

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2023-25

Agency Reference Materials

**Ways and Means
General Government
Subcommittee
February 2023**

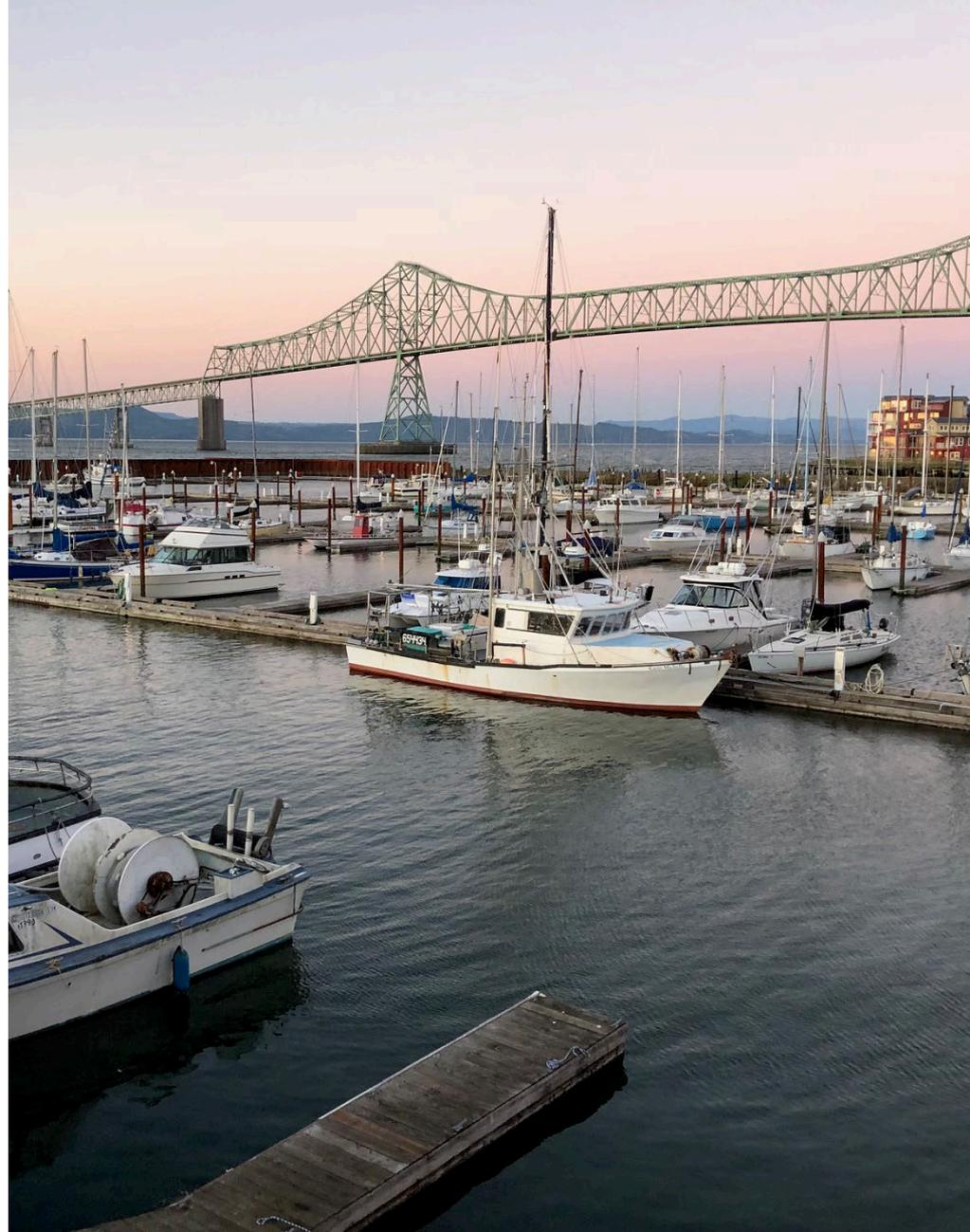
**Kevin Olineck
Director**

**Richard Horsford
Chief Financial Officer**



APPENDIX

- Mission, Vision, Values, and Operating Principles
- Strategic Plan Themes
- Performance and Outcome Measures
- Audit Response Reports
- Recent Changes to Agency Budget and Management
- 2021-23 Long-Term Vacancies
- Supervisory Span of Control
- Statewide Policy Packages
- Other Funds Ending Balances
- Additional Agency Budget Information
- Summary of 2023-25 Policy Option Packages
- Additional Resources



Mission, Vision, Values, and Operating Principles

VISION: *Honoring your public service through secure retirement benefits.*

PERS 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.

OPERATING PRINCIPLES



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.

CORE VALUES

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.

Vigilant

We are constantly vigilant and take ownership in the basic tenets of information security: confidentiality, integrity, and availability.

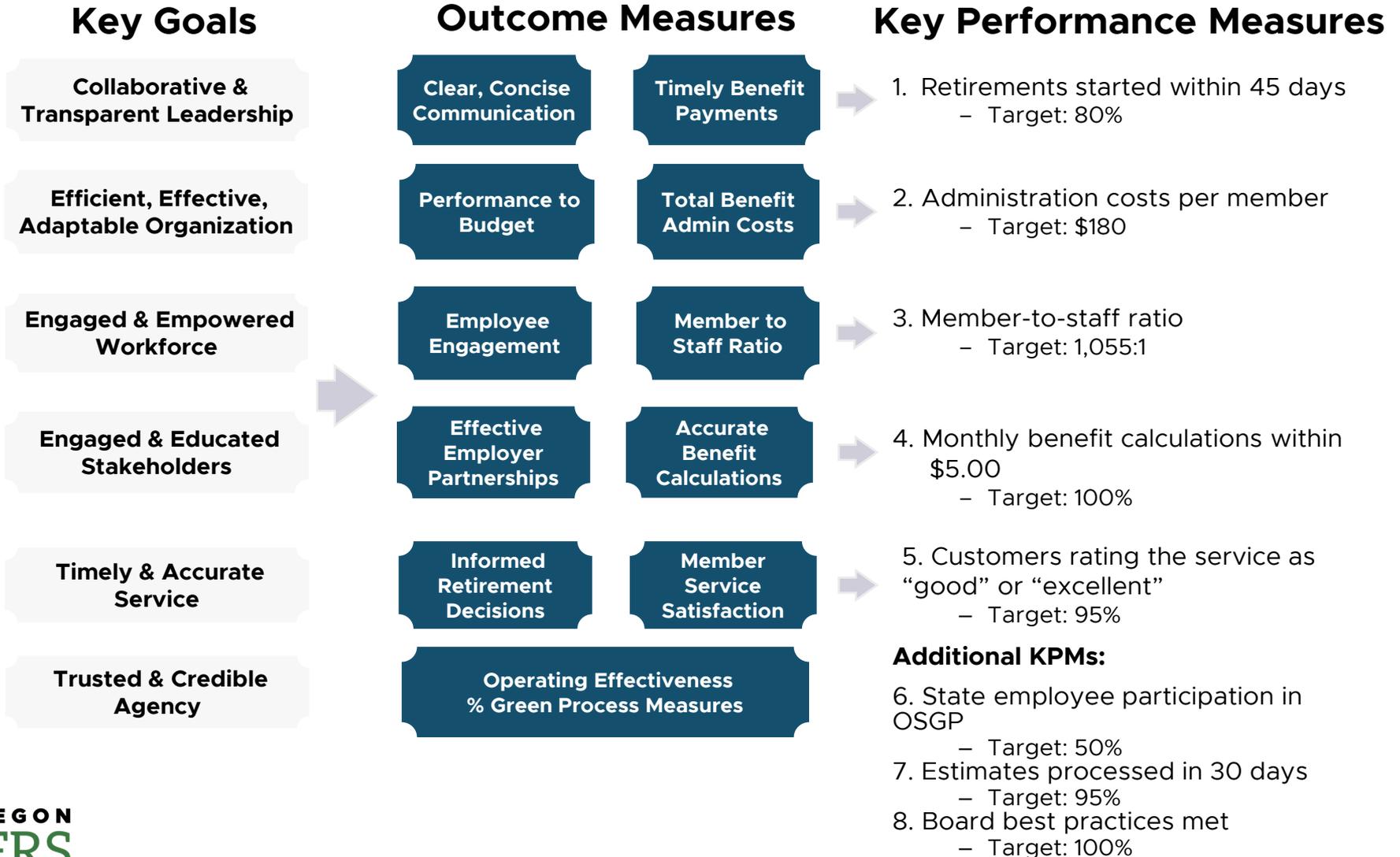
Strategic Plan 2023-2028

Themes						
	Organizational Management & Development	Member Services & Communications	Data Consistency	Information Technology	Financial Management	Risk Management
Focus Areas	Workforce Development	Member Engagement	Data Analytics	ORION System Modernization	Technology Upgrades & System Integration	Risk Management
	Organizational Communication	Omni-Channel Service Delivery	Data Integrity	IT Workforce Development	Financial Management Resource Development	
	PERS Outcome - Based Management System (POBMS)		Data Utilization			

