online estimates. Now it only tracks online estimates in Calculated status on an annual basis.

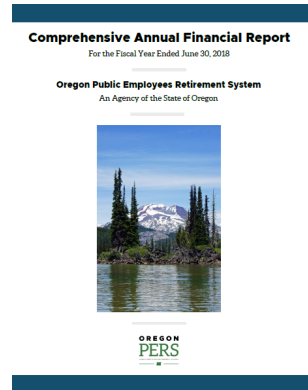


# PERS: Financial Services Division

## Performance Information

### Certificate of Achievement

The Certificate of Achievement for Excellence in Financial Reporting is applicable for the year ended June 30, 2019. The System has received a Certificate of Achievement for the last 29 consecutive years.



### Public Pension Standards Award

The Public Pension Coordinating Council (PPCC) awarded the 2020 Public Pension Standards Award to PERS for its plan design and administration.

The PPCC is a coalition of three associations representing public pension funds covering the vast majority of public employees in the United States. The associations are as follows: the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

Public pension standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as benchmarks by which all defined benefit public plans are measured.

This is the 18<sup>th</sup> year the PPCC has offered the award to public retirement systems and the 17<sup>th</sup> consecutive year PERS has applied for, and received, the award.

# PERS: Compliance, Audit and Risk Division

## Performance Information

### Internal Audit Section

The PERS Internal Audit Section issues reports on audit subjects that span the entire agency. These reports include recommendations for management to improve operations and are monitored until they are implemented.

The table below shows the number of reports and recommendations issued for the past five fiscal years.

Year	# Reports Issued	# Recommendations
2020	8	65
2019	4	11
2018	7	28
2017	8	29
2016	3	37

### Policy Analysis and Compliance Section

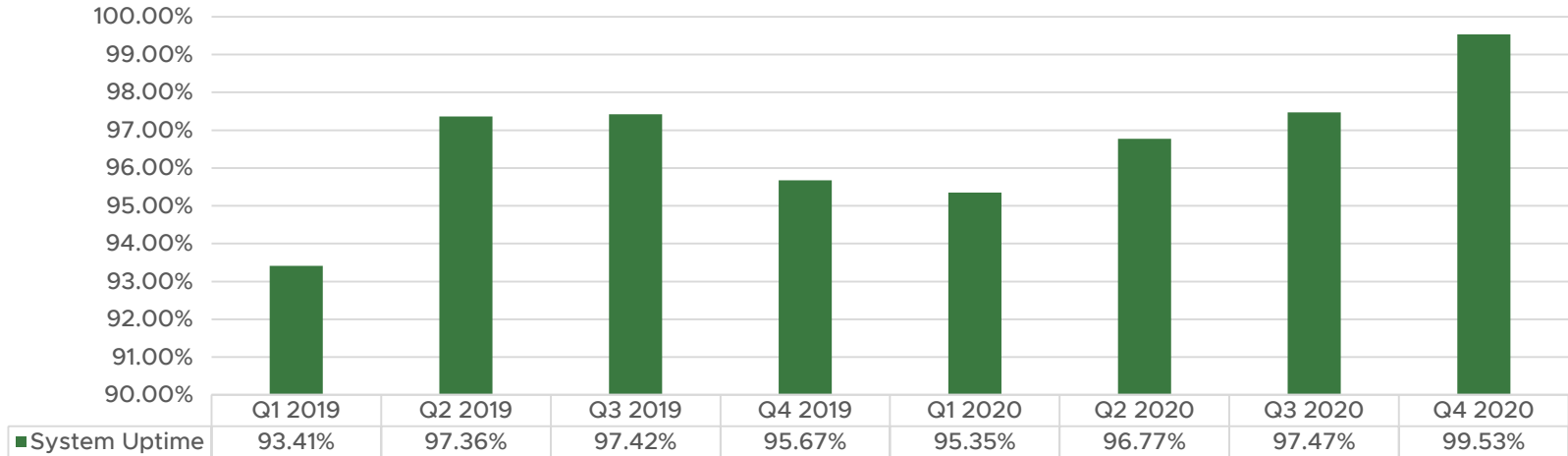
Within the Division, the Policy Analysis and Compliance Section administers the agency's appeals and contested cases. The following table shows the volume of appeals and contested cases filed.

