

SB 5536 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Patrick Heath, Department of Administrative Services

Reviewed By: John Borden, Legislative Fiscal Office

**Public Employees Retirement System
2021-23**

PRELIMINARY

Budget Summary*

	2019-21 Legislatively Approved Budget ⁽¹⁾	2021 - 23 Current Service Level	2021-23 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 64,751,802	\$ -	\$ -	\$ (64,751,802)	-100.0%
Lottery Funds	\$ -	\$ -	\$ 1	\$ 1	100.0%
Other Funds Limited	\$ 210,227,306	\$ 123,831,063	\$ 150,582,112	\$ (59,645,194)	-28.4%
Other Funds Nonlimited	\$ 12,504,627,192	\$ 12,886,613,593	\$ 12,886,613,593	\$ 381,986,401	3.1%
Total	\$ 12,779,606,300	\$ 13,010,444,656	\$ 13,037,195,706	\$ 257,589,406	2.0%

Position Summary

Authorized Positions	419	379	423	4
Full-time Equivalent (FTE) positions	414.32	379.00	421.92	7.60

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The benefit trusts administered by the Public Employees Retirement System (PERS) are funded primarily through a combination of earnings generated on the investment of trust assets by the Oregon Investment Council (OIC) and from employer or employee contributions. PERS projects \$9.6 billion in investment earnings and \$6.1 billion in retirement system contributions for all benefit programs in the 2021-23 biennium. For purposes of assessing system-funded status, the PERS Board currently assumes the OIC will earn net returns of 7.2 percent per year. The five-year average return totals 8.71 percent as of December 31, 2020, and in 2020 the Oregon Public Employees Retirement Fund earned 7.66 percent. If earnings on the fund fall short of the assumed rate of return, employer rates increase to make up the difference in order to preserve the funded status of the system.

The employer or employee contributions budgeted for the PERS trusts are established through employer rates used to fund the Tier 1, Tier 2, Oregon Public Service Retirement Program (OPSRP), and PERS Health Insurance Programs (PHIP) benefits. Employer payroll rates for 2019-21 were adopted by the PERS Board in October 2020. System wide, the rates the Board adopted decreased collared net pension rates from 22.00 percent of payroll for Tier 1 / Tier 2 in 2019-21 to 20.56 percent of payroll in 2021-23 and increased from 15.65 percent of payroll for OPSRP General Service in 2019-21 to 16.55 percent of payroll in 2021-23. Employer rates do not include costs for the Individual Account Program (IAP) or debt service costs

for pension obligation bonds. Rates vary by employer based on factors including their employee demographics, their pre-funding any liability via side accounts, or their participation in a rate pool.

PHIP is funded via a combination of employer rates, earnings on the PERS Fund, insurance premiums paid by beneficiaries and passed through to the insurers, and subsidy payments from the Centers for Medicare and Medicaid Services.

The Employer Resolution Programs are funded by sports betting Lottery Funds, as well as excess revenues from debt collection, capital gains, estate taxes, and interest on unclaimed property.

PERS' operating budget is funded primarily, or 97.0 percent, by recovering its administrative costs from the benefit trusts the agency administers. The agency also has some limited charges for service for administering the Oregon Savings Growth Plan deferred compensation program, side accounts established by PERS employers, and for Benefit Equalization Fund payments.

Summary of General Government Subcommittee Action

The Public Employees Retirement System (PERS) is responsible for administering retirement programs for public employees, including state, school, and local government workers. In 2019, PERS paid approximately \$5.4 billion in benefits to beneficiaries. In support of its mission, PERS manages the Tier 1 and Tier 2 Retirement programs, the OPSRP, the IAP, two health insurance programs, Social Security Administration activities, and the Oregon Savings Growth Plan deferred compensation program.

The five-member Public Employees Retirement Board (PERB) provides administrative oversight for all PERS programs. Board members are appointed by the Governor and confirmed by the Senate for three-year terms. The Board is made up of three members with experience in business management, pension management or investing who are not members of PERS, one member who is an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state, and one member who works for a PERS employer and is a member of a collective bargaining unit.