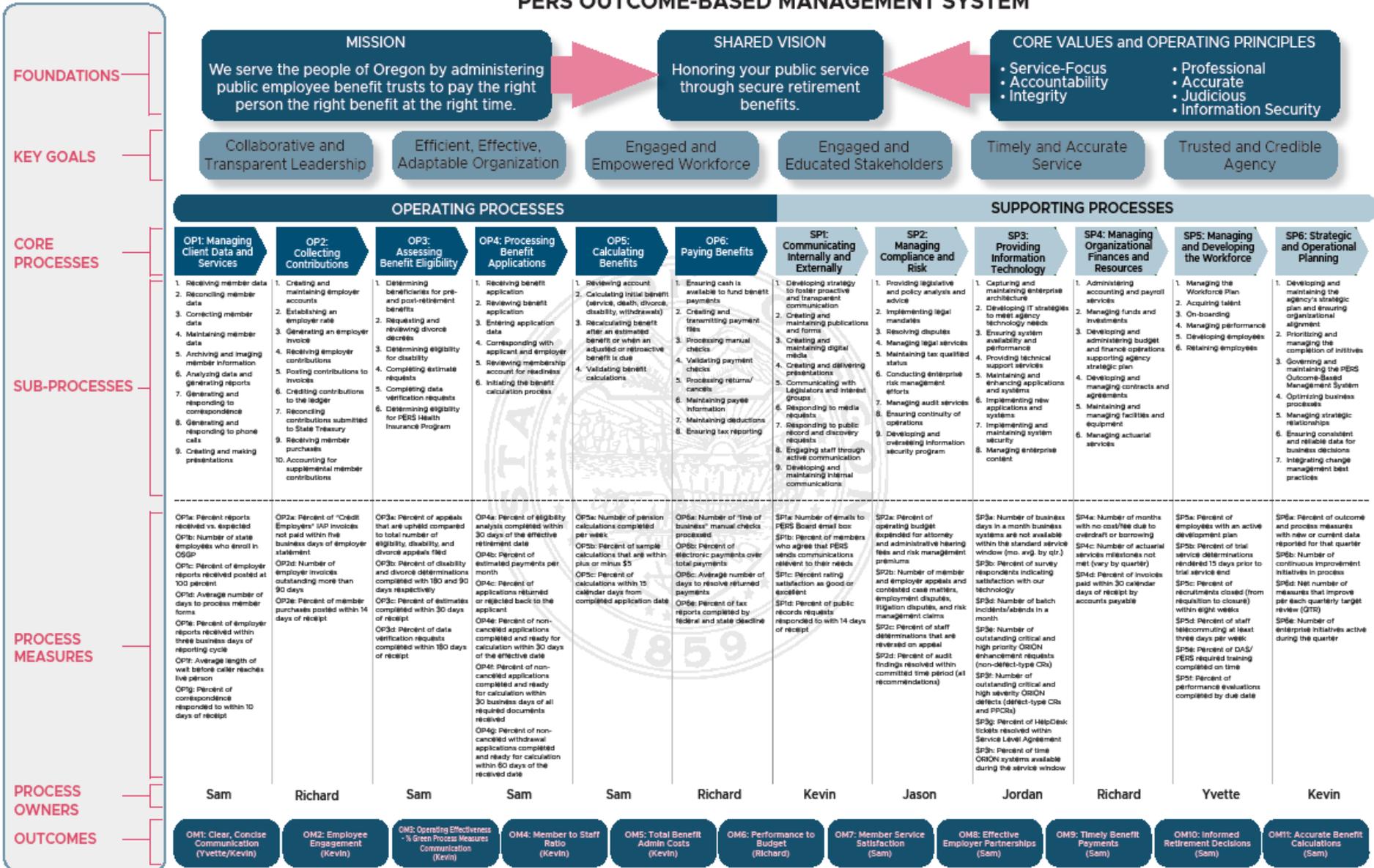
Aligning the Agency for Success

- The agency aligns the strategic plan with outcome-based management system and key performance measures.
- Continue refining 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
- Meet eight legislatively mandated key performance measures
- PERS participates in CEM Benchmarking, which is an international pension administration peer benchmarking group