Year	# Appeals	# Contested Cases
2020	253	42
2019	177	41
2018	157	32
2017	170	34
2016	221	31

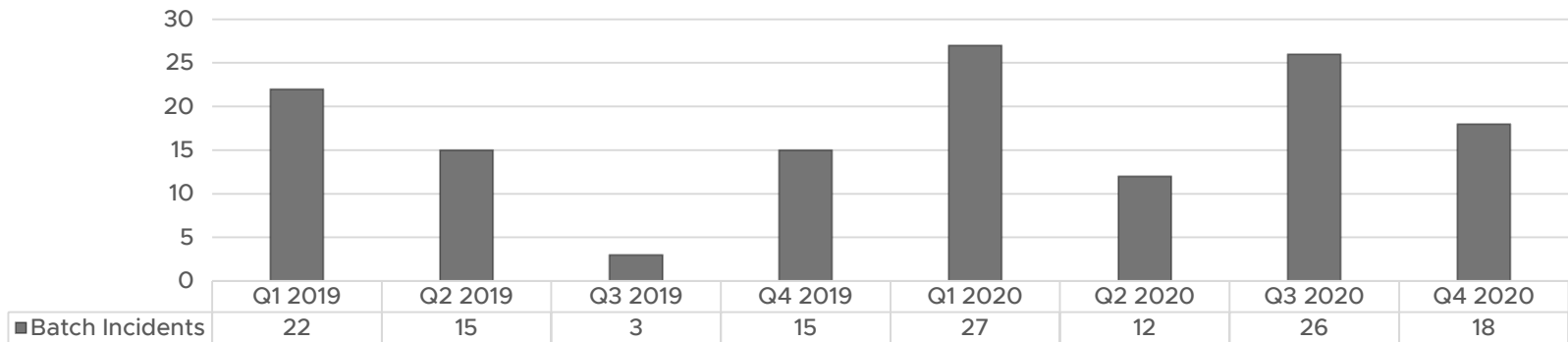
# PERS: Information Services Division

## Performance Information

### System Uptime



### Batch Incidents



# PERS: Audit Response Reports

The following external audits were completed in the 2019 - 2021 biennium (to date):

Report # 2019-36: Independent Actuarial Review of System (Contract Audit)

This review was conducting pursuant to HB 4163, Section 11 (2018), which requires an independent review of PERS system actuaries every four years. While the reviewers did make some suggestions for improvement, the review found the actuarial work to be consistent with generally accepted actuarial standards and practices. Those items not already complete will be taken into account when the Board conducts its review of actuarial assumptions and methodologies and incorporate any changes in the 2020 Actuarial Experience Study in the summer of 2021.

Report # 2019-44: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-08: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-09: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

# PERS: Audit Response Reports (continued)

The following external audits were completed in the 2019 - 2021 biennium (to date):

Report # 2020-10: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-12: Recommendation Follow-up Report: Progress Made, but Pension Reform Delayed Implementation of Some Recommendations

This was a follow-up to report 2018-32. Progress was made since the original report was published. Eight of the 16 recommendations were found to be fully implemented, while five were partially implemented and three were not yet implemented. The audit cited pension reform legislation (SB 1049), passed in 2019, as a major factor in delaying progress on implementing some of the recommendations.

# PERS: Recent Changes to Agency Budget & Management

## **2017-2019 Changes in Management, Major Programs, Service Delivery, and Budget:**

- New Director – New to Oregon and state government – will review agency operations to ensure appropriate focus and alignment to the agency mission
- New Chief Financial Officer – New to state government – will add a level of fiscal discipline and rigor to the agency’s multi-billion dollar activities
- New Board Chair with background in technology projects and management
  
- Implementation of SB 1566(2018) – Established the Employer Incentive Fund and School Districts Unfunded Liability Fund which may provide rate relief in future biennia
- Creation of the Employer Rate Projection Tool – Created to help employers understand the potential impact of establishing or adding funds to side accounts
  
- Oregon Investment Council transition to Target Date Fund investment model for IAP
- OSGP administrative expense recognition change
  
- Continued conversation and reporting about Information Security and Continuity Management
- Continuation of IAP Administration Project
  
- Streamlined member and employer communication with transition to GovDelivery
- PERS website transitioned to a more user friendly platform
- Revision of Agency Strategic Plan 2018-2023

## **2019- 21 Planned Cost Containing Measures**

- Agency re-organization to align to Centers of Excellence
- Implementation of Enterprise Portfolio Management
- Relaunch of IAP technology platform project as IAP Integration Project
- Business Innovation Program sets technology modernization roadmap

# PERS: 2019-21 Long Term Vacancies

DIVISION	Position #	FTE	Type	Vacant Months 7 - 11	Vacant Months 12+
Financial Services Division	2180506	.88	PF	1	1
Financial Services Division	9900434	1	PF	1	
Operations Division	0137120	1	PF	1	
Operations Division	0501120	1	PF	1	
<b>TOTAL</b>		<b>3.88</b>		<b>4</b>	<b>1</b>