The Subcommittee recommended a total funds budget of \$13,037,195,706 and 423 positions (421.92 FTE) for the 2021-23 biennium. The budget consists of Other Funds expenditure limitation of \$150,582,112 for agency operations, \$12,886,613,593 in Nonlimited Other Funds expenditure authority for benefit payments, and a \$1 Lottery Funds placeholder for the Employer Incentive Fund program. When compared to the 2019-21 Legislatively Approved Budget, this represents a 28.4 percent decrease in the agency's operating budget, due primarily to one-time expenditures for the Employer Incentive Fund in 2019-21 phasing out and a decrease in the cost of Senate Bill 1049 implementation, as well as a 3.1 percent increase in the agency's expenditures for statutorily mandated benefits.

Tier One and Tier Two Pension Programs

More than 900 public employers participate in the retirement and health care plans administered by PERS. This includes all state agencies, all public school districts, and the majority of local government entities – making PERS the provider of retirement programs for the vast majority of state and local government employees in the state. As of June 30, 2020, there were approximately 72,000 non-retired Tier 1 and Tier 2 members and approximately 146,000 retirees and beneficiaries receiving monthly retirement benefits. Tier 1 covers members hired before January 1, 1996, while Tier 2 covers members hired between January 1, 1996 and August 28, 2003, while providing a slightly higher normal retirement age and less generous benefits. Public employees hired after August 28, 2003 are members of the OPSRP.

The Tier 1 - Tier 2 Plan program unit accounts for employee and employer contributions and interest earnings related to those plans and reflects the benefits paid to Tier 1 - Tier 2 retirees or their beneficiaries. Payments from the Benefit Equalization Fund and the Judge Member Retirement are also paid out of this program. The Subcommittee recommended a budget of \$11,105,880,836 in Nonlimited Other Funds expenditures for the 2021-23 biennium for payments to beneficiaries.

Retirement Health Insurance Programs

PERS serves as a group sponsor providing health insurance services to approximately 57,000 retired members and dependents. PERS works with insurance carriers to design benefit packages, determine specifications, solicit proposals, analyze carrier responses, and award contracts. The PERS Health Insurance Program is comprised of the below two health insurance programs and an account for costs associated with administrative services:

- Retirement Health Insurance Account (RHIA): provides a \$60 per month subsidy to help offset the cost of insurance premiums in PERS-sponsored health insurance plans for eligible retirees enrolled in Medicare Parts A and B. All PERS employers fund this subsidy through contributions of 0.06 percent of payroll. Approximately 44,000 retirees receive this subsidy, which totals approximately \$32.2 million annually.
- Retiree Health Insurance Premium Account (RHIPA): subsidizes the cost of insurance premiums in PERS-sponsored health insurance plans for those who retired directly from state of Oregon employment but are not yet Medicare eligible and are not enrolled in the state employee health insurance retiree plans sponsored by Public Employees Benefit Board. The subsidy, which is funded by the state of Oregon through its contribution rate at 0.39 percent of payroll, is based on the number of years the retired member was employed in state service. PERS pays almost \$4.5 million in premium subsidies annually, to almost 800 retirees. This subsidy is limited to Tier 1 and Tier 2 PERS retirees with eight or more years of state service and to their surviving spouses.
- Standard Retiree Health Insurance Account (SRHIA): covers all administrative services related to the PERS Health Insurance Program not specific to RHIA and RHIPA. This program encompasses such health insurance-related administrative activities as premium transfers, third-party administrative agreements, and consultant services. The majority of the revenue for the SRHIA program, approximately \$150 million per year, comes from member paid insurance premiums with additional revenues from federal sources like the Centers for Medicare and Medicaid Services (CMS) and resulting investment returns.

The RHIA and RHIPA programs are funded from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). The Subcommittee recommended a budget of \$372,492,067 in Nonlimited Other Funds expenditures for the 2021-23 biennium for payments on behalf of program beneficiaries.

Oregon Public Service Retirement Pension Program

The Oregon Public Service Retirement Pension (OPSRP) program serves public employees who began public employment after August 28, 2003. The OPSRP pension program is funded solely by employer contributions and investment earnings. The plan has a higher retirement age and less generous benefits than either the Tier 1 or Tier 2 programs. OPSRP now has over 153,000 non-retired members, more than the Tier 1 or Tier 2 plans combined, as well as 6,500 retirees and beneficiaries. This program accounts for employer contributions and retirement payments for the OPSRP plan. The Subcommittee recommended a budget of \$109,636,842 in Nonlimited expenditure authority for payments to OPSRP beneficiaries.

