

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



**2023-25
Budget Presentation**

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

**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 and Agency Funding
- Summary of Programs and Services
- Organizational Structure and Divisional Budgets
- Major Budget Drivers 2023-25
- Budget Risks and Environmental Factors
- Agency Changes Past Six Years
- Agency Program Changes and Service Delivery 2021-23
- 2023-25 Proposed Technology Projects
- Key Legislation 2023 Session
- Agency Cost Containing Measures
- 10% Budget Reduction Options

Day Two Reference Materials (Appendix)

- Mission, Vision, Values
- Strategic Plan and 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

Day Three

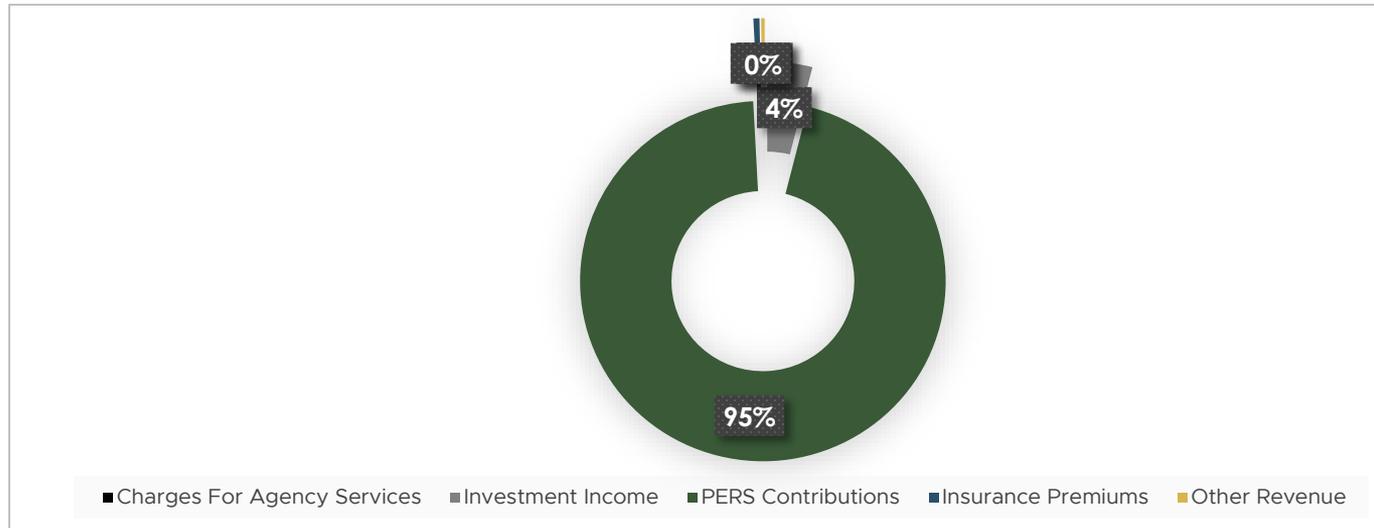
Statutory Reporting

- Preliminary Earnings Crediting Report for Calendar Year 2022
- Senate Bill 1566 (2018) Reports:
 - General Status Update
 - School District Unfunded Liability Fund Update

System and Agency Funding

FY 2022

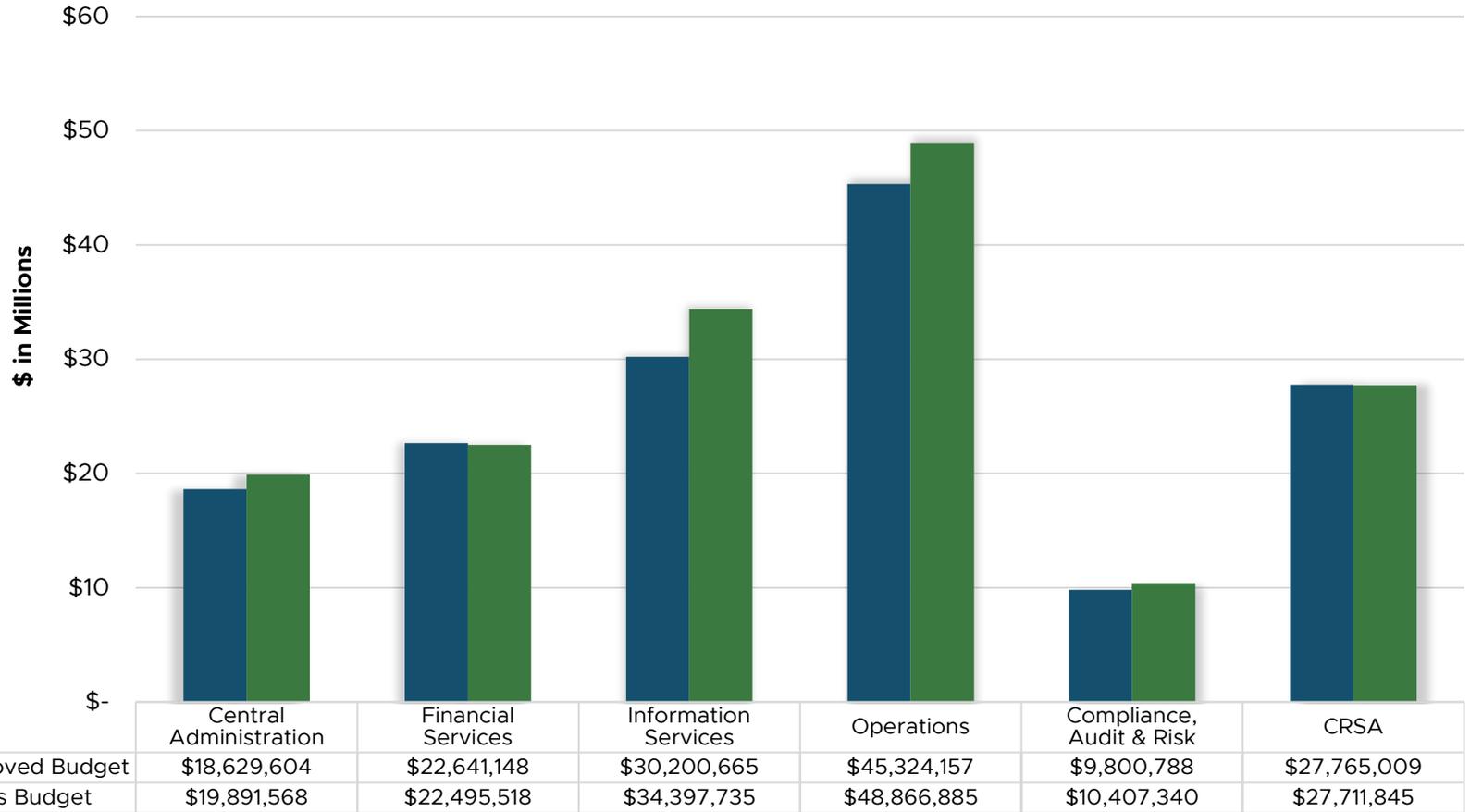
Category	Amount Received
Charges for Agency Services	\$98,589
Investment Income	\$ 209,857,528
PERS Contributions	\$5,026,772,634
Insurance Premiums	\$28,295,570
Other Revenue	\$16,384,910
Total Fiscal 2022	\$5,281,409,231