# PERS: Supervisory Span of Control Report



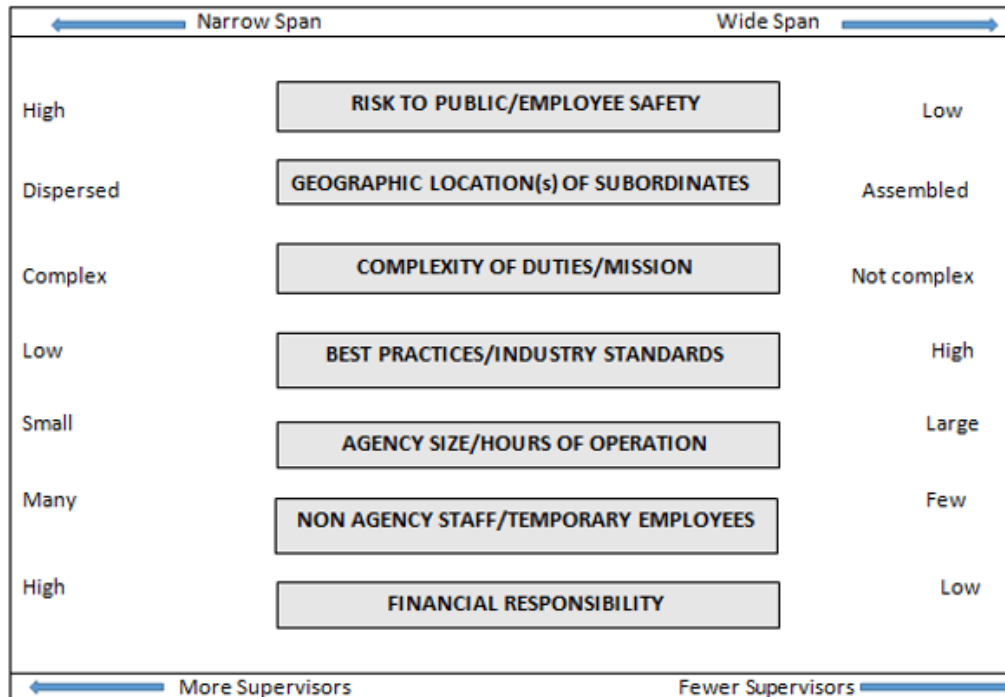
## PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, the Public Employees Retirement System (PERS) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2021-2023 biennium.

### Supervisory Ratio for the last quarter of the 2019-21 biennium:

The agency actual supervisory ratio as of 02/01/2021 is 1:11

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.





# PERS: Summary of Statewide Policy Packages for PERS

Package	Package Description	Adjustment Amount
Pkg. 090 Analyst Adj.	Added 19,337,052 in Lottery Funds and \$33,251,000 Other Funds for Employer Programs revenue and expenditure limitation	(\$0)
Pkg. 091 Elimination of Inflation	Statewide inflation reductions	(\$752,186)
Pkg. 092 Personal Services Adjustments	Statewide personal services reduction	(\$2,016,393)
Pkg. 096 DAS SGSC Adjustments	Statewide Services Charge reductions	(\$4,560,018)
Pkg. 097 Attorney General Adjustments	Statewide Attorney General reduction	(\$91,131)
Pkg. 099 Microsoft 365 Consolidation	Statewide Microsoft Consolidation	(\$295,563)
<b>PERS Total</b>		<b>(\$7,715,291)</b>

# PERS: Other Funds Ending Balances

Treasury Fund #/Name	2019-21 Ending Balance		2021-23 Ending Balance		Comments
	In LAB	Revised	In CSL	Revised	
Public Employees Retirement Fund. 4091/4791/7651	63,207,504,642	65,229,258,664	61,577,146,895	64,563,396,631	Balances more closely reflect actual fund balances and investment returns.
Retiree Health Insurance Trust Fund 5171	731,270,066	652,092,287	875,042,446	673,621,257	Strong investment returns combined with employer contributions continues to outpace benefit payments. Revising CSL ending balance to more closely reflect actual balances.
Retiree Health Insurance Premium Account Trust Fund 6111	69,970,212	68,785,568	107,628,127	99,130,796	Co-mingled funds with PERS trust fund. Employer contributions increase as more members qualify for RHIPA combined with solid investment returns. Slight change from CSL based on actuals.
Standard Retiree Health Insurance Account Trust Fund 8921	25,688,426	93,828,310	(62,640,062)	117,425,272	Ending balance forecasts are based on member participation rates and forecasted administrative costs. Updated contract reduces administrative expense and estimated claim expense - increasing expected ending balance.
OPSRP Pension Account Trust Fund 1971	9,648,671,118	7,810,893,685	11,436,508,763	10,863,268,542	Plan is funded by employer contributions and investment earnings for employees hired after 08/29/2003. Increased contribution payments and low eligibility for retirement payments results in continued increases in ending balance.
OPSRP IAP Account Trust Fund 1961	10,747,826,338	10,905,545,515	11,956,099,910	11,970,963,923	Balances more closely reflect actual fund balances and investment returns.