Individual Account Program

The Individual Account Program (IAP) is the defined contribution component of the PERS retirement plan. The IAP has no guaranteed payment or return. The IAP requires PERS members to contribute an amount equal to six percent of eligible salary to an IAP account (employers may pay the contribution on behalf of their employees). Tier 1 and Tier 2 members contribute 3.5 percent of salary to their IAP accounts, and OPSRP members will contribute 5.25 percent to IAP accounts, with the balance of the 6.0 percent being contributed to each employee's Employee Pension Stability Account. At retirement, members will receive the balance of this account and accrued earnings. IAP accounts are invested in the Oregon Public Employees Benefit Fund as well as a series of Target Date Fund vintages that adjust the assets and riskiness of each member's IAP, based on their age. The Oregon Investment Council automatically selects the Target Date Fund vintage for members but members may select a different fund. As of December 31, 2019, there were more than 285,000 active IAP accounts with an average account balance of \$36,425. The Subcommittee recommended a budget of \$1,298,603,848 in Nonlimited expenditure authority for payments to IAP beneficiaries.

Employer Incentive Fund

The Employer Incentive Fund provides up to a 25 percent match to employers who fund a side account to reduce their PERS employer rates and bring additional assets into the PERS trusts. In 2019-21, the Employer Incentive Fund was funded with a one-time General Fund appropriation; the Fund is funded on an ongoing basis with proceeds from sports betting Lottery Funds.

The Subcommittee recommended a budget of \$1 in Lottery Funds expenditure limitation and \$1 in Other Funds expenditure limitation, which includes the following package:

Package 801, LFO Analyst Adjustments. This package increases Lottery Funds expenditure limitation by \$1 and Other Funds expenditure limitation by \$1 as placeholder amounts for sports betting Lottery Funds dedicated by statute to the Employer Incentive Fund. These amounts may be adjusted at the end-of-session based upon the June 2021 Department of Administrative Services – Office of Economic Analysis revenue forecast.

School District Unfunded Liability Fund

The School District Unfunded Liability Fund (SDULF) is a pooled side account proportionately distributed among school districts to reduce employer rates. The sources of revenue for the Fund include excess revenues from debt collection, capital gains, estate taxes, and interest on unclaimed property. PERS has estimated the SDULF would require a \$500 million balance to create the pooled side account and provide a one percent reduction in school district pool employer rates; revenue to reach this threshold is not anticipated during the 2021-23 biennium. The Subcommittee recommended a budget of \$1 in Other Funds expenditure limitation, which includes the following package:

Package 801, LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by \$1 as a placeholder for revenues dedicated by statute to the SDULF. These amounts may be adjusted at the end-of-session based upon the June 2021 Department of Administrative Services – Office of Economic Analysis revenue forecast.

Central Administration

Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The Division consists of the director, deputy director, and senior policy advisor, as well as the Strategic and Operational Planning, Communications, Human Resources and Procurement, Facilities and Logistics sections. The Subcommittee recommended a budget of \$18,389,692 in Other Funds expenditure limitation and 51 positions (51.00 FTE), which includes the following packages:

Package 112, Deferred Maintenance. This package increases Other Funds expenditure limitation by \$425,000 on a one-time basis for the following maintenance projects: roof recoating (\$60,000), skylight replacement (\$15,000), building a gender-neutral bathroom (\$50,000), and parking lot repair and repaving (\$300,000).

Financial and Administrative Services Division

The Financial and Administrative Services Division (FASD) provides comprehensive financial and administrative services to the agency. This includes financial accounting, reporting, and tax services for all PERS' trust and agency fund activities, including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, health insurance programs, and Social Security Program.

Annually, FASD is responsible for the receipt, posting, and deposit of approximately \$3.0 billion in contributions and the disbursement of approximately \$6.4 billion in benefits. Other fiscal activities include preparation, maintenance, and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, contracts, and procurement.