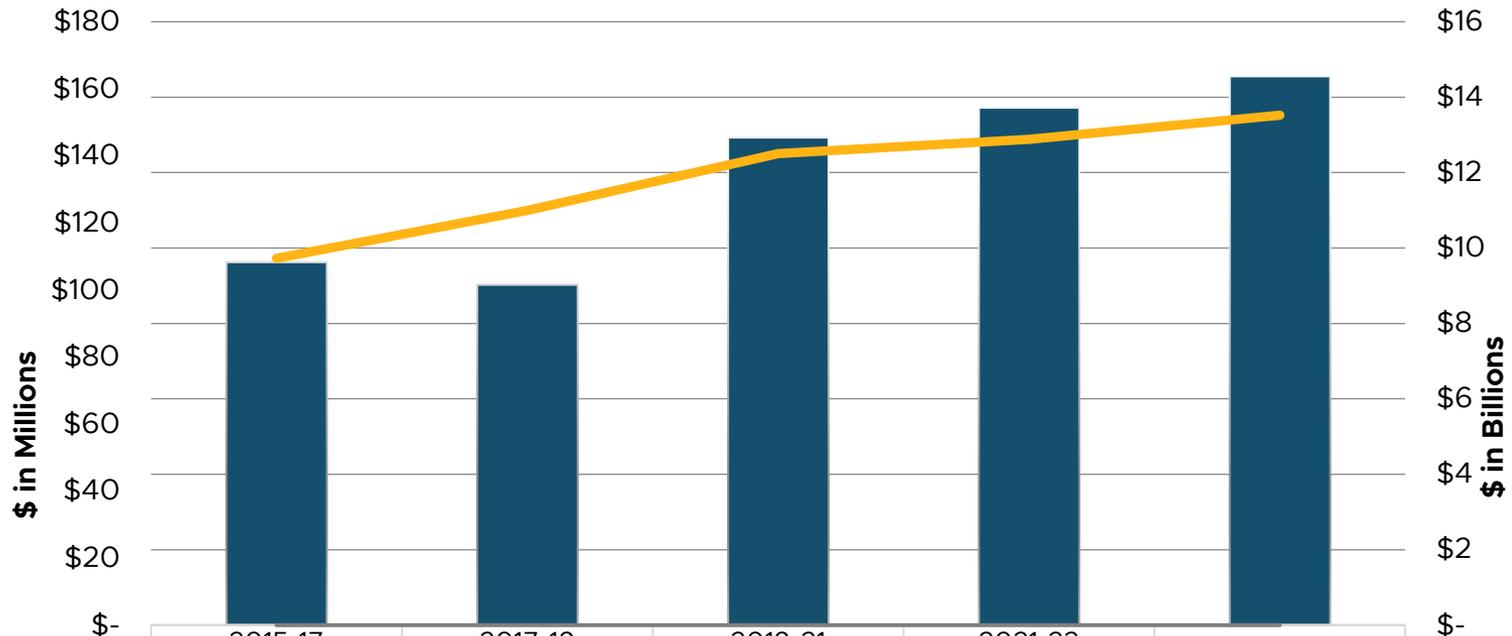
Agency Operating Budget

Agency Legislatively Approved Budget 2021-23: **\$154,361,371**

Agency Governor's Budget 2023-25: **\$163,770,893**



Agency Limited and Non-Limited Budget



	2015-17 Legislatively Approved Budget	2017-19 Legislatively Approved Budget	2019-21 Legislatively Approved Budget	2021-23 Legislatively Approved Budget	2023-25 Governor's Budget
Limited	\$108,240,199	\$101,537,470	\$145,475,503	\$154,361,371	\$163,770,891
Non-Limited	\$9,723,458,06	\$10,994,171,0	\$12,504,627,1	\$12,886,613,5	\$13,523,120,5
FTE	380	377	417	423	440

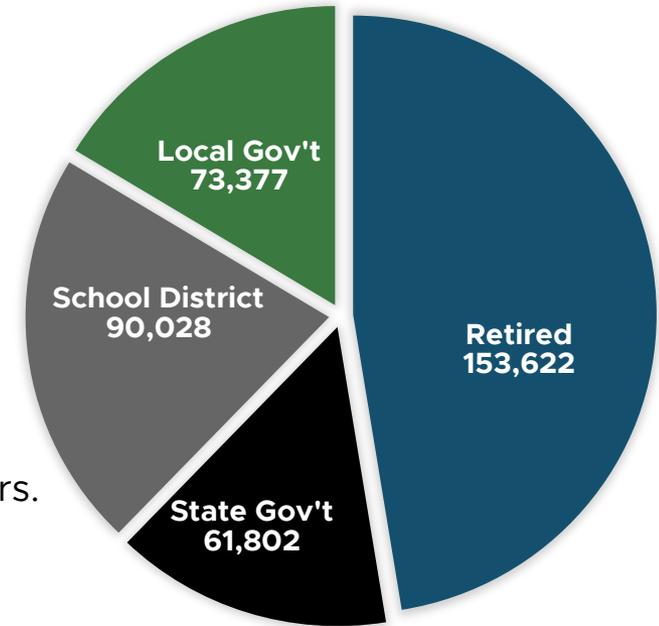
The Agency

Under the oversight of the board, and in alignment with statute, the agency administers:

- Retirement, death, and disability benefits.
- Other post-employment benefits.
- Retiree health insurance programs.
- The state-sponsored deferred compensation plan.
- The federal Social Security program.

The agency serves*:

- 900+ public employers.
- 393,080 active, retired, and inactive members.
- 53,226 post employment health insurance plan members.
- 37,613 Oregon Group Savings Plan Members.



Biennium	Total Membership
2015-17	345,882
2017-19	355,449
2019-21	367,853
2021-23	393,080

* As of June 30, 2022

Summary of Agency Programs

Tier One and Tier Two Plans (Non-Limited Budget)

- Statutorily created (ORS Chapter 238) public employee retirement benefit plans. 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.
- 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 are funded by employer contributions and pre-2004 member contributions to June 30, 2020. Employee Pension Stability Accounts (EPSA) were established July 1, 2020: 2.50% of IAP redirected if member earns more than \$3,570 per month in 2023 (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

Tier One and Tier Two

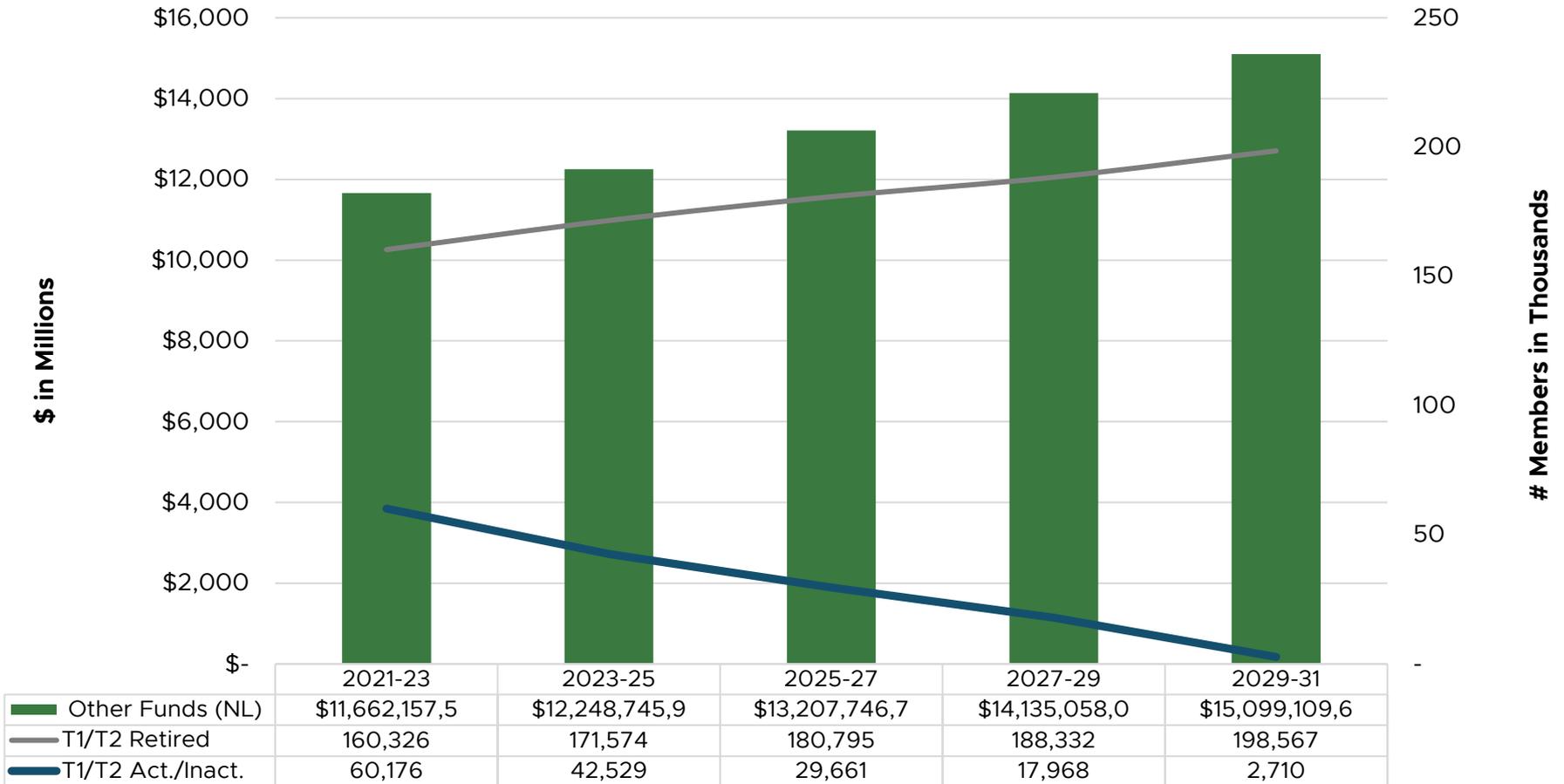
Performance Metrics

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
2021	65,914	156,500	\$5.31	\$84.33
2022	60,176	160,326	\$5.54	\$83.77

Data for each fiscal year sourced from the Annual Comprehensive Financial Report for the fiscal year ended June 30.