Performance and Outcome Measures

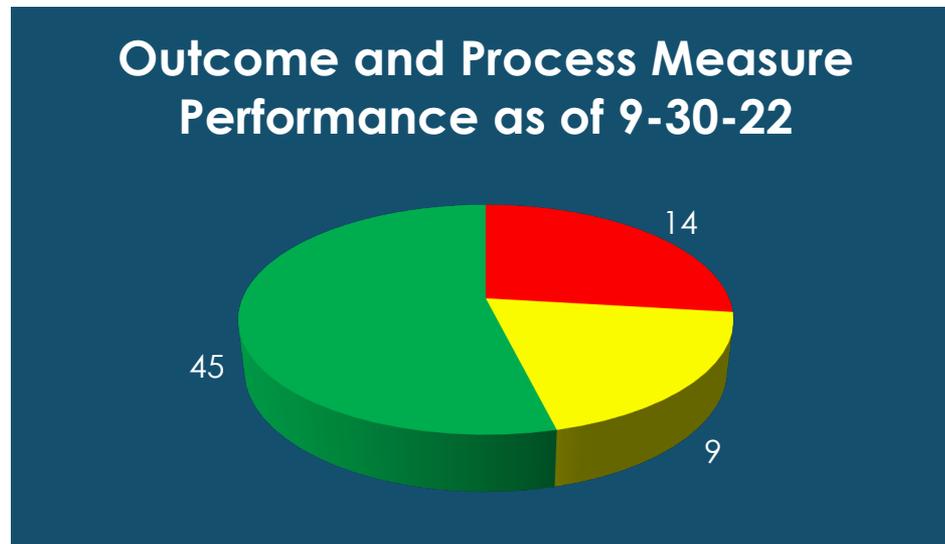


PERS OUTCOME-BASED MANAGEMENT SYSTEM



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



Outcome-Based Management System



Outcome
Measure
Trends

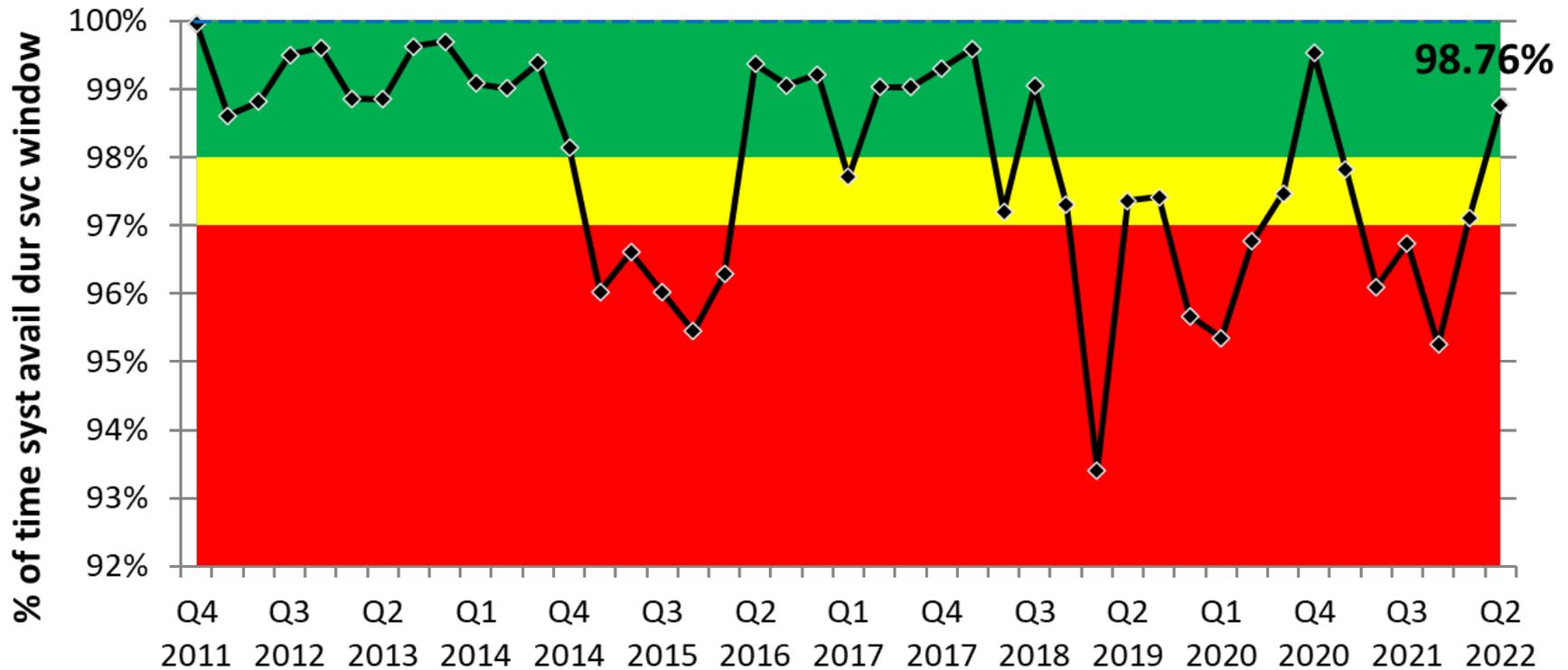
Performance
Measure
Trends



Outcome-Based Management System

Red Measures Drive Priorities.

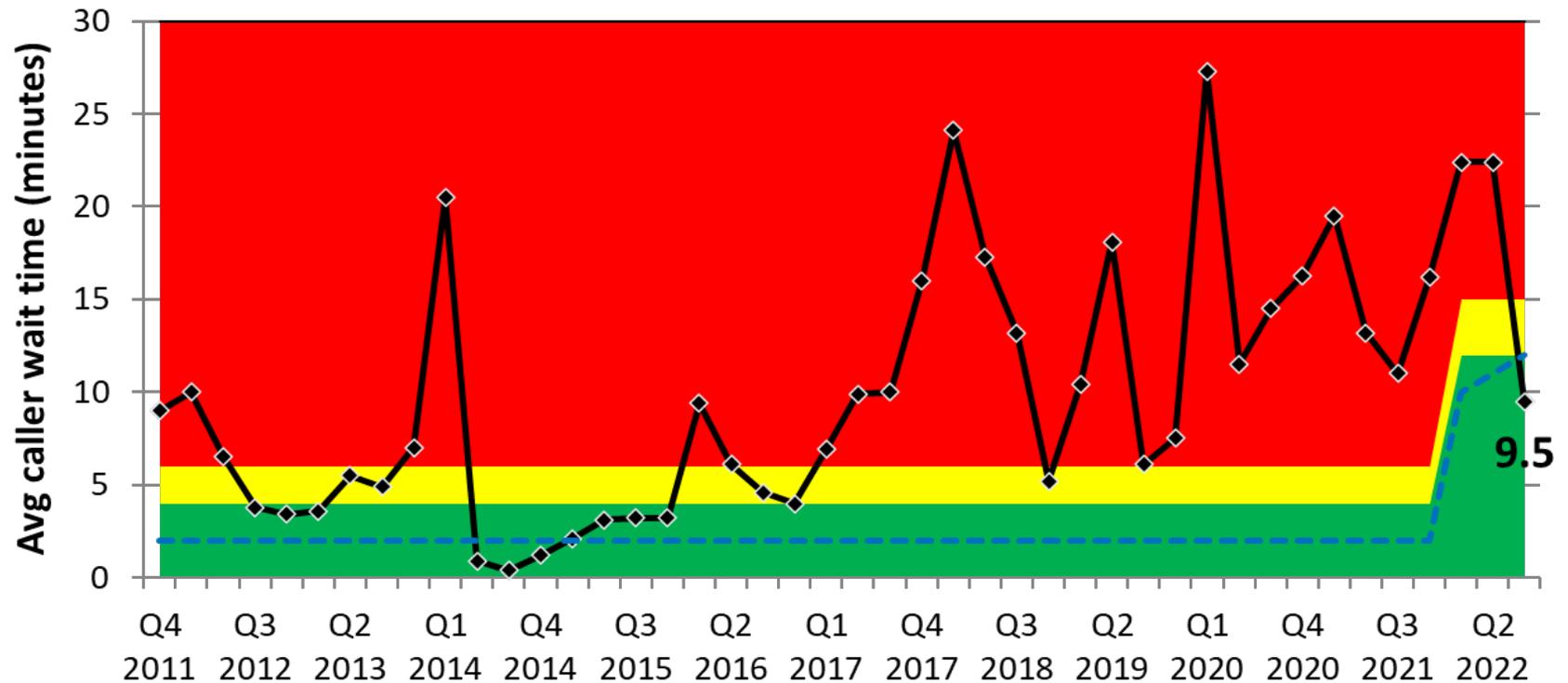
SP3h System Uptime



Outcome-Based Management System

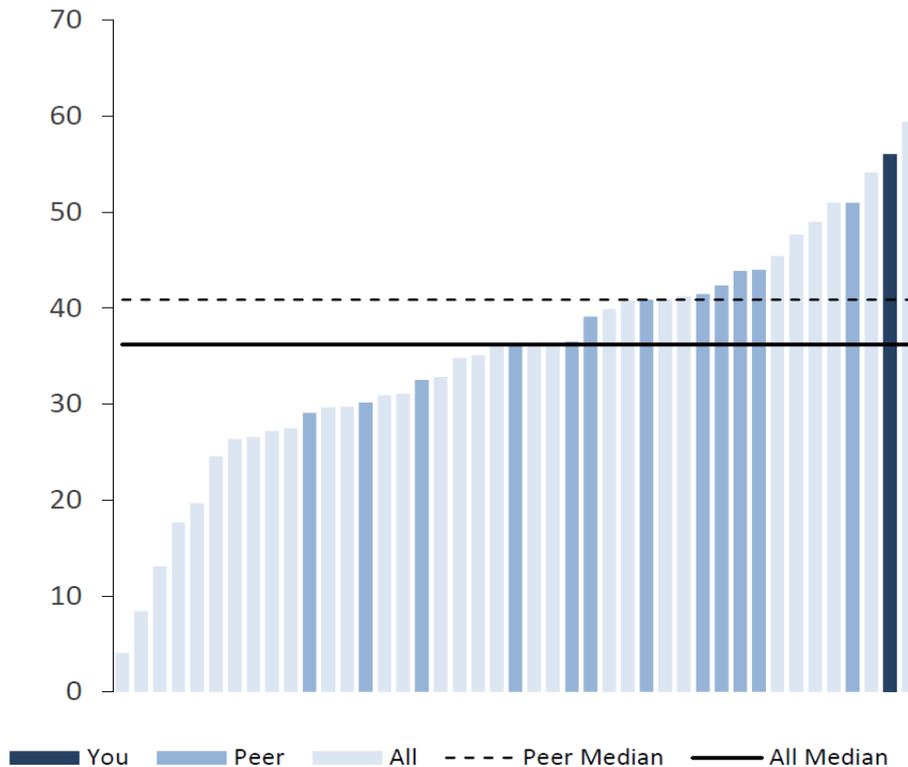
Red Measures Drive Priorities.

OP1f Call Wait Time



CEM Benchmarking: PERS' Costs Relative to Peers

Total Complexity



- Data as of FY 2021
- Total pension administration cost was \$182 per active member and annuitant
- This was \$65 above the peer average of \$117
- Total pension administration cost was \$62 million. This excludes the fully attributed cost of administering healthcare, and optional and third-party administered benefits of \$16.6 million

CEM Benchmarking: Major Cost Drivers

How PERS Compares to Peers:

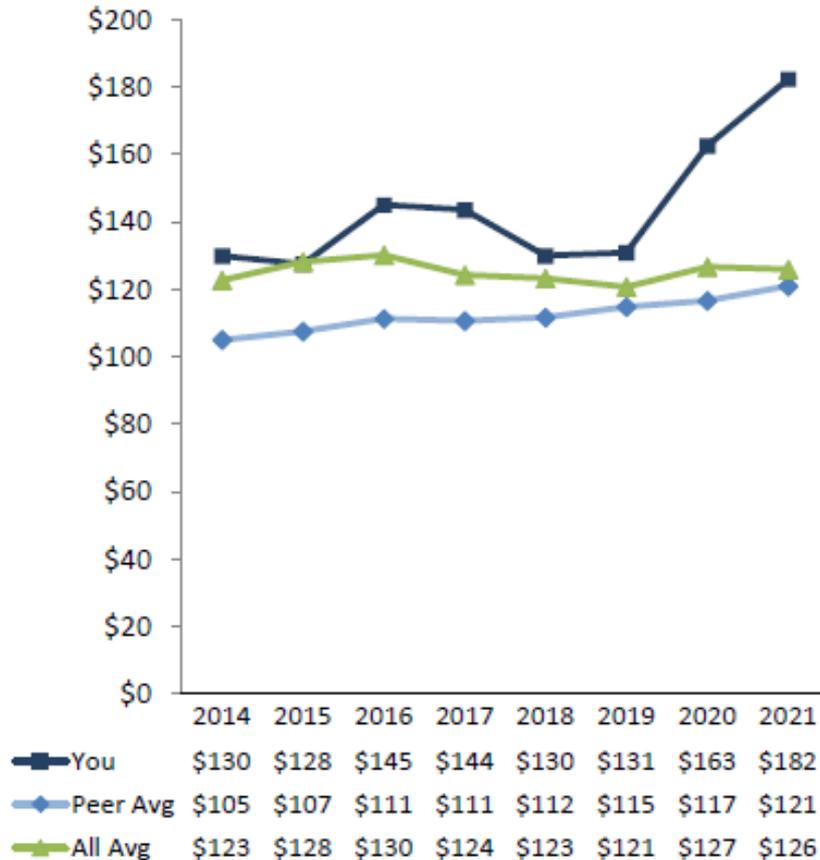
Reason	You	Peer Avg	Impact \$ per active member and
1 More front-office FTE per 10,000 members	5.6 FTE	3.8 FTE	\$21
2 Lower third party costs per member in the front-office	\$3	\$7	-\$4
3 Lower costs per FTE			
Salaries and Benefits	\$101,287	\$116,415	
Building and Utilities	\$6,467	\$12,953	
HR	\$2,509	\$5,245	
IT Desktop, Networks, Telecom	<u>\$14,134</u>	<u>\$22,442</u>	
Total	\$124,398	\$157,055	-\$19
4 Higher support costs per member ¹			
Governance and Financial Control	\$10	\$8	
Major Projects	\$53	\$10	
IT Strategy, Database, Applications	\$27	\$17	
Actuarial, Legal, Audit, Other	<u>\$24</u>	<u>\$13</u>	
Total	\$115	\$48	\$67
Total			\$65

⁽¹⁾ 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 2021

CEM Benchmarking: Cost Trends

Trend in Total Pension Administration Costs



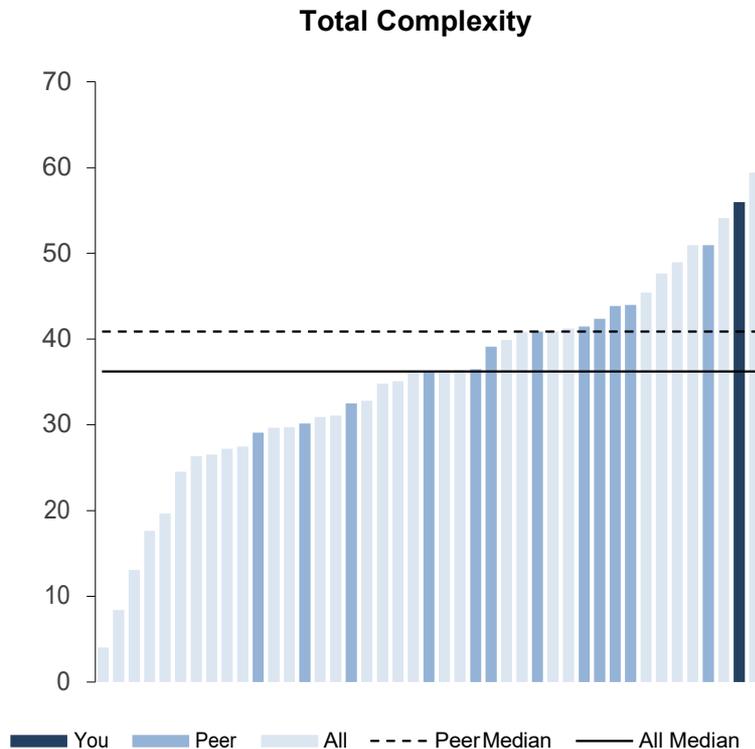
Between 2014 and 2021:

- Total pension administration cost per active member and annuitant increased by 5.0% per annum. During the same period, the average cost of your peers with eight consecutive years of data increased 2.0% per annum
- Higher costs per member in FYE 2020 and 2021 were primarily due to your multi-year project to implement changes required by SB 1049
- Investments made to evolve your outcome-based management system to improve operational performance and organizational alignment are also contributing factors to the increase in cost from FYE 2020 to FYE 2021.

Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 13 peers and 34 of the 45 systems in the universe).

CEM Benchmarking: PERS' Total Relative Complexity

Back-office costs and productivity are impacted by system complexity. Your total complexity



Complexity Score by Cause
(0 least - 100 most)

Cause	You	Peer Avg
Pension Payment Options	46	37
Customization Choices	26	15
Multiple Plan Types and Overla	75	31
Multiple Benefit Formula	70	52
External Reciprocity	0	33
COLA Rules	57	32
Contribution Rates	64	41
Variable Compensation	100	79
Service Credit Rules	48	42
Divorce Rules	100	57
Purchase Rules	70	62
Refund Rules	24	49
Disability Rules	83	66
Total Complexity	56	40

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.

Staff Dedicated to SB 1049	2021	2022
Project Managers	3	2
Other SOP Support	9	9
Communications	5	6
Procurement	1	1

Member Engagement	2021	2022
Member Satisfaction	83.56%	85.05%
Website Visits (Members)	56,467	165,834
Website Visits (Employers)	46,259	37,877
Views for Animated Videos (4)	14,273	17,973
GovDelivery Subscribers	759,602	916,953

Overall Workloads	2021	2022
Contracting Engagements	355	397
Dollar Value of Contracts	23,228,125	12,128,818
Vacancies (at year end)	36	31
Recruitments (at year end)	72	65

Operations Division

Performance Information

Transaction	Calendar Year					
	2017	2018	2019	2020	2021	2022
Retirements*	17,435	14,280	15,479	14,592	14,447	16,470
Withdrawals	3,883	3,958	3,627	3,647	3,298	4,802
Eligibility reviews	15,585	14,674	14,729	14,691	16,063	14,845
Member/Employer Telephone calls (incoming)	240,357	181,738	195,178	195,854	189,791	190,203
Written benefit estimates**	11,018	12,172	9,573	10,465	9,783	9,212
Online benefit estimates***	59,671	54,248	52,793	46,079	57,356	56,875
Adjustments	2,571	1,092	6,289	6,529	6,816	12,800

* 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.

Financial Services Division

Performance Information

Certificate of Achievement

The Certificate of Achievement for Excellence in Financial Reporting is applicable for the year ended 6/30/2021. The system has received a Certificate of Achievement for the last 31 consecutive years.

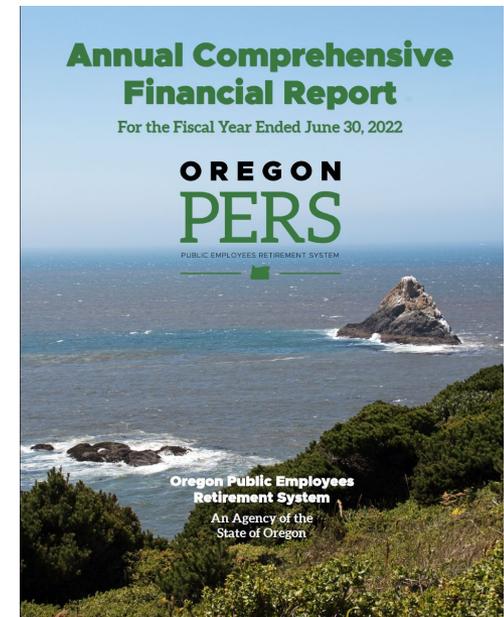
Public Pension Standards Award

The Public Pension Coordinating Council (PPCC) awarded the 2021 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 20th year the PPCC has offered the award to public retirement systems and the 19th consecutive year PERS has applied for and received the award.



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 current year to date as well as the past five fiscal years.