The Subcommittee recommended a budget for the Financial and Administrative Services Division of \$25,509,775 in Other Funds expenditure limitation and 35 positions (35.00 FTE), which includes the following packages:

Package 087, August 2020 Special Session. This package increases Other Funds expenditure limitation by \$40,039 to account for the 2021-23 rollup costs of the upward reclassification of a permanent full-time Operations and Policy Analyst 3 position (salary range 30) to a permanent full-time

Principal Executive Manager F position (salary range 35X). This reclassification moved an Actuarial Services Coordinator position to an Associate Actuary position to manage the Actuarial Services Unit, with direction to hire the position as a certified Associate Actuary.

Package 099, Microsoft 365 Consolidation. This package decreases Other Funds expenditure limitation by \$295,563 to reflect the statewide consolidation of Microsoft 365 licensing within Enterprise Information Services. The cost of statewide Microsoft 365 consolidation is built into the State Government Service Charge for every agency, at Current Service Level. This package reduces the agency's base budget for the amount it is paying in 2019-21 for Microsoft product licensing.

Package 109, S/E Recovery. This package increases Other Funds expenditure limitation by \$180,819 and re-authorizes the establishment of one limited duration Accounting Technician 3 position (1.00 FTE) and \$6,500 in position-related Services and Supplies. This position will continue to manage a long-term overpayment collection program related to the Strunk & Eugene court cases. The last Strunk & Eugene court cases and related challenges were settled by a 2011 Oregon Supreme Court ruling which identified 29,000 accounts had been overpaid a total of \$170 million. Approximately 11,000 accounts remain with a total balance of \$21 million. Maintaining these accounts requires monitoring of repayment plans, research and filing claims against estates, follow up on delinquent accounts, and reporting on collection activities.

Information Services Division

The Information Services Division (ISD) develops and operates PERS' complex information systems, maintains the agency's in-house data center, provides desktop support and training to PERS staff, and performs related activities including software development, database management, network support, and quality assurance. The Enterprise Content Management section provides imaging services, records management, and public records and discovery responses to the agency. ISD ensures agency staff have the appropriate IT tools and services necessary to perform their duties and provide customer service to members, employers, and other stakeholders. The Subcommittee recommended a budget for the Information Services Division of \$29,427,649 in Other Funds expenditure limitation and 78 positions (77.88 FTE), which includes the following packages:

Package 103, Information Security. This package increases Other Funds expenditure limitation by \$86,227 and authorizes the establishment of one permanent full-time Information Services Specialist-8 position (0.88 FTE). The package also includes \$11,500 in associated Services and Supplies, as well as a technical adjustment to transfer \$194,704 of information security-related Services and Supplies from the Information Services Division to the Compliance, Audit and Risk Division. The position would serve as a Senior Systems Administrator to manage the agency's disaster recovery warm-site, data backup infrastructure, and related activities. Such related activities include overseeing warm-site information security, data backup and recovery, off-site data backup and archiving, disaster recovery warm-site and data backup procedures to ensure timely restoration of services, annual warm-site failover testing, technical architecture support, and response and recovery from Ransomware attacks.

Package 104, Senior Systems Admin TOS. This package increases Other Funds expenditure limitation by \$17,033 for Personal Services to fund the reclassification of a permanent full-time Information Services Specialist 5 to an Information Services Specialist 8, due to an increase in responsibilities of the position. This package resolves a work-out-of-classification issue.

Package 801, LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by \$825,000 for Information Technology Professional Services to complete the Production Data Center migration to the Department of Administrative Services - State Data Center. The package provides one-time funding for a five-year contract for extended firewall support (\$800,000) and wireless installation support services (\$25,000).

The Subcommittee approved the following Budget Note related to the Production Data Center Migration and Warm Site Project:

Budget Note

The Public Employees Retirement System is to report to the Legislative Fiscal Office with a comprehensive close-out reports on the Production Data Center Project and separately the warmsite project by no later than January 2022, including, but not limited to: a complete biennia-by-biennia accounting of the budget, costs, activities, and lessons learned beginning with the 2015-17 biennium when the project was first authorized and funded by the Legislature.