Tier One and Tier Two

Plan Membership and Expenditure (*future years*)



Summary of Agency Programs

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

- OPSRP was created in 2003. Financed with Other Funds, OPSRP 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 established July 1, 2020: 0.75% of IAP contribution is redirected if member earns more than \$3,570 per month in 2023 (increased by CPI yearly) to fund benefit accruals on and after that date.
- 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.

Oregon Public Service Retirement Plan

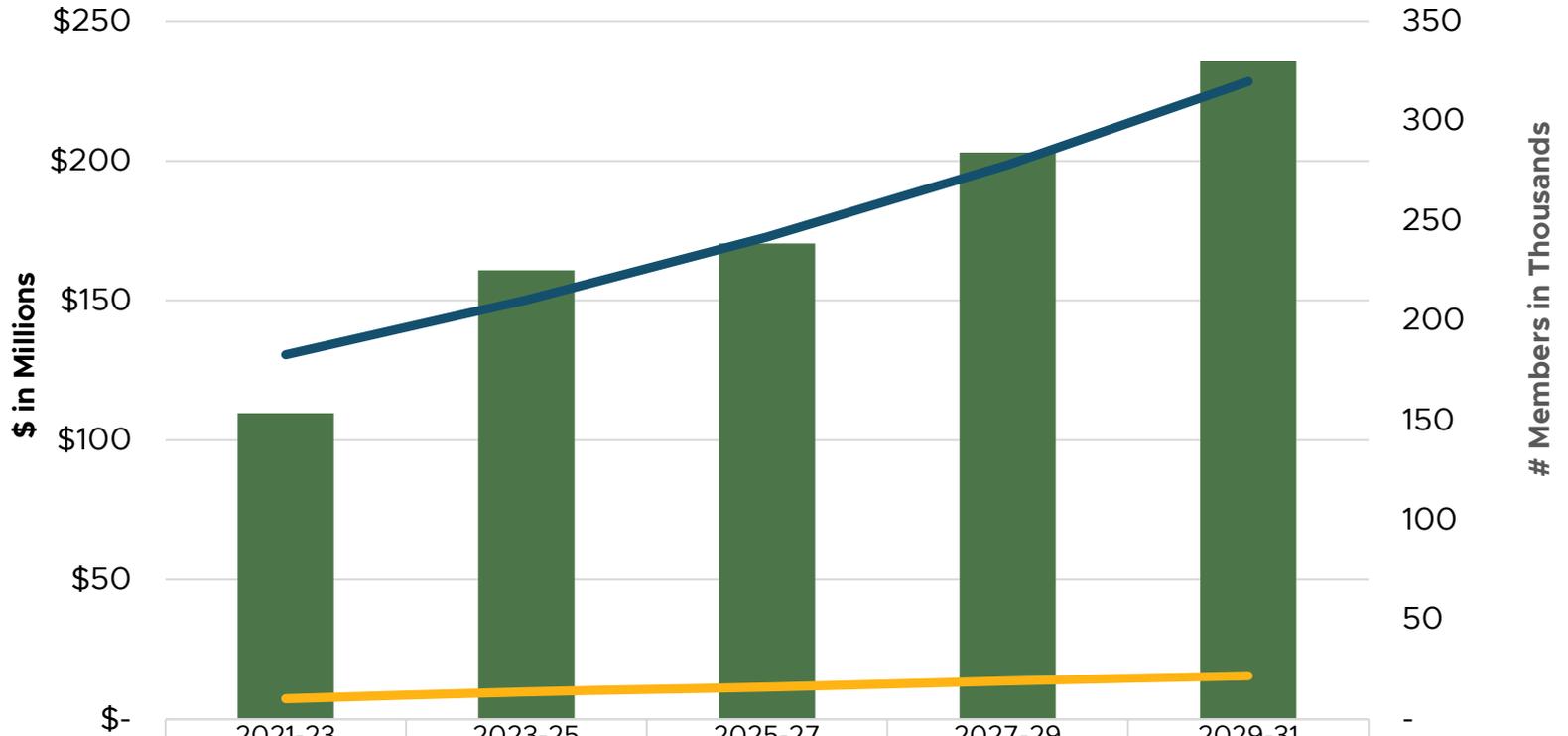
Performance Metrics

Fiscal Year	Total OPSRP Members	Total Retired OPSRP 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
2021	170,879	8,311	2,354	\$68.60	\$9.27
2022	182,808	10,230	2,315	\$88.93	\$10.40

Data for each fiscal year sourced from the Annual Comprehensive Financial Report for the fiscal year ended June 30.

Oregon Public Service Retirement Plan

Plan Membership and Expenditure (est. future years)



	2021-23	2023-25	2025-27	2027-29	2029-31
Other Funds (NL)	\$109,636,842.	\$160,874,644.	\$170,459,377.	\$203,052,661.	\$235,854,438.
OPSRP Membership	182,808	210,229	241,764	278,028	319,732
OPSRP Retired	10,230	13,666	16,091	19,190	21,840

Summary of Agency Programs

Individual Account Program (Non-Limited Budget)

- 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 their separate IAP account effective January 1, 2004.
- Funded by member contributions (6% of salary).
- The 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.
 - More than 7,100 members chose to make voluntary contributions since inception.
- Senate Bill 1049 instituted Member Choice for IAP participants, beginning January 2021. Annually, PERS informs members of a one-month period during which they can choose a Target-Date Fund for your IAP investments different from the default fund based on their birth year.
 - More than 450 members chose to change their fund choice for 2023 (685 in 2022, 1,300 in 2021).

Individual Account Program

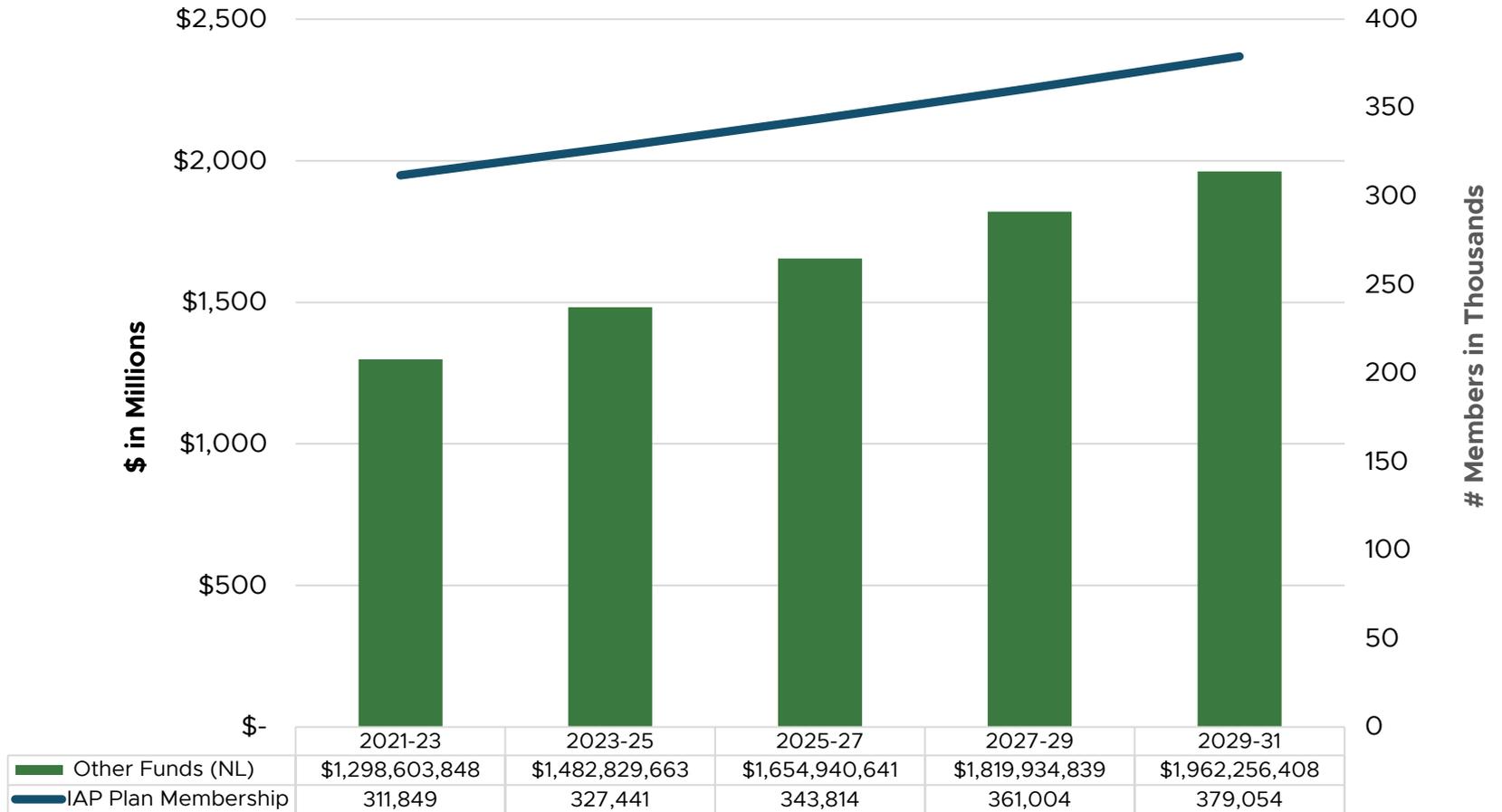
Performance Metrics

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
2021	294,234	8,427	\$590.73	\$12.79
2022	311,849	13,868	\$756.87	\$12.45

Data for each fiscal year sourced from the Annual Comprehensive Financial Report for the fiscal year ended June 30.