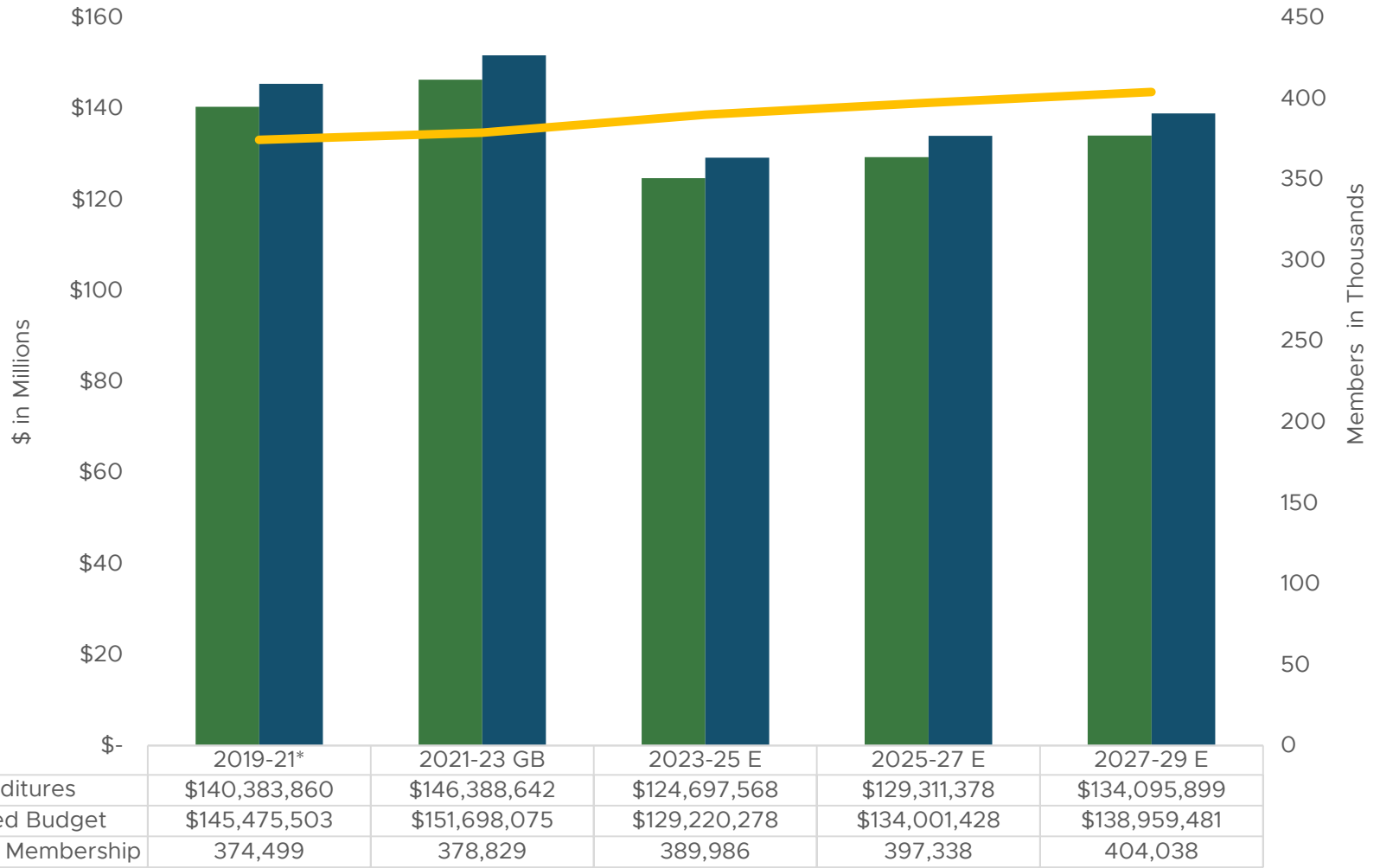
# PERS: Other Funds Ending Balances (continued)