Operations Division

The Operations Division provides comprehensive retirement plan information and assistance to PERS members and employers for the Tier 1, Tier 2, OPSRP, and IAP programs. The Division is the primary point of contact for PERS members and employers through its call center and correspondence units. The Division provides member education through group presentations and assistance with retirement applications. The Division processes benefit applications, determines benefit eligibility, reviews disability applications, and calculates and adjusts benefit payments. The Division also includes the agency's Retiree Health Insurance, Oregon Savings Growth Plan, and Social Security programs. The Subcommittee recommended a budget of \$43,996,509 in Other Funds expenditure limitation for the Operations Division and 203 positions (202.16 FTE), which includes the following packages:

Package 106, Specialty Qualifications. This package increases Other Funds expenditure limitation by \$278,924 and establish two permanent full-time Retirement Counselor-1 positions (1.76 FTE), as well as \$23,000 in associated Services and Supplies to address the increased workload around death benefit payments. PERS processes death benefit payments for the beneficiaries of deceased members, including locating and contacting beneficiaries. PERS reports that the average monthly deaths increased over time from 255 to 350. As the largest group of PERS members ages, there is a risk of further increases in death benefit payments. In addition, the scope and complexity of the work increased significantly over time, for example through the passage of HB 2417 (2019), which established an alternate death benefit for the surviving spouse of a member who dies before retirement.

Package 107, Q/NQ. This package increases Other Funds expenditure limitation by \$436,606 and authorizes the establishment of one limited duration Retirement Counselor-1 (0.88 FTE) and two limited duration Retirement Counselor-2 positions (1.76 FTE) and includes \$34,500 in associated Services and Supplies to augment the Data Services Section to address qualifying/non-qualifying employment eligibility issues. The

agency would undertake a more proactive approach to verify the accuracy of membership data based on eligibility laws and requirements and each member's unique employment data. This review process is primarily manual. This effort would facilitate early resolution of qualifying/non-qualifying employment eligibility issues for PERS membership. This package is recommended on a one-time basis.

Package 110, Education Team. This package increases Other Funds expenditure limitation by \$287,661 and authorizes the establishment of one permanent full-time Retirement Counselor 2 (0.88 FTE) and one permanent full-time Administrative Specialist-1 (0.88 FTE) and \$35,000 in associated services and supplies to increase statewide training to active and inactive members and increase offerings of individual retirement application assistance sessions. Augmentation of the current five person Education Team staffing is needed due to the increase in plan complexity (for example, through the passage of Senate Bill 1049 in 2019). Increasing staffing in this area will also improve the quality of retirement applications, which is anticipated to decrease Intake and Review Section workload related to retirement applications errors.

Compliance, Audit and Risk Division

The Compliance, Audit and Risk Division provides risk management and compliance services for all agency programs, including cyber security, disaster recovery, and business continuity. The Division oversees and coordinates legal activities, assists in the identification and management of risks, and provides independent audit and consulting services to ensure legal and policy compliance, and manages Section 218 of the State Social Security Program. The Division ensures policies, business rules and administrative rules comply with state and federal statutes and the PERS plans maintain their tax qualified status. The Subcommittee recommended a budget of \$9,643,688 in Other Funds expenditure limitation and 21 positions (21.00 FTE) for the Compliance, Audit and Risk Division, which includes the following packages:

Package 103, Information Security. This package increases Other Funds expenditure limitation by \$854,504 for Services and Supplies, which includes \$659,800 of additional funding and \$194,704 of existing Services and Supplies transferred in from the Information Services Division. The purpose of this package is to provide the final major investment in the agency's Information/Cyber Security, Business Continuity, and Disaster Recover programs, including funding for employee training and certification, subscription costs for a data lost prevention tool and data flow monitoring, a subscription to Gartner consulting/research, developer secure coding training, and other related services and supplies. This package would fund subscription fees to the Disaster Recovery Institute International, accessing third-party assessments to ensure continuity management efforts remain consistent with best industry practice, and training for staff. A position for ongoing security work is requested in Package 103 in the Information Services Division.