Individual Account Program

Plan Membership and Expenditure (est. future years)



Summary of Agency Programs

Retirement Health Insurance Programs (Non-Limited Budget)

- 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.

Retirement Health Insurance Programs

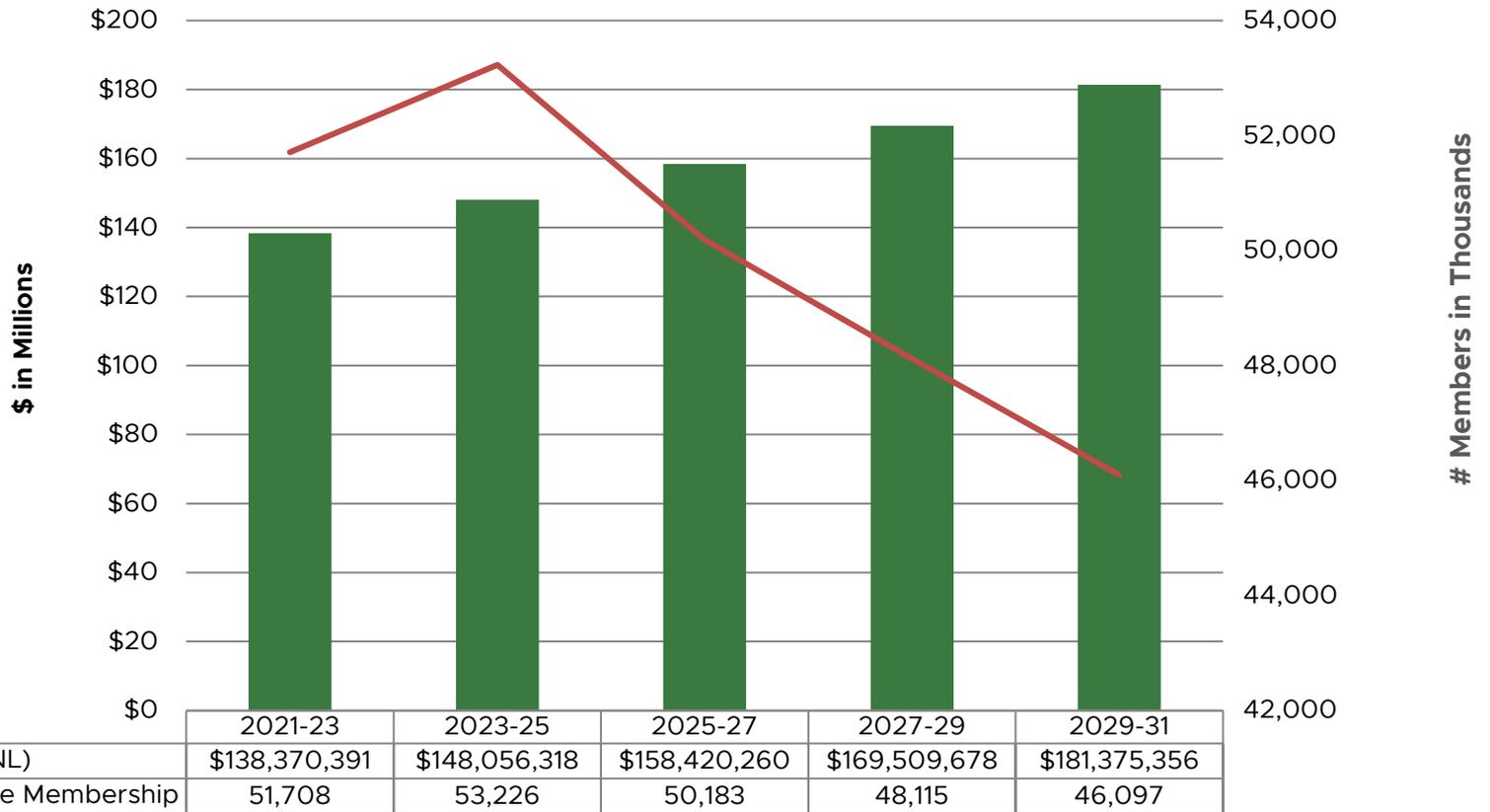
Performance Metrics

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
2021	53,226	42,857	690	\$127.11	\$931.11
2022	51,708	41,718	607	\$35.24	\$93.48

Data for each fiscal year sourced from the Annual Comprehensive Financial Report for the fiscal year ended June 30.

Retirement Health Insurance Programs

Plan Membership and Expenditure (est. future years)



Summary of Agency Programs

Oregon Savings Growth Plan (Non-Budgeted)

- 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.
- The plan is available to all state employees and those school districts and local government employers that choose to offer it.
- Program allows participants to save additional funds for retirement while reducing their current taxable income.
- Serves more than 33,000 current and former state agency, school district, and local government employees.
- As of June 30, 2022, plan assets were valued at approximately \$2.5 billion.
- 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.
- OSGP is non-budgeted as the costs of administration are borne by the member.

Oregon Savings Growth Plan

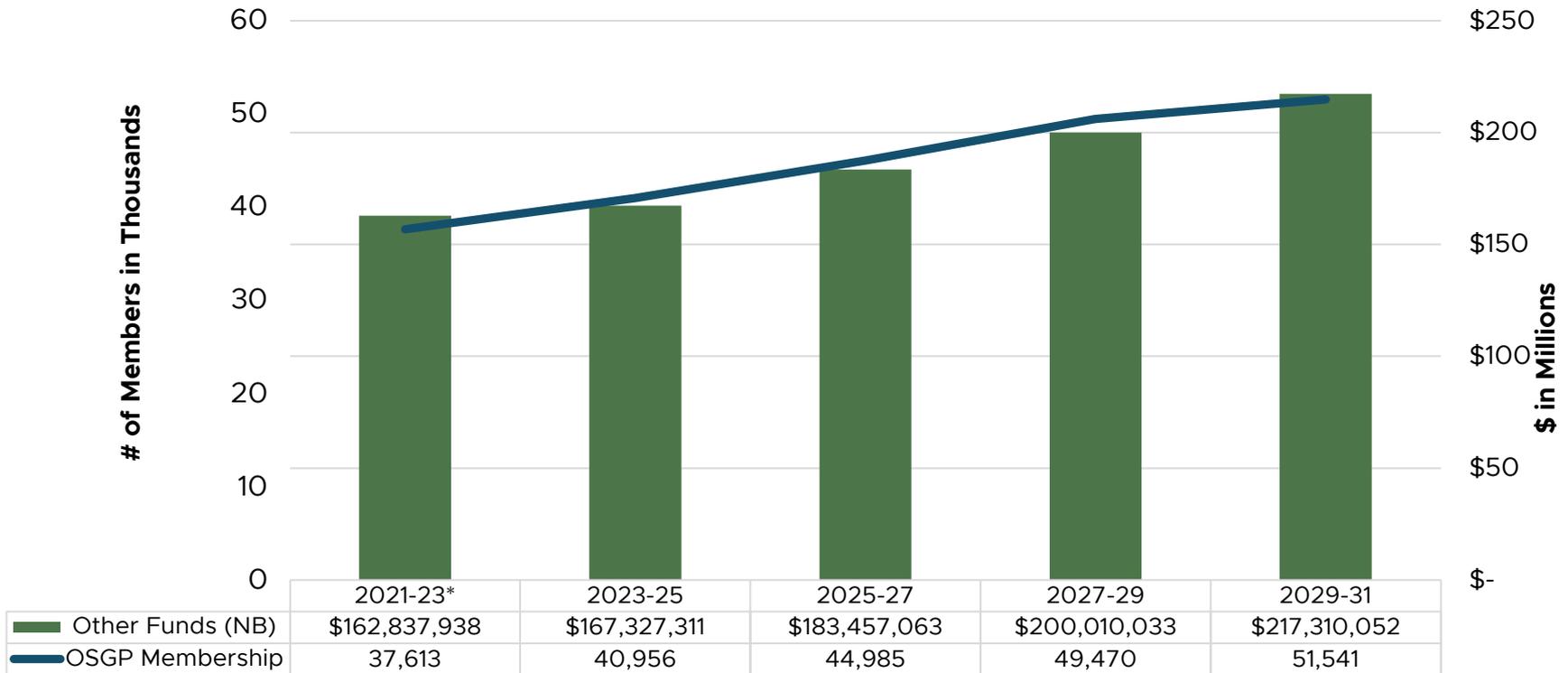
Performance Metrics

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
2021	37,394	\$2,419,306	\$139.03	\$2.82
2022	37,613	\$2,214,566	\$162.84	\$2.50

Data for each fiscal year sourced from the Annual Comprehensive Financial Report for the fiscal year ended June 30.