Treasury Fund #/Name	2019-21 Ending Balance		2021-23 Ending Balance		Comments
	In LAB	Revised	In CSL	Revised	
Public Employees Retirement Fund. 4091/4791/7651					Except for timing of accrued cost allocation transfers, the balance in the limitation should be zero.
Deferred Compensation Fund 7661	1,800,000	1,193,897	1,800,000	1,800,000	Fees are based on fluctuating member participation. No change from CSL forecast
Public Employees Retirement Fund. 4091/4791/7651					Except for timing of accrued cost allocation transfers, the balance in the limitation should be zero.
Public Employee Benefit Equalization Fund 7652	94,444	98,122	94,444	94,444	Less than anticipated cash receipts and timing of cost allocation adjusted the forecasted ending balance. No change from CSL forecast
Social Security Revolving Account 1088	394,146	264,117	394,146	394,146	Administrative fees are reviewed and adjusted based on expected number of participating employers and projected administrative expenses. No change from CSL forecast.

# PERS: Legislatively Approved Budget Historical Comparison

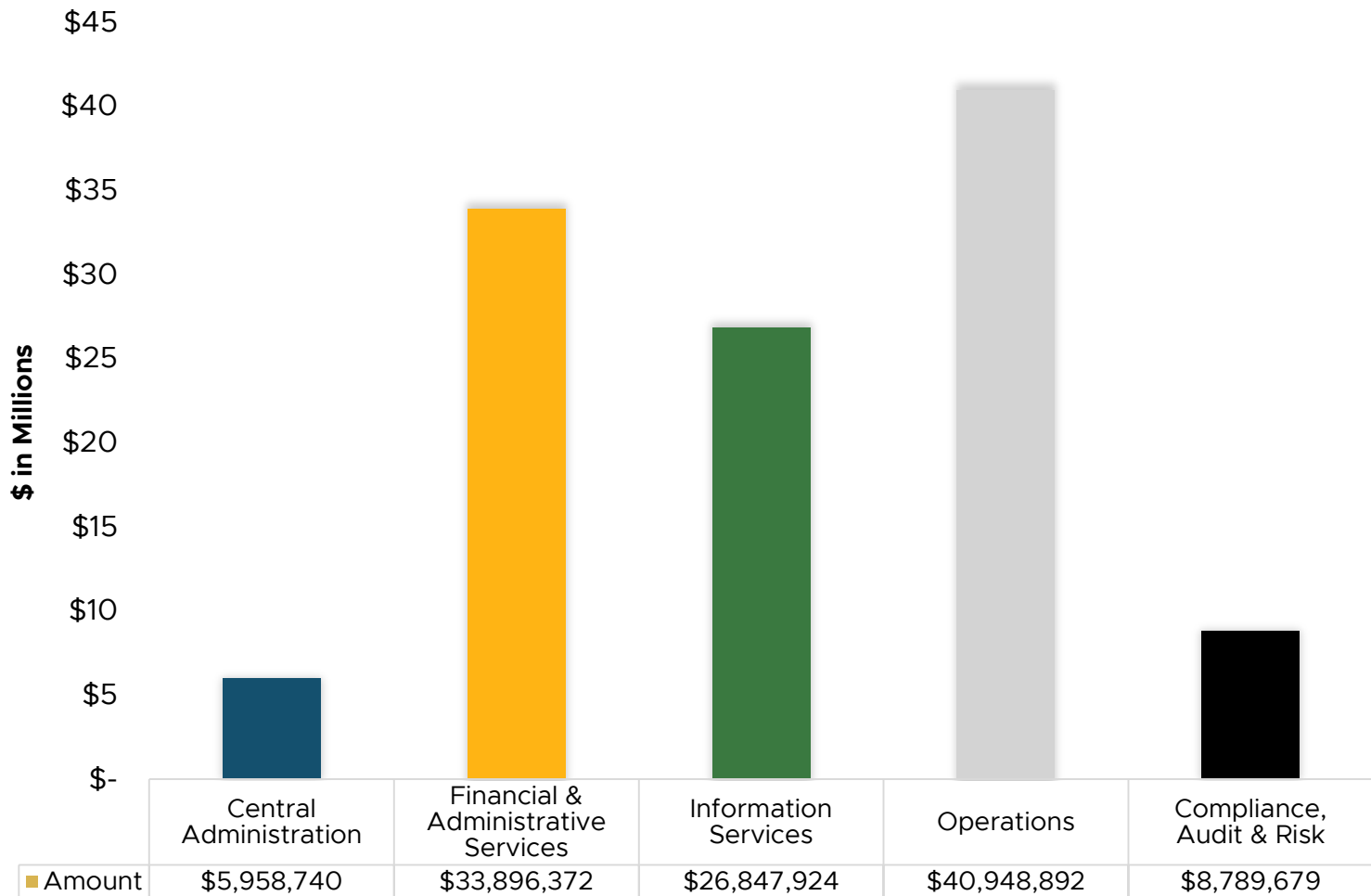
	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23 GB
<b>Limited:</b>							
Other Funds- Personal Srvcs	52,751,494	56,744,618	64,362,688	69,524,819	73,391,547	87,631,628	91,888,674
Other Funds - Srvcs/Supplies	29,916,870	21,660,024	21,009,989	35,302,823	26,851,571	55,670,545	59,111,473
Other Funds - Capital Outlay	593,588	927,588	1,478,453	2,121,807	1,294,352	2,173,331	697,928
Operating Budget	<b>83,261,952</b>	<b>79,332,230</b>	<b>86,851,130</b>	<b>106,949,449</b>	<b>101,537,470</b>	<b>145,475,504</b>	<b>151,698,075</b>
Other Funds Debt Svc	1,423,075	1,418,600	1,302,850	1,290,750			
<b>Total</b>	<b>84,685,027</b>	<b>80,750,830</b>	<b>88,153,980</b>	<b>108,240,199</b>	<b>101,537,470</b>	<b>145,475,504</b>	<b>151,698,075</b>
Permanent Positions	327	332	362	374	371	379	385
Limited Positions	41	33	5	8	6	38	39
Total Positions	368	365	367	382	377	417	424
<b>Non-Limited:</b>							
Other Funds	6,781,885,664	7,434,035,699	9,277,875,000	9,723,458,062	10,994,171,000	12,493,087,721	12,919,864,593
Lottery Funds							19,337,052
General Funds						100,000,000	
<b>Total</b>	<b>6,781,885,664</b>	<b>7,437,176,025</b>	<b>9,277,875,000</b>	<b>9,723,458,062</b>	<b>11,095,708,470</b>	<b>12,593,087,721</b>	<b>12,939,201,645</b>
<b>Total Expenditures</b>	<b>6,866,570,691</b>	<b>7,517,926,855</b>	<b>9,366,028,980</b>	<b>9,831,698,261</b>	<b>11,095,708,470</b>	<b>12,738,563,225</b>	<b>13,071,562,668</b>
<b>% Limited Budget</b>	<b>1.23%</b>	<b>1.07%</b>	<b>0.94%</b>	<b>1.09%</b>	<b>0.92%</b>	<b>1.14%</b>	<b>1.16%</b>