Fiscal Year	# Reports Issued	# Recommendations
2023 (to date)	5	7
2022	6	8
2021	8	14
2020	7	65
2019	4	11
2018	7	32

Policy Analysis and Compliance Section

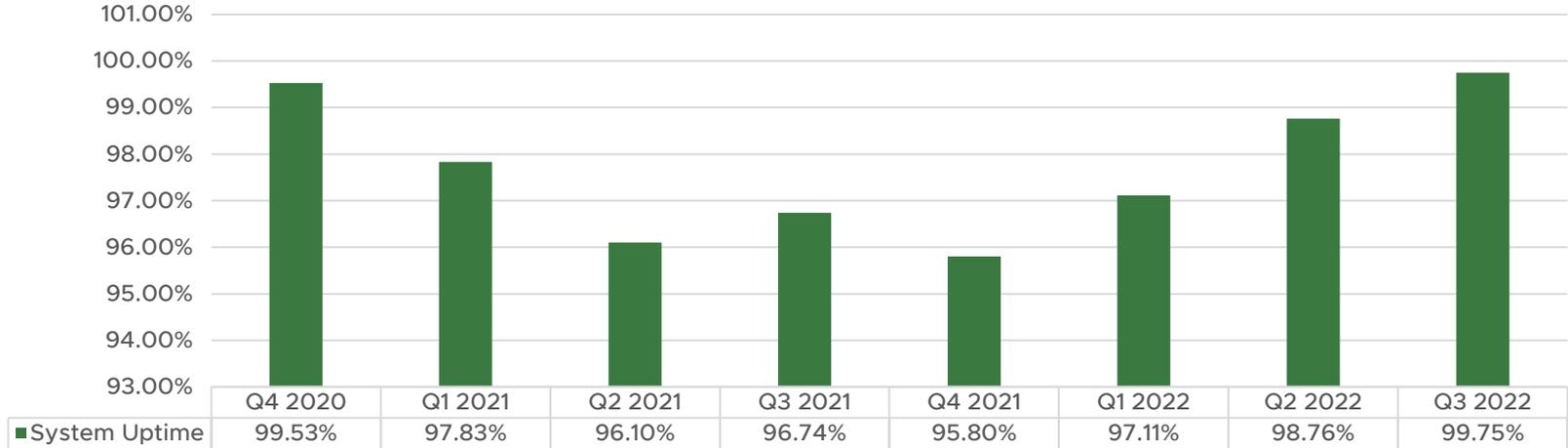
Within the Division, the Policy Analysis and Compliance Section administers the agency's appeals and contested cases. The following table shows the volume of appeals and contested cases filed.

Calendar Year	# Appeals	# Contested Cases
2022	262	41
2021	201	28
2020	253	60
2019	177	41
2018	157	32

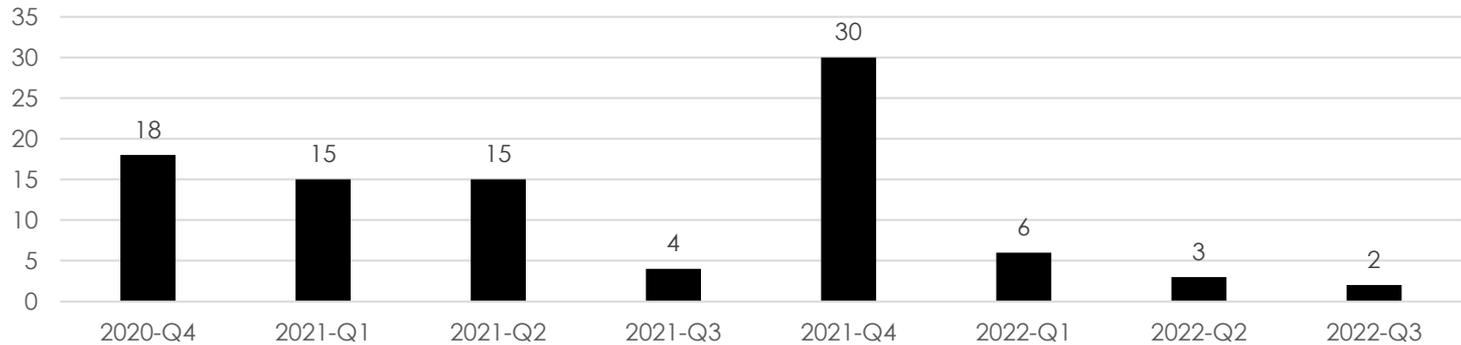
Information Services Division

Performance Information

System Uptime



Batch Incidents



Audit Response Reports

The following external audits were completed in the 2019-21 biennium:

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.

Report # 2019-44: Annual Comprehensive 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.

Audit Response Reports (continued)

2019-21 biennium (cont):

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.

Update as of December 2022: five recommendations remain and are expected to be fully resolved by December 31, 2023.

Report # 2020-42: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020 (Contract Audit)

No significant deficiencies or material weaknesses.

Report # 2021-06: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2020 (Contract Audit)

No significant deficiencies or material weaknesses.

Audit Response Reports (continued)

2019-21 biennium (cont):

Report # 2021-07: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2020 (Contract Audit)

No significant deficiencies or material weaknesses.

Report # 2021-08: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2020 (Contract Audit)

No significant deficiencies or material weaknesses.

2021-23 biennium (to date):

Report # 2021-39: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021 (Contract Audit)

No significant deficiencies or material weaknesses.

Report # 2022-07: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2021 (Contract Audit)

No significant deficiencies or material weaknesses.

Report # 2022-08: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2021 (Contract Audit)

No significant deficiencies or material weaknesses.

Report # 2022-09: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2021 (Contract Audit)

No significant deficiencies or material weaknesses.

Recent Changes to Agency Budget and Management

2021-23 Changes in Management, Major Programs, Service Delivery, and Budget:

- SB 1049 (2019) implementation efforts primary focus of agency efforts
- Continued maturation of Continuity Management and Information Security programs
- Migrated agency server infrastructure to State Data Center using a co-location model
- Migrated to Key Bank
- Migrated to M365 Cloud Solutions
- Reduced space footprint by eliminating building lease (Tualatin)
- Employer Incentive Fund refinanced to allow Cycle One employers who didn't qualify for first round of matching funds to gain match from additional funding in 2022 legislative session.
- Implemented new W4-P tax form as prescribed by IRS
- Actuarial guides developed for employers
- Updated user interface for Online Member Services and Employer Data Exchange
- Redesigned employer statements implemented
- Revised employer guides published
- Successfully launched digital PERS Expo

2021-23 Planned Cost-Containing Measures

- Implementation of Enterprise Portfolio Management to better utilize resources
- Modernization Program sets technology modernization roadmap and begins planning 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
- Refine remote workforce model which contains costs in longer-term.

2021-23 Long-Term Vacancies

DIVISION	Position #	FTE	Type	Vacant Months 7-11	Vacant Months 12+
Operations	9700500	1	PF	1	1
Operations	0911304	1	PF	1	
Operations	9900434	1	PF	1	1
Information Services	9100114	1	PF	1	
Central Administration	2110401	1	PF	1	
Central Administration	2310102	1	PF	1	1
Central Administration	2310105	1	PF	1	1
Operations	2311002	0.88	PF	1	1
TOTAL		7.88		8	5

Supervisory Span of Control Report



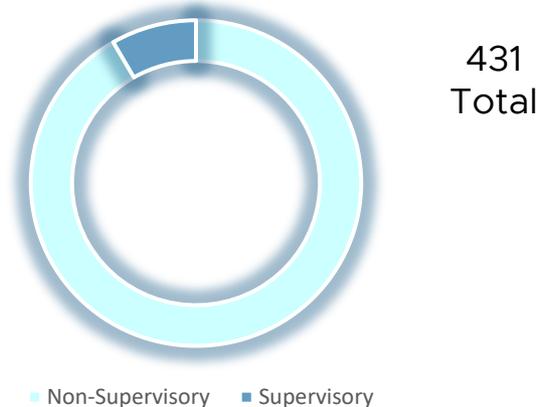
PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

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 2023-25 biennium.