Oregon Savings Growth Plan

Plan Membership and Expenditure (est. future years)



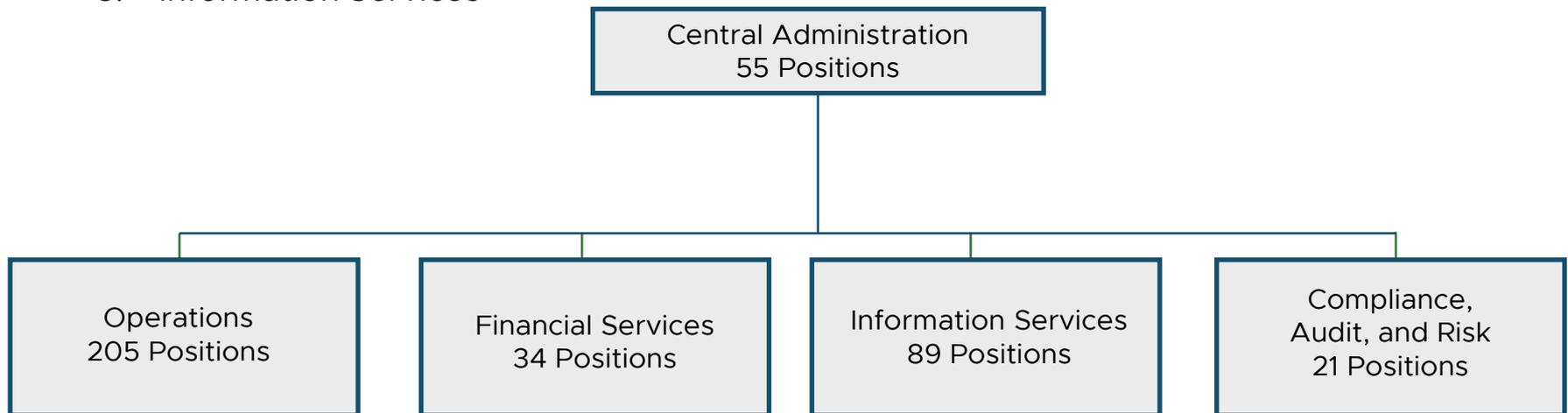
* Estimated Actual

How the Agency Works

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

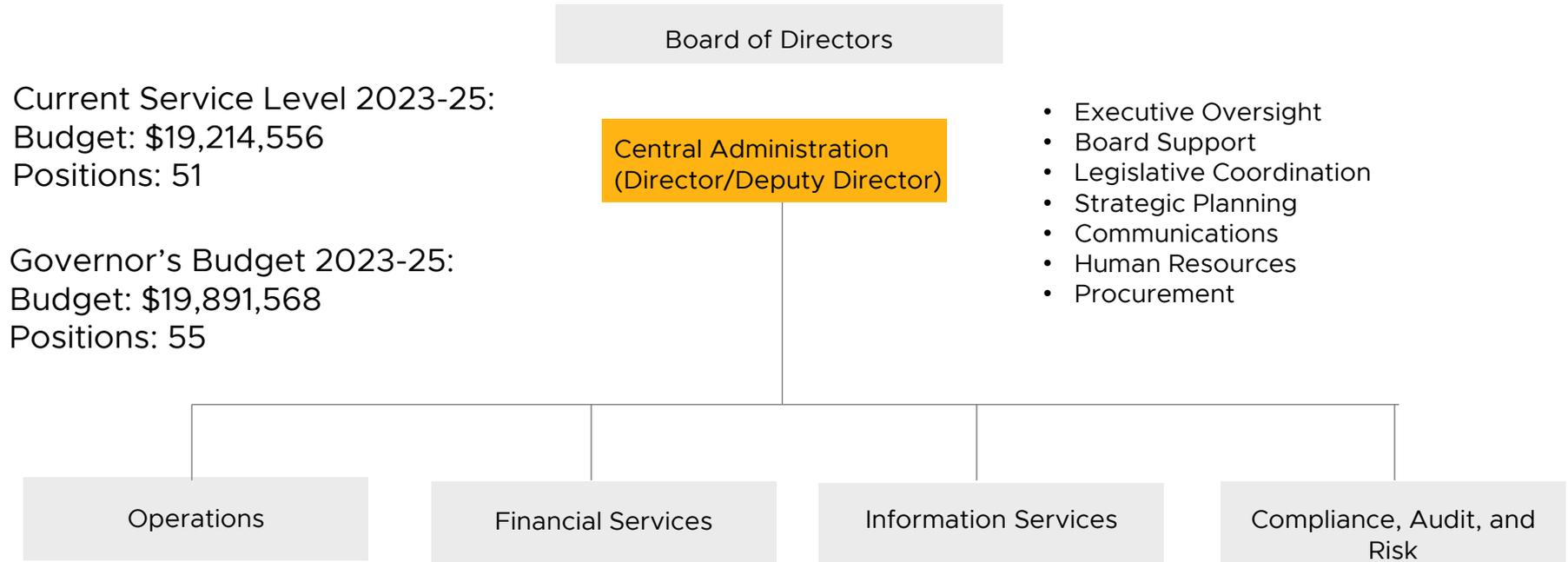
The divisions are:

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



Position totals sourced from 2023-25 Governor's Budget

Central Administration Overview



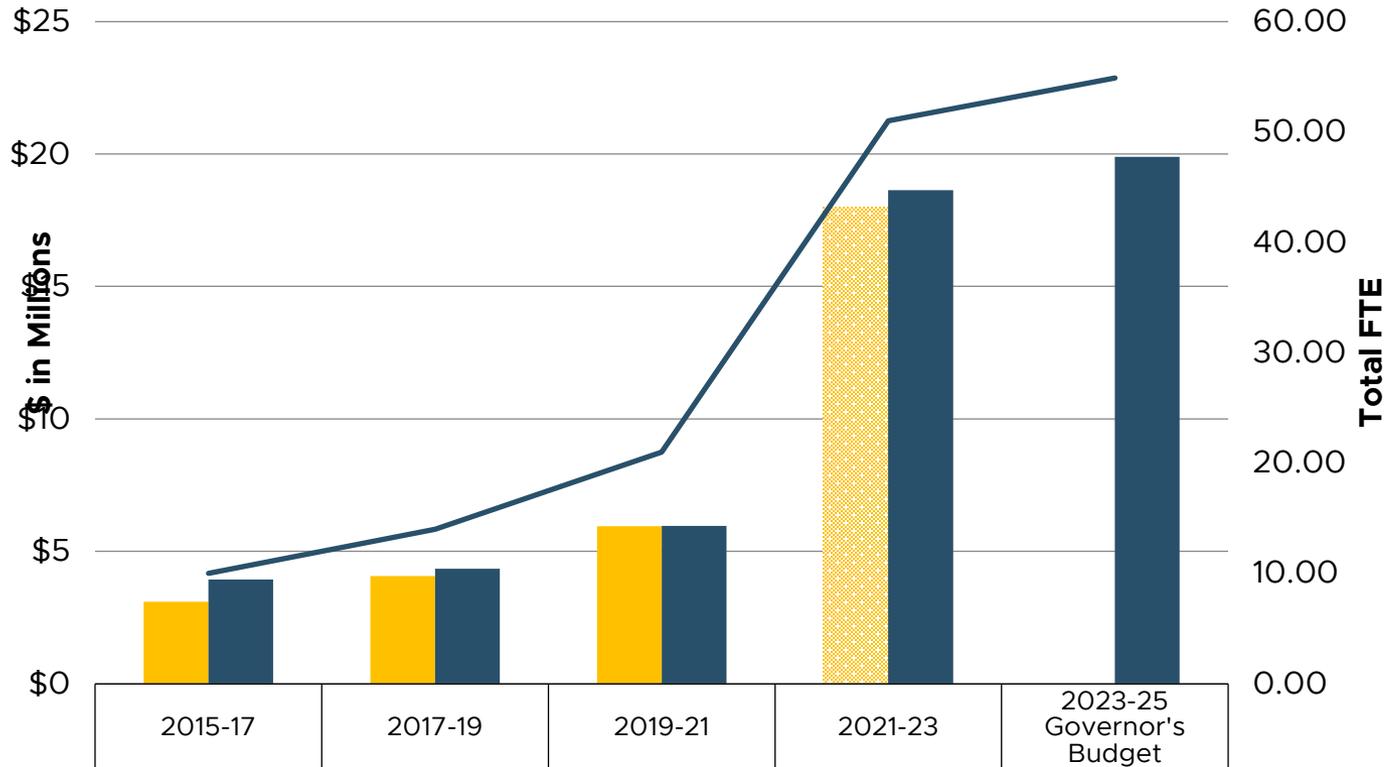
Current Service Level 2023-25:
Budget: \$19,214,556
Positions: 51