# PERS: Agency Limited Operating Budget and Expenditures / Biennium

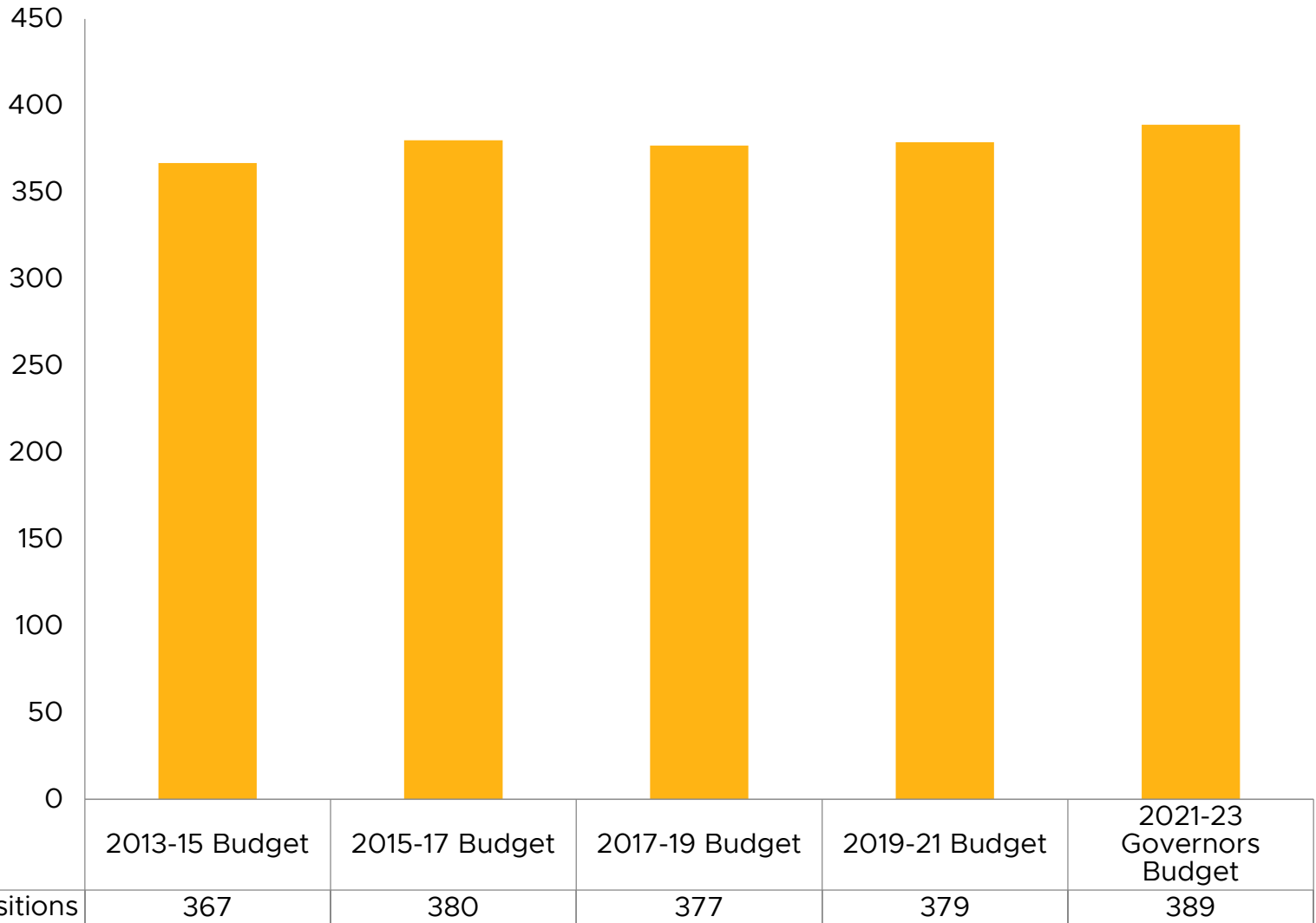


# PERS: Operating