Supervisory ratio for the last quarter of the 2021-23 biennium:

The agency actual supervisory ratio as of 11/01/2022 is 11:1

Company	Supervision Category	Filled	Vacant	Total
Public Employees Retirement System	Non-Supervisory	365	30	395
Public Employees Retirement System	Supervisory	35	1	36
Total		400	31	431



Summary of Statewide Policy Packages for PERS

Package	Package Description	Adjustment Amount
Pkg. 090 Analyst Adj.	Increased Lottery Fund Expenditure limitation to match the Nov 2022 OEA revenue forecast of lottery sports betting proceeds to support PERS Employer Incentive Fund program	\$5,264,383
Pkg. 092 AG Adjustment	Reduces Attorney General rate by 4.62%	(\$79,159)
Pkg. 093 Statewide Adjustment DAS Chrg	Adjustments to State Government charges and DAS pricelist charges for services	(\$1,481,077)
	PERS Total	\$3,701,147

PROGRAM PRIORITIZATION FOR 2023-2025

Public Employees Retirement System

2023-2025 Biennium Agency Number: 45900

PERS-All Programs

Program/Division Priorities for 2023-2025 Biennium																					
1	2	3	4	5	6	7	10	11	14	15	16	18	19	20	22						
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	OF	NL-OF	TOTAL FUNDS	Pos.	FTE	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Comments on Proposed Changes to CSL included in Agency Request							
Agcy	Prgm/ Div																				
1	1	PERS	CH 238	Tier One and Tier Two Programs	KPM #1, 2, 3, 4, 6, 7 & 8	4		11,661,148,836	\$ 11,661,148,836			N	C	Article 1	No Changes to CSL -						
1	1	PERS	OPSRP-IAP	Individual Account Program	KPM #1, 2, 3, 4, 6, 7 & 8	4		1,482,829,663	\$ 1,482,829,663			N	C	Article 1	No Changes to CSL -						
1	1	PERS	OPSRP-DB	Pension Program	KPM #1, 2, 3, 4, 6, 7 & 8	4		160,874,644	\$ 160,874,644			N	C	Article 1	No Changes to CSL -						
			OPSRP-IAP	Third Party Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4		5,810,763	\$ 5,810,763			N	S	ORS 238 A	No Changes to CSL -						
			Admin	Central Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4	19,214,556		\$ 19,214,556	51	51.00	Y	S	ORS 237,238, & 238A	Policy Pkg 102, 111						
			FSD	Financial Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	24,400,400		\$ 24,400,400	34	34.00	Y	S	ORS 237,238, & 238A	Policy Pkg 106						
			ISD	Information Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	30,823,085		\$ 30,823,085	78	78.00	Y	S	ORS 237,238, & 238A	Policy Pkg. 102, 105, 108						
			OD	Operations Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	38,954,451		\$ 38,954,451	200	200.00	Y	S	ORS 237,238, & 238A	Policy Pkg 102,106,108,109,110						
			CARD	Compliance, Audit and Risk Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	10,470,390		\$ 10,470,390	21	21.00	Y	S	ORS 237,238, & 238A	Policy Pkg 104						
							123,862,882	13,310,663,906	\$ 13,434,526,788	384	384.00										

19. Legal Requirement Code
- C Constitutional
 - D Debt Service
 - FM Federal - Mandatory
 - FO Federal - Optional (once you choose to participate, certain requirements exist)
 - S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

PERS administers a single integrated system of retirement, disability and death benefits for employees of public employers throughout Oregon. Business processes, service delivery and support functions for the Retirement, Disability and Death Program are integrated across the divisions (detailed cross references) of the agency. Oregon courts have established that members have a contract right to these benefit programs and, as such, those rights cannot be impaired by law, in accordance with the Oregon Constitution's Article 1. The Retirement, Disability and Death Program is the agency's top priority.

This program frees public employers from the administrative burden of administering individual retirement plans. Economy of scale savings produced. Single plan across the state provides mobility for trained public servants. Provides the Oregon Legislature with the ability to influence public pension policy on a statewide basis.

ORS 237, 238, 238A To ensure the PERS retirement plan remains in compliance with federally mandated pension plan standards, ORS 238.630(3)(g) directs the PERS Board, "Shall adopt rules and take all actions necessary to maintain qualification of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and under regulations adopted pursuant to the Internal Revenue Code. Rules under this paragraph may impose limits on contributions to the system, limits on benefits payable from the system and other limitations or procedures required or imposed under federal law or regulation for the purpose of qualification of the Public Employees Retirement System and Public Employees Retirement Fund under the Internal Revenue Code as a governmental plan and trust."

Other Funds Ending Balances

Treasury Fund #/Name	2021-23 Ending Balance		2023-25 Ending Balance		Comments
	In LAB	Revised	In CSL	Revised	
Public Employees Retirement Fund 4091/4791/7651	61,572,958,769	78,018,730,799	80,658,973,617	77,077,376,274	Balances more closely reflect actual fund balances and investment returns. Expected investment returns forecasted at 3%
Retiree Health Insurance Trust Fund 5171	874,778,627	800,303,812	808,366,566	816,903,531	Strong investment returns combined with employer contributions continue to outpace benefit payments. Revising CSL ending balance to more closely reflect actual balances.
Retiree Health Insurance Premium Account Trust Fund 6111	107,322,824	98,855,606	106,244,537	120,883,454	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	98,716,917	94,452,564	107,928,015	80,297,255	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	11,425,470,443	12,372,497,320	13,084,924,226	15,464,482,913	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	11,959,665,046	14,082,689,686	14,293,214,302	14,925,837,970	Balances more closely reflect actual fund balances and investment returns.

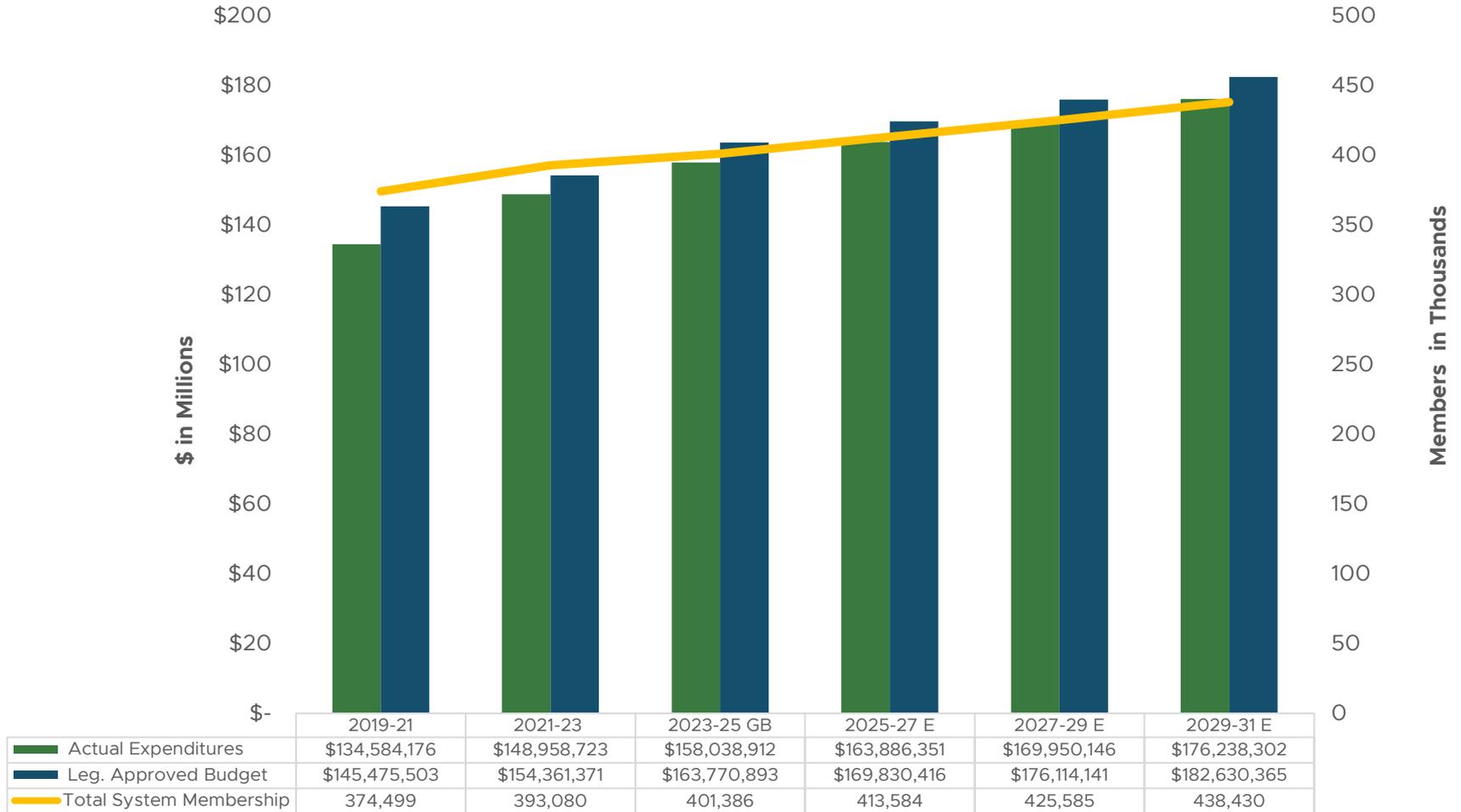
Other Funds Ending Balances (continued)