Governor's Budget 2023-25:
Budget: \$19,891,568
Positions: 55

- Enabling legislation for PERS operations (administrative costs) are:
- Oregon Revised Statute (ORS) 237.500; 238.490 and 610; and 243.470.
 - Oregon Administrative Rules Chapter 459

Central Administration

Budget to Actuals



Actuals *	\$3,096,695	\$4,063,956	\$5,950,617	\$17,977,568	
Leg. Approved Budget	\$3,932,628	\$4,341,844	\$5,958,740	\$18,629,604	\$19,891,568
FTE	10.00	14.00	21.00	51.00	54.88

**Projected actuals*

Central Administration

	Amount	FTE
Policy Packages		
Pkg. 90-93 CFO Analyst Adjustments	(\$71,158)	
Pkg. 102 SB 1049 Permanent Workload	\$382,557	2.00
Pkg. 111 Increase Agency Support Service	\$365,613	1.88
Subtotal Policy Packages	\$677,012	3.88
2023-25 Total Governor's Budget	\$19,891,568	54.88

Package 102– SB 1049 Permanent \$382,557 FTE 2.00

This request satisfies permanent funding for nine full-time positions, across multiple divisions, because of increased and sustained workloads and IT system support that resulted from SB 1049 changes to the PERS system. Staff have been involved, to some degree, in the implementation of SB 1049. Over the course of this last year as projects have concluded, PERS has determined that some of the SB 1049 limited duration positions need to be continued permanently.

Package 111 - Agency Support Service FTE 2.00

The Central Administration Division provides leadership and support services necessary to achieve the agency's key goals in support of the mission, vision, core values, and operating principles. Services are provided to all departments throughout the enterprise. The division is recognized as the center of excellence in developing solutions for and implementing critical agency decisions.

10% Reductions Options (ORS 291.216): \$1,921,456

Operations Division Overview

Current Service Level 2023-25:
Budget: \$43,985,040
Positions: 203

Governor's Budget 2023-25:
Budget: \$48,866,885
Positions: 205

Board of Directors

Central Administration

Operations

Financial Services

Information Services

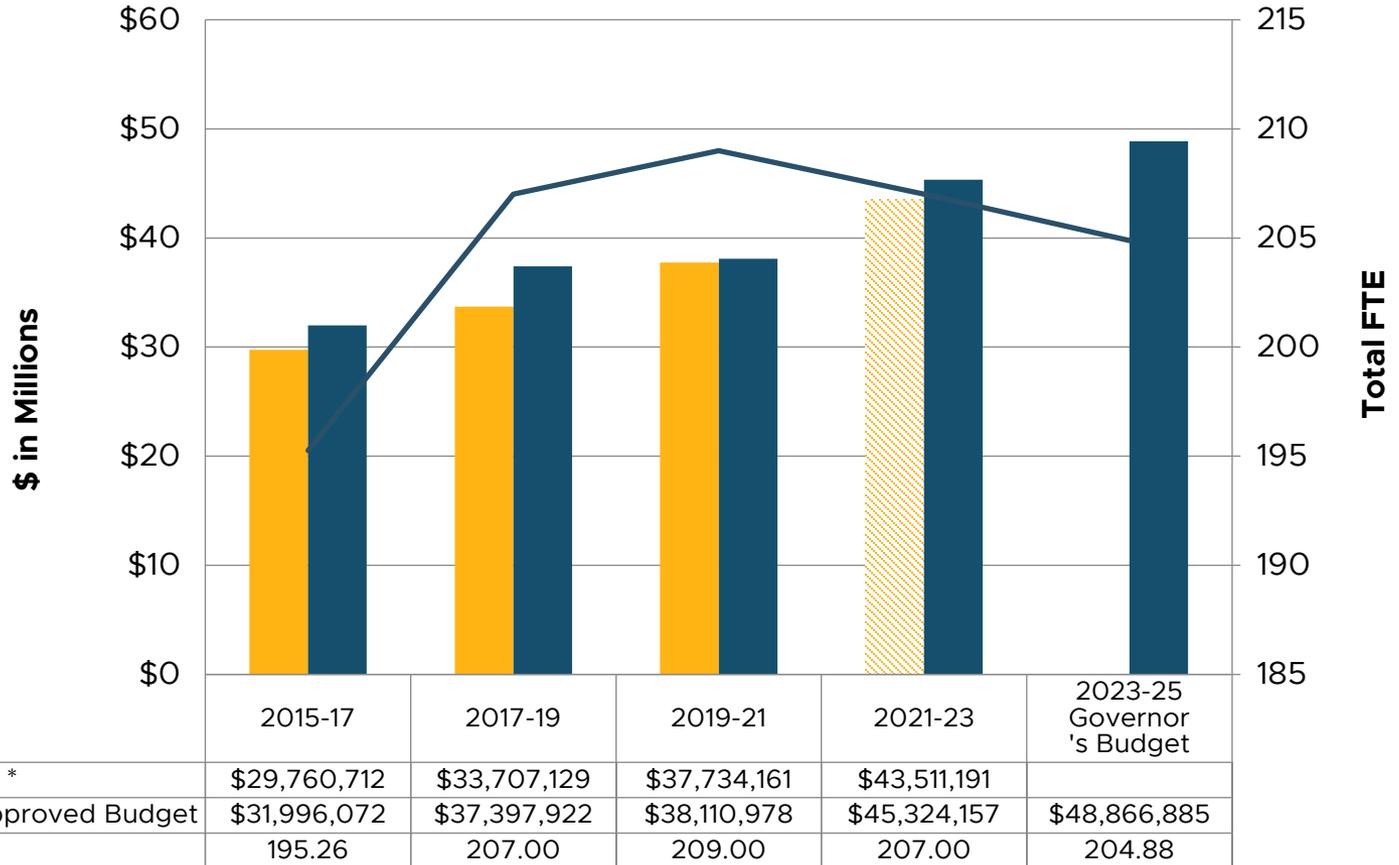
Compliance, Audit, and Risk

- Member Information
- Employer Service Center
- Benefit Application Intake and 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

Operations Division

Budget to Actuals



*Projected actuals

Operations Division

	Amount	FTE
Policy Packages		
Pkg. 90-93 CFO Analyst Adjustments	(\$10,620)	
Pkg. 102 SB1049 Permanent Workload	\$166,613	1.00
Pkg. 106 PHIP Administration	\$867,960	0.00
Pkg. 108 Retirement Workload	\$161,205	0.88
Pkg. 109 Qualifying/Non-Qualifying	\$523,653	3.00
Subtotal Policy Packages	\$1,708,811	4.88
2023-25 Total Governor's Budget	\$48,866,885	204.88

Package 102 – SB 1049 Permanent \$166,613 FTE 1.00

This request satisfies permanent funding for nine full time positions, across multiple divisions, because of increased and sustained workloads and IT system support that resulted from SB 1049 changes to the PERS system.

Package 106 – PHIP Administration \$867,960 FTE 0.00

This request is to fund the difference between the previous consulting cost and the current consulting cost.

Package 108 – Retirement Workload \$161,205 FTE 1.00

The addition of this position would enhance our overall customer service capability, make TOFU a more strategically functional team, as well as alleviate workload volume issues when staff are out because of illness or scheduled vacations.