Budget by Division Excluding SB 1049

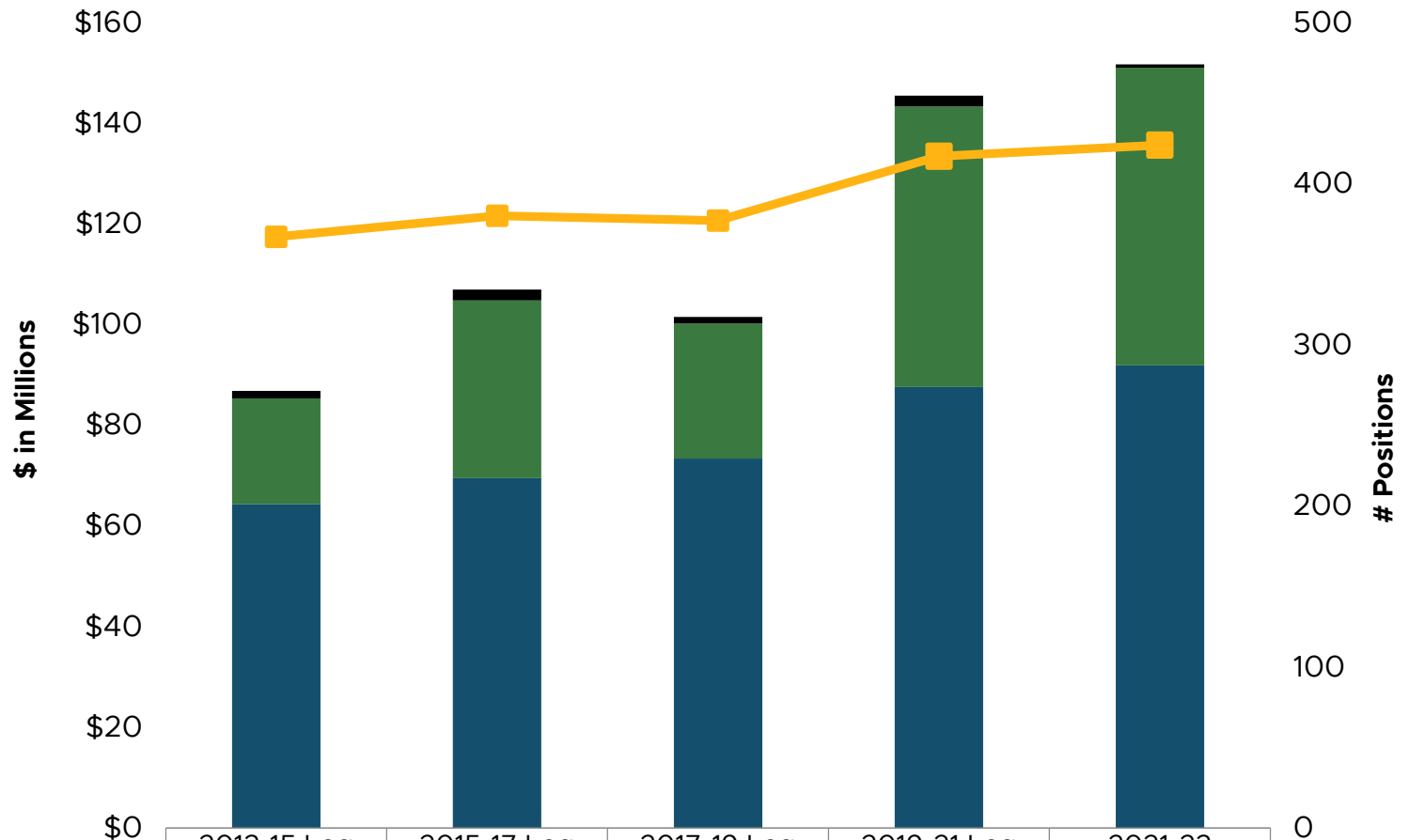
Agency 2019-21 Leg. Approved Budget: **\$116,441,607**