Core Retirement Systems Applications Division

The Core Retirement Systems Applications Division was established to budget for core information technology investments, which include the project-related positions and contracts related to PERS' implementation of Senate Bill 1049 (2019), an omnibus PERS reform bill. Projects to establish a system allowing members to choose which Target Date Fund their IAP will be invested in, to implement a new information tool and staff for employer incentive programs and to create a database to manage the new cap on final average salaries at \$195,000, will be completed in the 2019-21 biennium. The Member Redirect project and Work After Retirement projects currently have functioning manual solutions; PERS work

remains to fully integrate these legislative initiatives into PERS' pension benefit management system. The Subcommittee recommended a budget of \$23,614,797 in Other Funds expenditure limitation and 35 positions (34.88 FTE). The Subcommittee recommended the following packages:

Package 101, SB1049. This package increases Other Funds expenditure limitation by \$22.8 million and authorizes the establishment of 35 limited duration positions (34.88 FTE) to continue the Member Redirect and Work After Retirement projects needed to implement Senate Bill 1049 (2019). The Work After Retirement project is expected to be completed by February 2022 and the Member Redirect project is expected to be completed by February of 2024. PERS anticipates all other Senate Bill 1049 (2019) projects will be completed by the end of the 2019-21 biennium.

The \$22.8 million breaks down as follows: \$2.0 million for project management and administration, \$0.8 million for quality assurance and testing, \$13.3 million for information technology applications, and \$6.6 million for the operational implementation of the project. These amounts are recommended on a one-time basis. Additional expenditures for related projects or maintenance and operations costs will need to be addressed in future budget requests.

The Subcommittee approved the following Budget Note related to Senate Bill 1049 (2019) Implementation:

Budget Note

The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology during the legislative session in 2021 on the implementation of SB 1049 (2019). The Department of Administrative Services (DAS) and the DAS Office of the State Chief Information Officer (OSCIO) are to continue to provide oversight of the PERS SB 1049 (2019) implementation project. The project shall continue to adhere to the Stage Gate process. OSCIO and the DAS Chief Financial Officer, in their oversight roles, are to report separately to the Joint Committee on Information Management and Technology prior to the legislative session in 2022 on the implementation of SB 1049 (2019). The agencies' reports to the Legislature shall include:

- Update on project scope, schedule, budget, and total cost of ownership;
- Identification of costs associated with one-time solutions versus permanent solutions;
- Current project risks, likely impacts, and mitigation strategies;
- Explanation of the delay related to implementing member redirect and associated costs and actuarial impact(s);
- Independent quality assurance reporting on the project;
- Impact of SB 1049 (2019) information technology project on routine agency operations;
- Any exceptions from administrative rules, policies or procedures, or statutes granted to PERS by the Department of Administrative Services;
- Whether SB 1049 (2019) is meeting financial objectives; and
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project

Package 102, Modernization. This package increases Other Funds expenditure limitation by \$800,000 on a one-time basis to begin planning for a project to modernize the Oregon Retirement Online Network (ORION), which is the agency's 16-year-old core retirement system application. The origination phase of this project consists of contracting for planning and system assessment activities only. Additional funding for this modernization effort is contingent upon PERS adhering to all Stage Gate Oversight Model requirements, the successful completion of the Production Data Center and Warmsite Projects, and completion of an independent information security assessment.

Summary of Performance Measure Action

See attached “Legislatively Approved 2021-2023 Key Performance Measures.”

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Public Employees Retirement System
Patrick Heath - 503-983-8670