Treasury Fund #/Name	2021-23 Ending Balance		2023-25 Ending Balance		Comments
	In LAB	Revised	In CSL	Revised	
Deferred Compensation Fund 7661	1,800,000	533,343	36,614	86,416	Fees are based on fluctuating member participation. No change from CSL forecast.
Public Employee Benefit Equalization Fund 7652	94,444	89,643	230,331	143,650	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	220,282	301,908	427,484	363,615	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

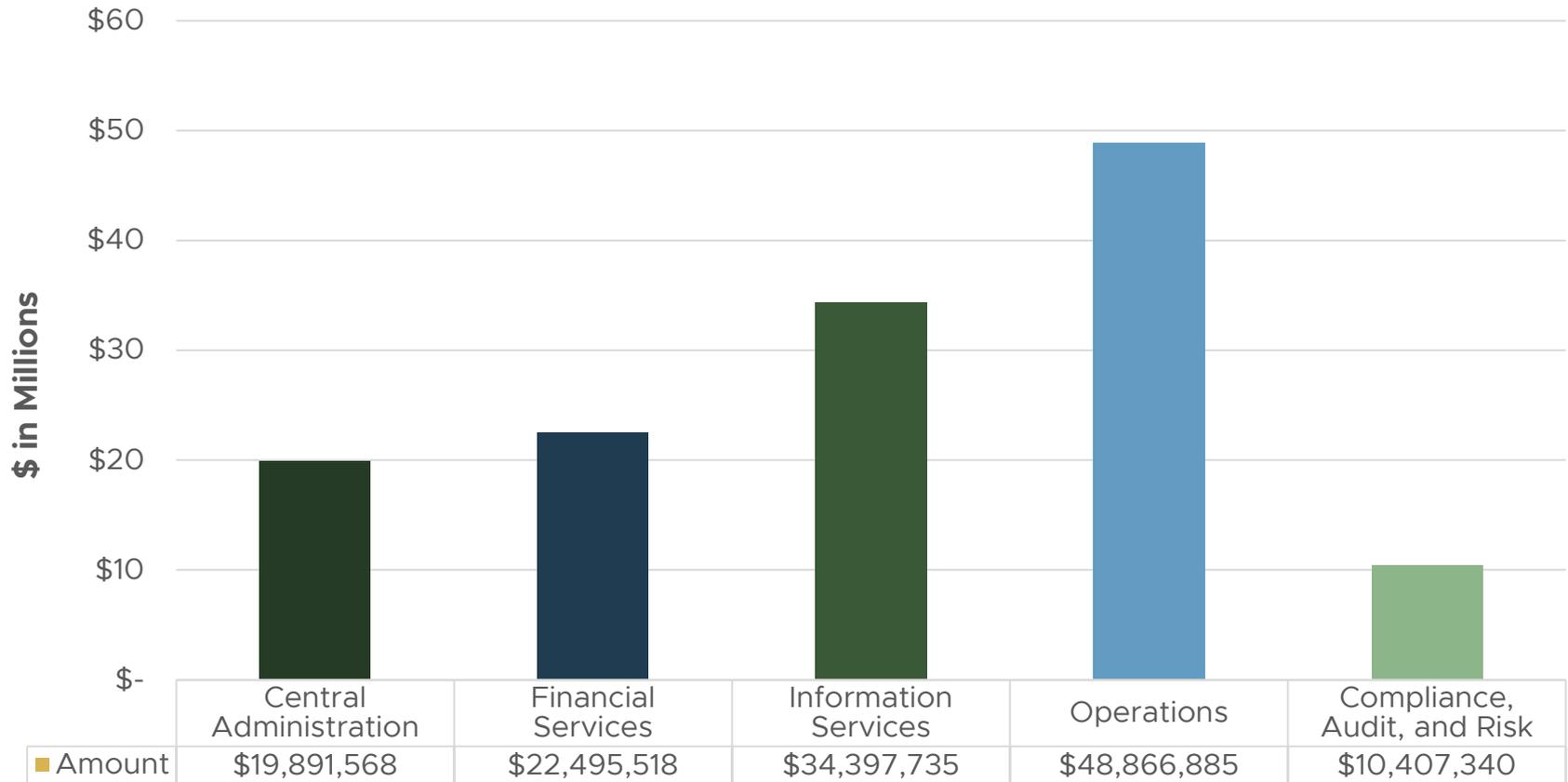
	2015-17	2017-19	2019-21	2021-23	2023-25 GB
Limited:					
Other Funds- Personal Srvcs	69,524,819	73,391,547	87,631,628	97,389,473	105,449,576
Other Funds - Srvcs/Supplies	35,302,823	26,851,571	55,670,545	52,450,193	56,728,312
Other Funds - Capital Outlay	2,121,807	1,294,352	2,173,331	723,908	1,593,003
Operating Budget	106,949,449	101,537,470	145,475,504	150,563,576	163,770,893
Other Funds Debt Srvc	1,290,750				
Total	108,240,199	101,537,470	145,475,504	150,563,576	163,770,893
Permanent Positions	374	371	379	385	423
Limited Positions	8	6	38	38	17
Total Positions	382	377	417	423	440
Non-Limited:					
Other Funds	9,723,458,062	10,994,171,000	12,493,087,721	12,886,613,593	13,523,120,517
Lottery Funds				19,461,706	22,056,622
General Funds			100,000,000	17,250,000	
Total	9,723,458,062	11,095,708,470	12,593,087,721	12,906,075,299	13,545,177,139
Total Expenditures	9,831,698,261	11,095,708,470	12,738,563,225	13,073,888,875	13,708,948,032
% YOY Growth NL	4.97%	12.86%	14.81%	2.63%	4.86%
% Limited Budget	1.09%	0.92%	1.14%	1.15%	1.19%