Package 109 – Qualifying/Non-Qualifying \$523,653 FTE 1.76

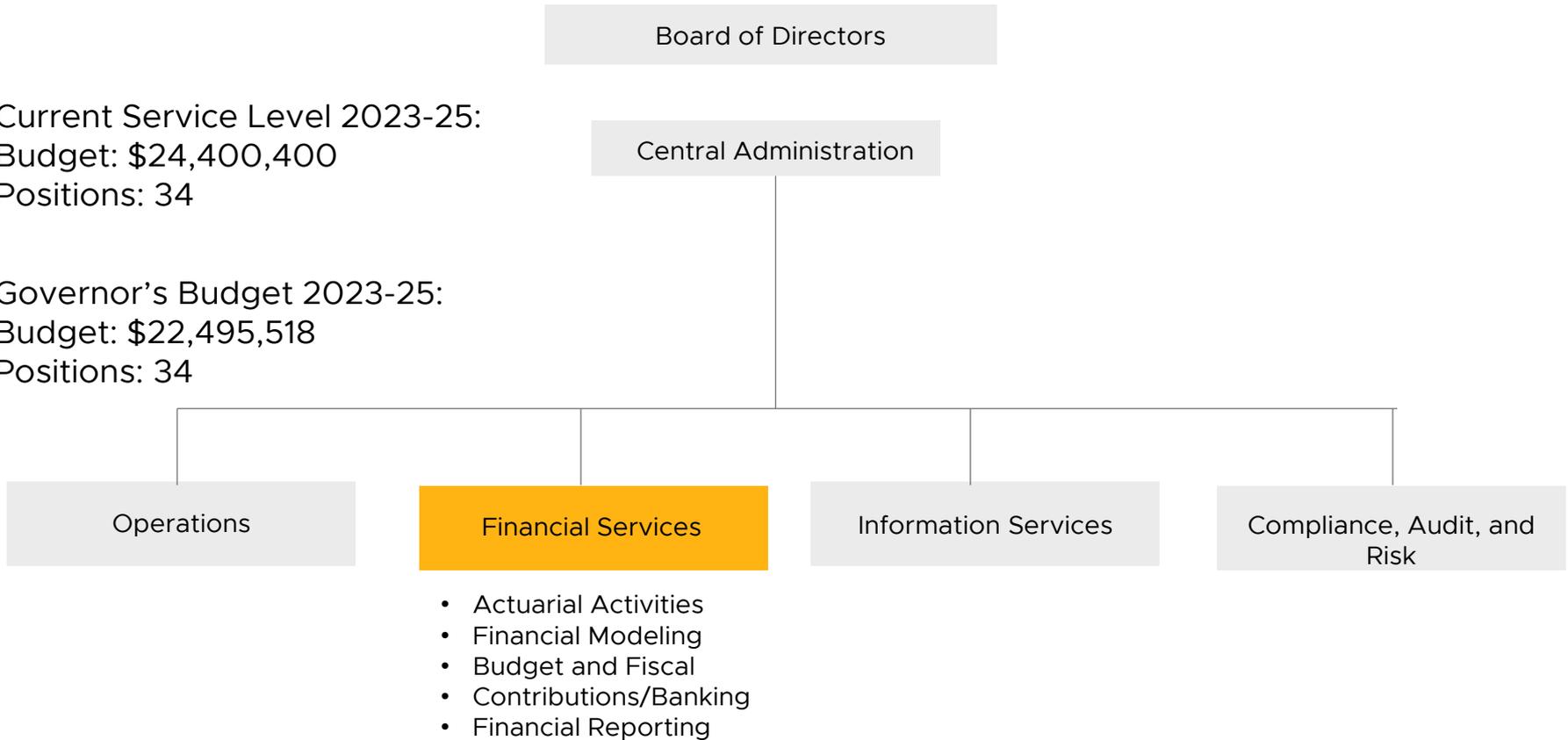
This request is to extend three limited duration positions. This extension in funding would allow for the Data Services Section (DSS) to continue the standalone team whose purpose is to address the ever-growing data issues and impacts associated with qualifying/non-qualifying employment.

10% Reductions Options (ORS 291.216) - \$4,709,933

Financial Services Division Overview

Current Service Level 2023-25:
Budget: \$24,400,400
Positions: 34

Governor's Budget 2023-25:
Budget: \$22,495,518
Positions: 34

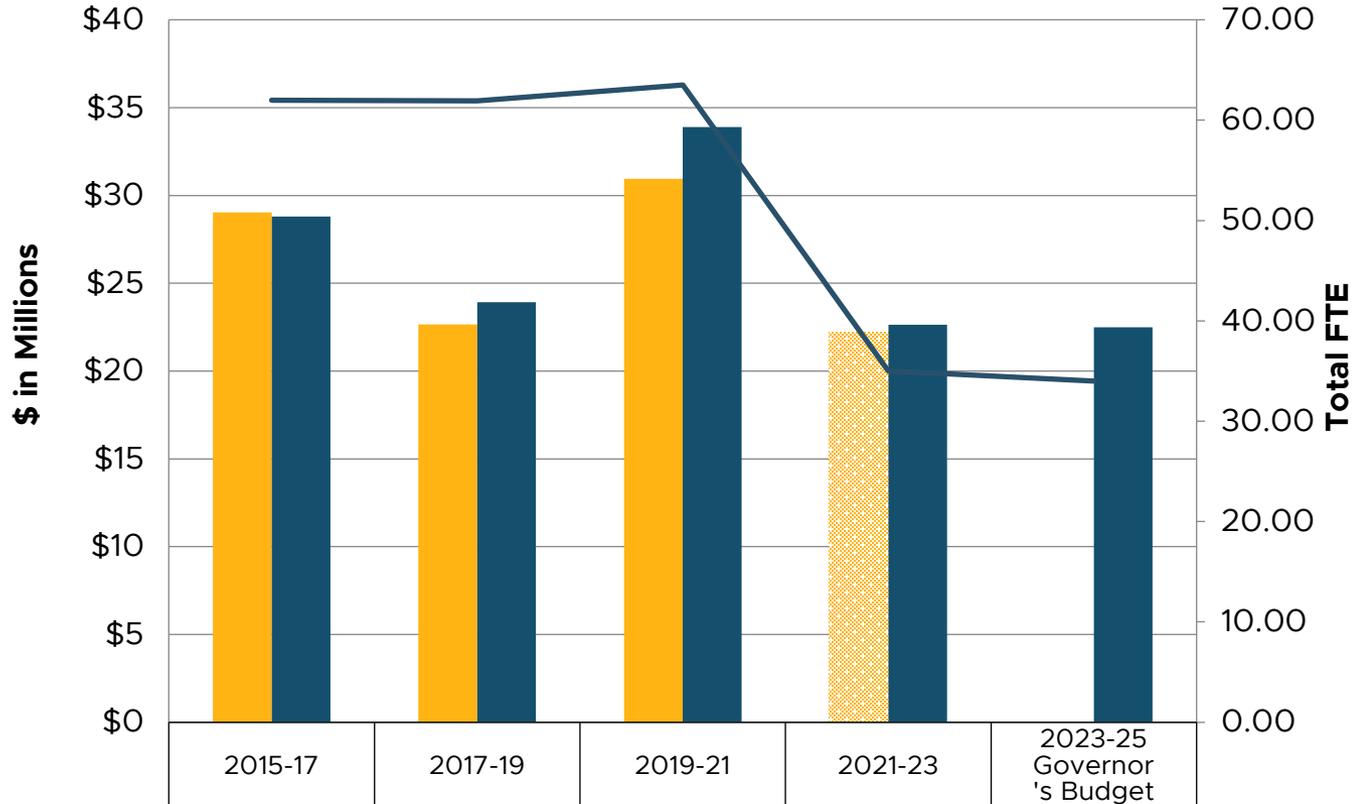


Enabling legislation for PERS Operations (administrative costs) are:

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

Financial Services Division

Budget to Actuals



Actuals *	\$29,032,26	\$22,649,31	\$30,956,29	\$22,188,32	
Leg. Approved Budget	\$28,800,57	\$23,921,73	\$33,896,37	\$22,641,14	\$22,495,51
FTE	62.00	61.92	63.52	35.00	34.00