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ 64,751,802	\$ -	\$ 210,227,306	\$ 12,504,627,192	\$ -	\$ -	12,779,606,300	419	414.32
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ 123,831,063	\$ 12,886,613,593	\$ -	\$ -	13,010,444,656	379	379.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 200-01 - Employer Incentive Programs									
Package 801: LFO Adjustments									
Special Payments	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -		2	
SCR 200-02 - School Districts Unfunded Liability Fund									
Package 801: LFO Adjustments									
Special Payments	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -		1	
SCR 500-01 - Central Administration									
Package 112: Deferred Maintenance									
Services and Supplies	\$ -	\$ -	\$ 425,000	\$ -	\$ -	\$ -	425,000		
SCR 500-03 - Financial & Administrative Services Division									
Package 087: August 2020 Special Session									
Personal Services	\$ -	\$ -	\$ 40,039	\$ -	\$ -	\$ -	40,039	0	0.00
Package 099: Microsoft 365 Consolidation									
Services and Supplies	\$ -	\$ -	\$ (295,563)	\$ -	\$ -	\$ -	(295,563)		
Package 109: S/E Recovery									
Personal Services	\$ -	\$ -	\$ 174,319	\$ -	\$ -	\$ -	174,319	1	1.00
Services and Supplies	\$ -	\$ -	\$ 6,500	\$ -	\$ -	\$ -	6,500		
SCR 500-04 - Information Services Division									
Package 103: Information Security									
Personal Services	\$ -	\$ -	\$ 269,431	\$ -	\$ -	\$ -	269,431	1	0.88
Services and Supplies	\$ -	\$ -	\$ (183,204)	\$ -	\$ -	\$ -	(183,204)		
Package 104: Senior Systems Admin TOS									
Personal Services	\$ -	\$ -	\$ 17,033	\$ -	\$ -	\$ -	17,033	0	0.00
Package 801: LFO Adjustments									
Services and Supplies	\$ -	\$ -	\$ 825,000	\$ -	\$ -	\$ -	825,000		
SCR 500-08 - Operations Division									
Package 106: Specialty Qualifications									
Personal Services	\$ -	\$ -	\$ 255,924	\$ -	\$ -	\$ -	255,924	2	1.76

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 107: Q/NQ										
Personal Services	\$	- \$	- \$	402,106 \$	- \$	- \$	- \$	402,106	3	2.64
Services and Supplies	\$	- \$	- \$	34,500 \$	- \$	- \$	- \$	34,500		
Package 110: Education Team										
Personal Services	\$	- \$	- \$	252,661 \$	- \$	- \$	- \$	252,661	2	1.76
Services and Supplies	\$	- \$	- \$	35,000 \$	- \$	- \$	- \$	35,000		
SCR 500-09 - Compliance, Audit and Risk Division										
Package 103: Information Security										
Services and Supplies	\$	- \$	- \$	854,504 \$	- \$	- \$	- \$	854,504		
SCR 900-00 - Core Retirement System Applications										
Package 101: SB 1049										
Personal Services	\$	- \$	- \$	6,003,697 \$	- \$	- \$	- \$	6,003,697	35	34.88
Services and Supplies	\$	- \$	- \$	16,756,100 \$	- \$	- \$	- \$	16,756,100		
Capital Outlay	\$	- \$	- \$	55,000 \$	- \$	- \$	- \$	55,000		
Package 102: Modernization										
Services and Supplies	\$	- \$	- \$	800,000 \$	- \$	- \$	- \$	800,000		
TOTAL ADJUSTMENTS	\$	- \$	1 \$	26,751,049 \$	- \$	- \$	- \$	26,751,050	44	42.92
SUBCOMMITTEE RECOMMENDATION *	\$	- \$	1 \$	150,582,112 \$	12,886,613,593 \$	- \$	- \$	13,037,195,706	423	421.92

% Change from 2019-21 Leg Approved Budget	-100.0%	0.0%	-28.4%	3.1%	0.0%	0.0%	2.0%	1.0%	1.8%
% Change from 2021-23 Current Service Level	0.0%	0.0%	21.6%	0.0%	0.0%	0.0%	0.2%	11.6%	11.3%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2021 - 2023 Key Performance Measures

Published: 4/28/2021 10:45:00 AM

Agency: Public Employees Retirement System, Oregon

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	62%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	\$172.00	\$165.00	\$165.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	983	1,055	1,055
4. ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.		Approved	100%	100%	100%
5. LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.		Approved	37%	50%	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.	Helpfulness	Approved	89%	95%	95%
	Overall		89%	95%	95%
	Availability of Information		86%	95%	95%
	Timeliness		89%	95%	95%
	Accuracy		90%	95%	95%
	Expertise		90%	95%	95%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	63%	95%	95%
8. BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the Key Performance Measures and updated targets.

SubCommittee Action:

The General Government Subcommittee recommends approval of the Key Performance Measures and updated targets, as recommended by the Legislative Fiscal Office.