# PERS: Agency Staffing excluding SB 1049



# PERS: Expenditures and Position Count including SB 1049



Capital Outlay	\$1,478,453	\$2,121,807	\$1,294,352	\$2,173,331	\$697,928
Services & Supplies	\$21,009,989	\$35,302,823	\$26,851,571	\$55,670,545	\$59,111,473
Personal Services	\$64,362,688	\$69,524,819	\$73,391,547	\$87,631,613	\$91,888,674
Number of Positions	367	380	377	417	424



# **PERS:** Summary of Policy Option Packages 2021-23

## **Package 101 – SB 1049 Implementation \$22,477,797 FTE 34.88**

One time request. This business case supports the request for funding necessary to continue development of the Member Redirect component of the SB 1049 legislation.

## **Package 102 – Modernization \$9,800,000 0.00 FTE**

This request will modernize our communication and technological foundation to better align with the needs of our members as we strive to engage them in their career-long retirement planning.

## **Package 103 – Information Security \$1,202,450 FTE .88**

This request includes limitation for Information Security and Continuity Management programs with ongoing support and maintenance.

## **Package 104 – Senior Systems Administrator \$17,033 FTE 0.00**

This request provides limitation in the Information Services Division to re-class a position due to increased workload responsibilities.

## **Package 105 – Enterprise Risk Management \$198,025 FTE 0.88**

This request provides limitation in the Compliance, Audit and Risk Division for additional staff to develop and implement the agency’s Enterprise Risk Management (ERM) program.

# **PERS:** Summary of Policy Option Packages 2021-23

## **Package 106 – Specialty Qualifications \$278,924 FTE 1.76**

This request provides limitation in the Operations Division to add two permanent positions to the Death Unit in order to more effectively address the complex workload.

## **Package 107 – Qualifying/Non-Qualifying \$436,606 FTE 2.64**

This request provides limitation in the Operations Division to secure three additional Limited Duration (LD) positions within the Data Services Section.

## **Package 109 – Strunk and Eugene Recovery \$180,819 FTE 1.00**

Request maintains one Limited Duration FTE to manage a long-term overpayment collection program related to the Strunk & Eugene court cases

## **Package 110 – Education Team \$287,661 FTE 1.76**

This business case provides more educational staff for information, education, and assistance to members throughout their careers.

## **Package 112 – Deferred Maintenance Requirement of SB 1067 (2017) \$702,988 FTE 0.00**

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

# Additional Resources

## **Agency Governor's Recommended Budget**

- <https://www.oregon.gov/pers/Documents/Financials/Budgets/2021-23-GB.pdf>

## **Milliman December 31, 2019 System Valuation**

- Annual actuarial report of the system assets and liabilities  
[https://www.oregon.gov/pers/Documents/Financials/Actuarial/2020/12-31-2019\\_Actuarial\\_Valuation.pdf](https://www.oregon.gov/pers/Documents/Financials/Actuarial/2020/12-31-2019_Actuarial_Valuation.pdf)

## **Comprehensive Annual Financial Report (CAFR) – Fiscal Year End June 30, 2020**

- Report of all funds over which the PERS Board exercises authority  
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

## **PERS by the Numbers – Updated December 2020**

- Summary of information about system demographics, benefits, funding, revenue, and history  
<https://www.oregon.gov/pers/Documents/General-Information/PERS-by-the-Numbers.pdf>

## **PERS Economic Impact Study**

- Summary of the economic impact of PERS pension payments on the Oregon economy  
<https://www.oregon.gov/pers/Documents/General-Information/Economic-Impact-Study.pdf>

## **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>