Agency Limited Operating Budget and Expenditures / Biennium

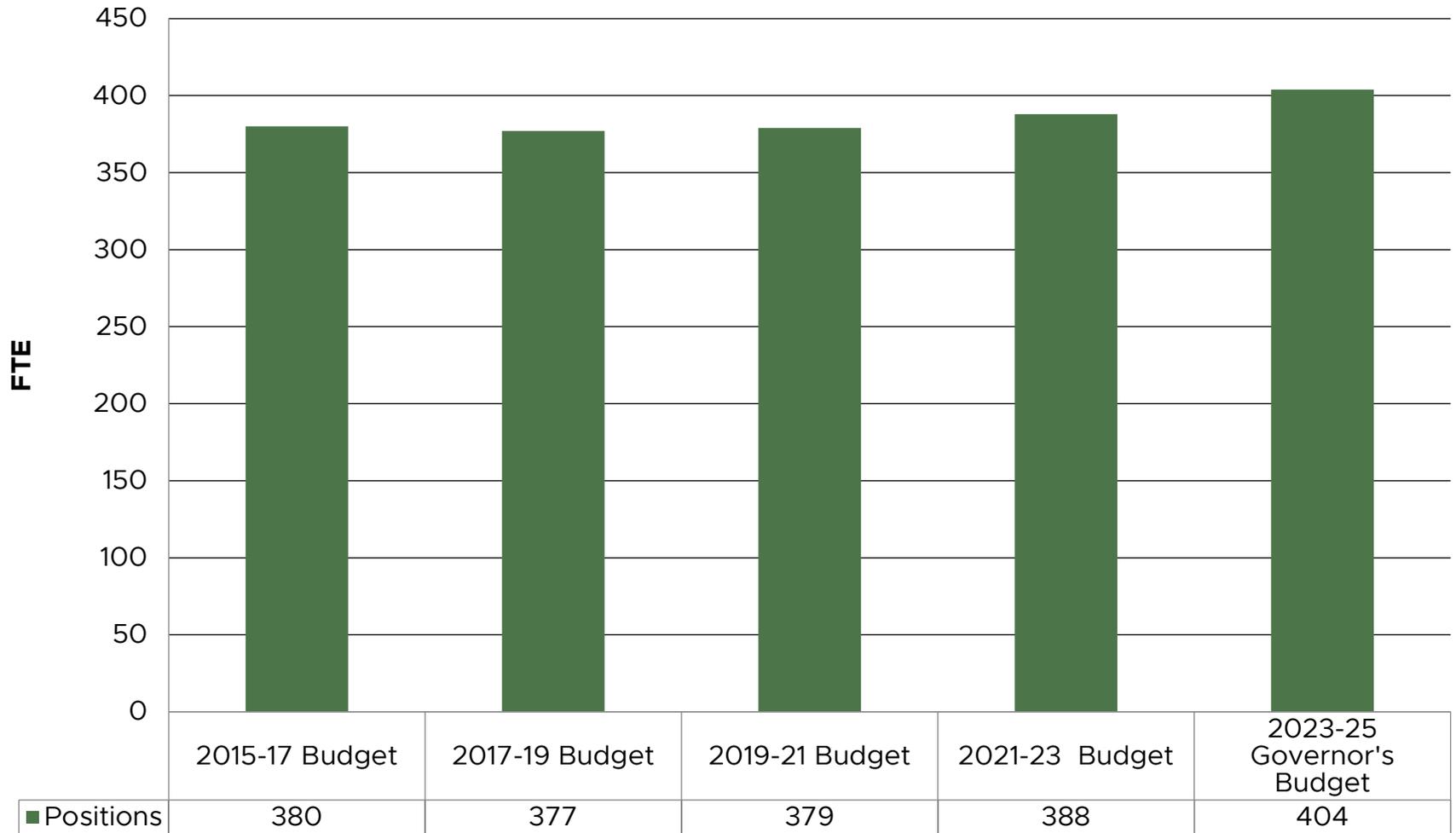


Operating Budget by Division Excluding CRSA

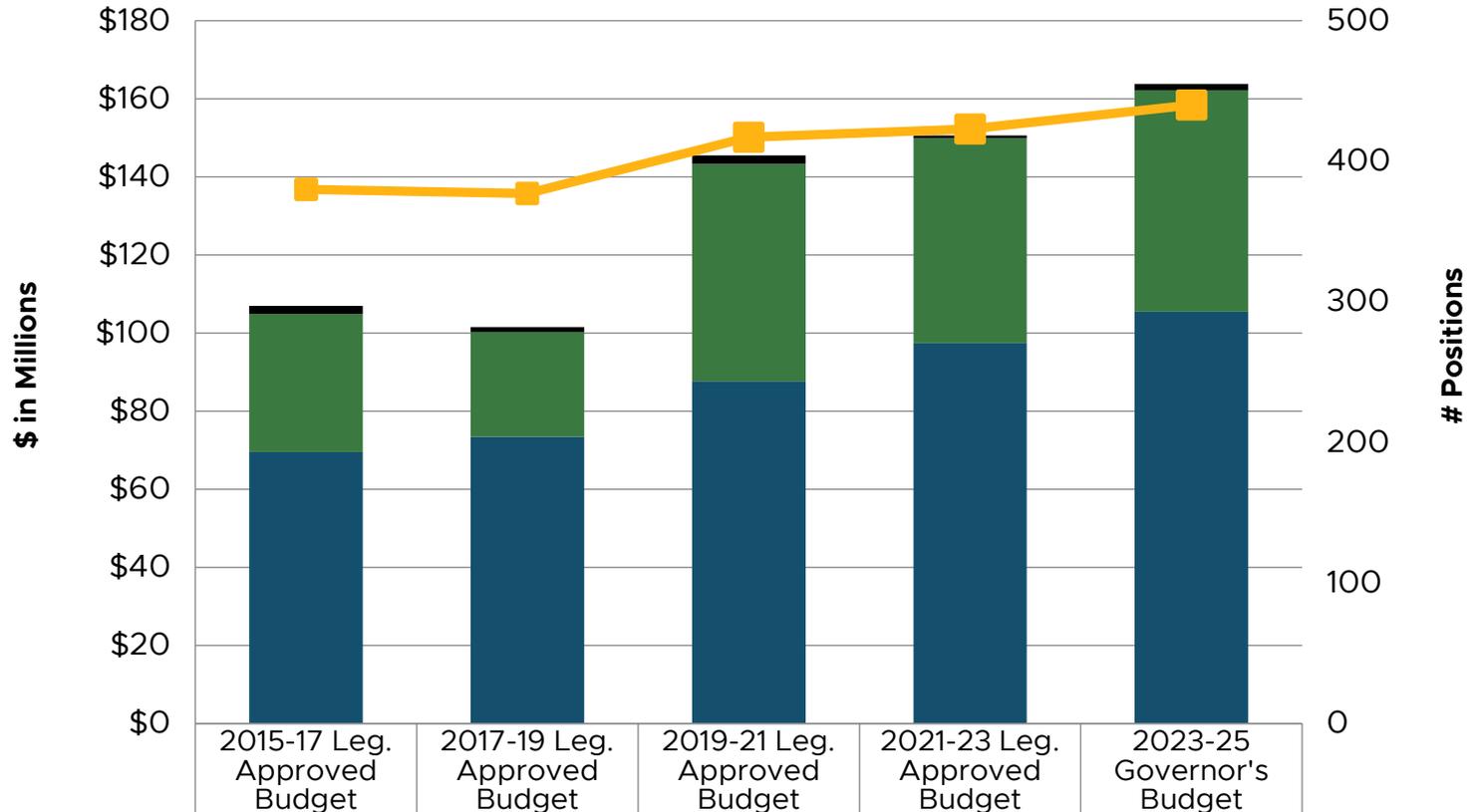
Agency 2023-25 Governor's Budget: **\$136,059,046**



Agency Staffing Excluding CRSA



Expenditures and Position Count Including CRSA



Capital Outlay	\$2,121,807	\$1,294,352	\$2,173,331	\$723,908	\$1,593,003
Services & Supplies	\$35,302,823	\$26,851,571	\$55,670,545	\$52,450,193	\$56,728,312
Personal Services	\$69,524,819	\$73,391,547	\$87,631,613	\$97,389,473	\$105,449,576
Number of Positions	380	377	417	423	440

Summary of Policy Option Packages 2023-25

Package 101 – SB 1049 Implementation \$18,138,772 FTE 20.00

This request continues the agency’s efforts to implement SB 1049. The request includes 20 limited duration positions to assist with implementation and workload increases as the implementation efforts finish over the course of this biennia. Additional costs for contract services are estimated at \$14.5M at this time.

Package 102 – SB 1049 Permanent \$1,887,761 FTE 9.00

Throughout the SB 1049 project, PERS has relied on limited duration positions, requesting and receiving approval for 35 limited duration positions in the 2021-23 biennium.

Package 103 – ORION Modernization \$9,573,073 FTE 14.41

This request is for limitation for the core retirement system administration. PERS proposes to establish a program of projects focused on modernizing its core pension administration system, business processes, and supporting technology systems to ensure we can continue to meet our mission of paying the right person the right benefit at the right time.

Summary of Policy Option Packages 2023-25 (Continued)

Package 105 – IT Hardware and Subscriptions \$2,156,000 FTE 0.00

This request addresses the upcoming need to complete the seven-year cyclical refresh that is required of the agency's ORION hardware. Currently, most of the hardware is end-of-life and end-of-support at the beginning of the 2023-25 biennium.

Package 106 – PERS Health Insurance Plan Administration \$367,960 FTE 0.00

This request provides limitation in the Operations Division to fund the difference between the previous consulting costs and the current consulting costs.

Package 107 - Maintain Service Levels \$90,585 FTE 4.40

This request provides limitation in the Information Services Division to add an additional five full-time positions that will provide ORION release management and quality assurance and system administration staff to maintain the increased frequency of software releases and system changes required to maintain current service levels.

Package 108 – Retirement Workload \$161,205 FTE 0.88

This request is limitation in the Operations Division to hire a Retirement Counselor 2 position to augment the Team One Follow-up (TOFU) group, providing more consistent and timely service to members and agency.

Summary of Policy Option Packages 2023-25 (Continued)

Package 109 – Qualifying/Non-Qualifying \$523,653 FTE 3.00

This request provides limitation in the Operations Division for the budgetary extension of the three limited duration (LD) positions dedicated to the qualifying/non-qualifying (Q/NQ) project.

Package 110 – Position Reclassification \$58,744 FTE 0.00

This is a request for reclassifying four positions in the Calculations section to address the growing backlog of calculations and service retirements. This will enable the agency to maintain service level agreements and increase customer service.

Package 111 – Increase Agency Support Services \$365,613 FTE 1.88

This request is to better prepare and align our human capital management plans to PERS' mission and strategic goals. This will enable the executive team to leverage the workforce to achieve results. The agency is requesting to hire a Human Resource Analyst 3 and convert one limited duration Office Specialist 2 to permanent status.

Additional Resources

Agency 2023-25 Governor's Recommended Budget

- **TBD**

Milliman December 31, 2021, System-Wide Valuation

- Annual actuarial report of the system assets and liabilities
<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2022/12312021%20Actuarial%20Valuation.pdf>

Annual Comprehensive Financial Report (ACFR) – Fiscal Year End June 30, 2022

- Report of all funds over which the PERS Board exercises authority
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-ACFR.pdf>

PERS by the Numbers – Updated December 2021

- 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 2021

- 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 2023-2028

- 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>