*Projected actuals

Financial Services Division

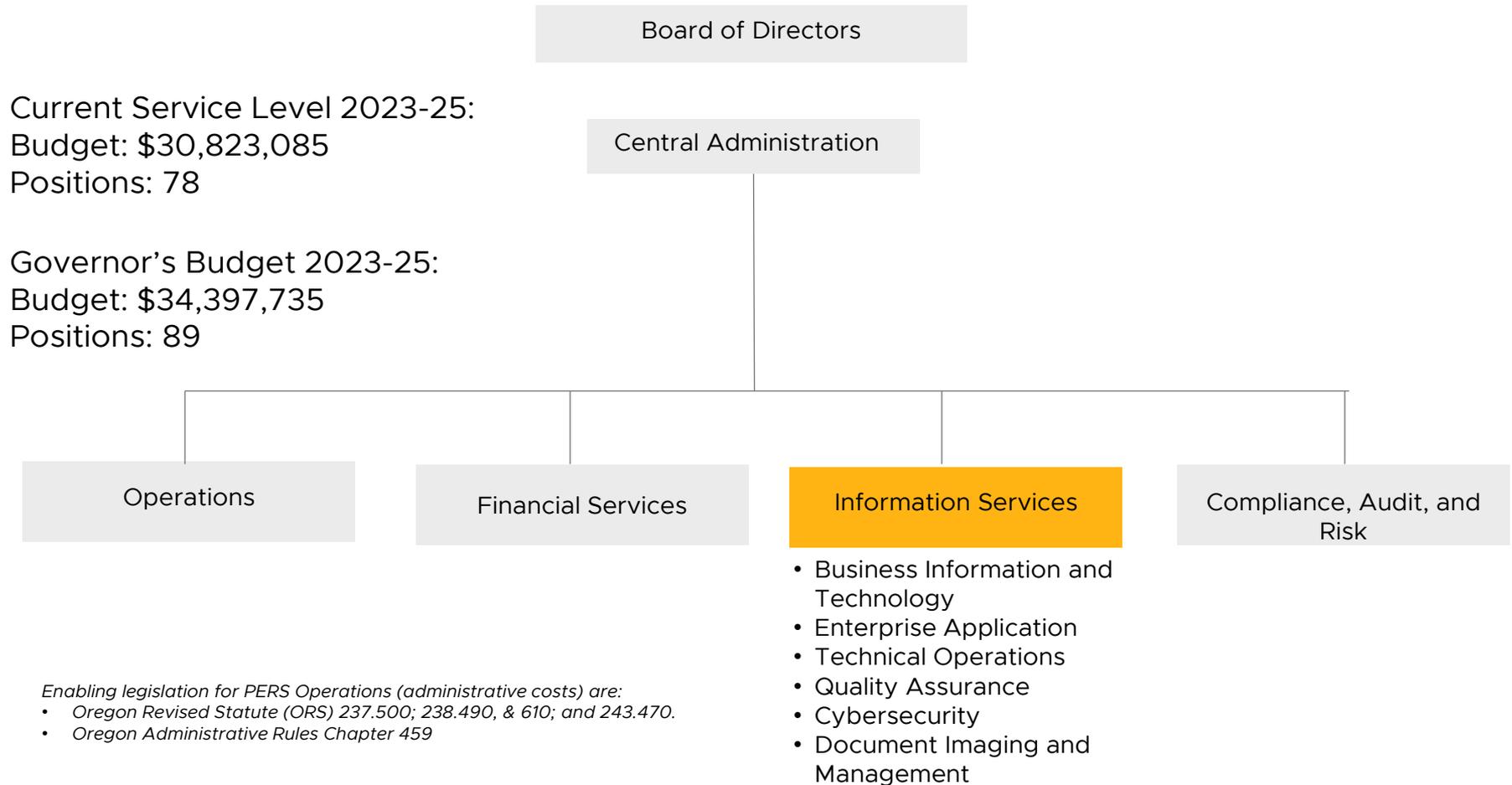
	Amount	FTE
Policy Packages		
Pkg. 90-93 CFO Analyst Adjustments	(\$1,404,882)	-
Pkg. 106 PHIP Administration	(\$500,000)	0.00
Subtotal Policy Packages	(\$1,904,882)	0.00
2023-25 Total Governor's Budget	\$22,495,518	34.00

Package 106 – PHIP Administration \$500,000 FTE 0.00

This request is to fund the difference between the previous consulting cost and the current consulting cost.

10% Reductions Options (ORS 291.216) - \$2,440,040

Information Services Division Overview

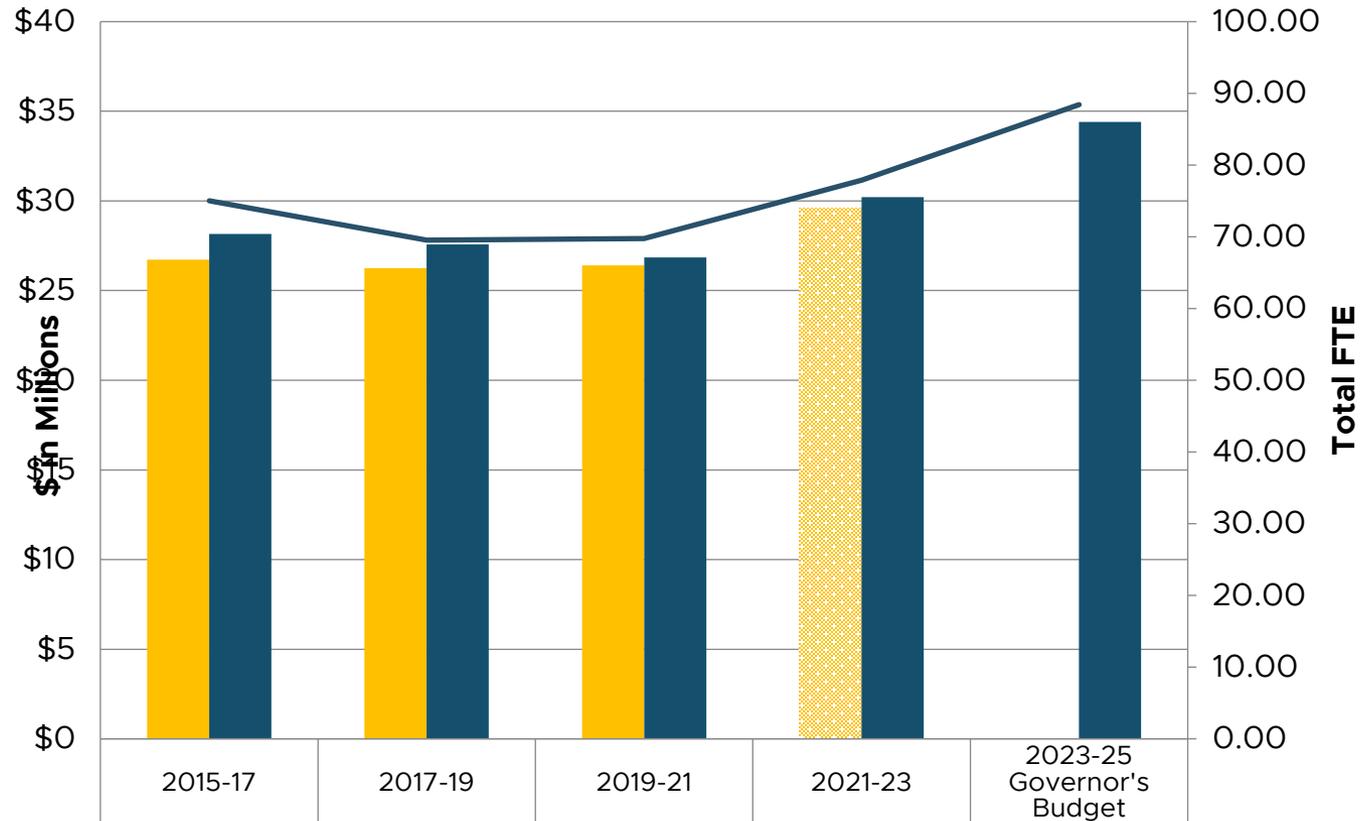


Enabling legislation for PERS Operations (administrative costs) are:

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

Information Services Division

Budget to Actuals



Actuals *	\$26,718,047	\$26,246,241	\$26,411,457	\$29,596,652	
Leg. Approved Budget	\$28,163,100	\$27,575,232	\$26,847,924	\$30,200,665	\$34,397,735
FTE	75.00	69.54	69.76	77.88	88.40

Information Services Division

	Amount	FTE
Policy Packages		
Pkg. 90-93 CFO Analyst Adjustments	(\$10,526)	
Pkg. 102 Permanent Workload	\$1,338,591	6.00
Pkg. 105 IT Hardware & Subscriptions	\$2,156,000	0.00
Pkg. 107 Maintain Service Level	\$90,585	4.40
Subtotal Policy Packages	\$3,574,650	10.40
2023-25 Total Governor's Budget	\$34,397,735	88.40

Package 102 – SB 1049 Permanent Workload FTE 6.00

This request satisfies permanent funding for nine full time positions, across multiple divisions, due to increased and sustained workloads and IT system support that resulted from SB 1049 changes to the PERS system.

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

PERS requests increased vendor licensing, services, and product costs that are currently driving ISD normal operation.

Package 107 – Maintain Service Level \$90,585 FTE 4.40

This request is for five full-time positions to provide ORION release management, quality assurance, and system administration staff, in order to maintain the increased frequency of software releases and system changes required to maintain current service levels.

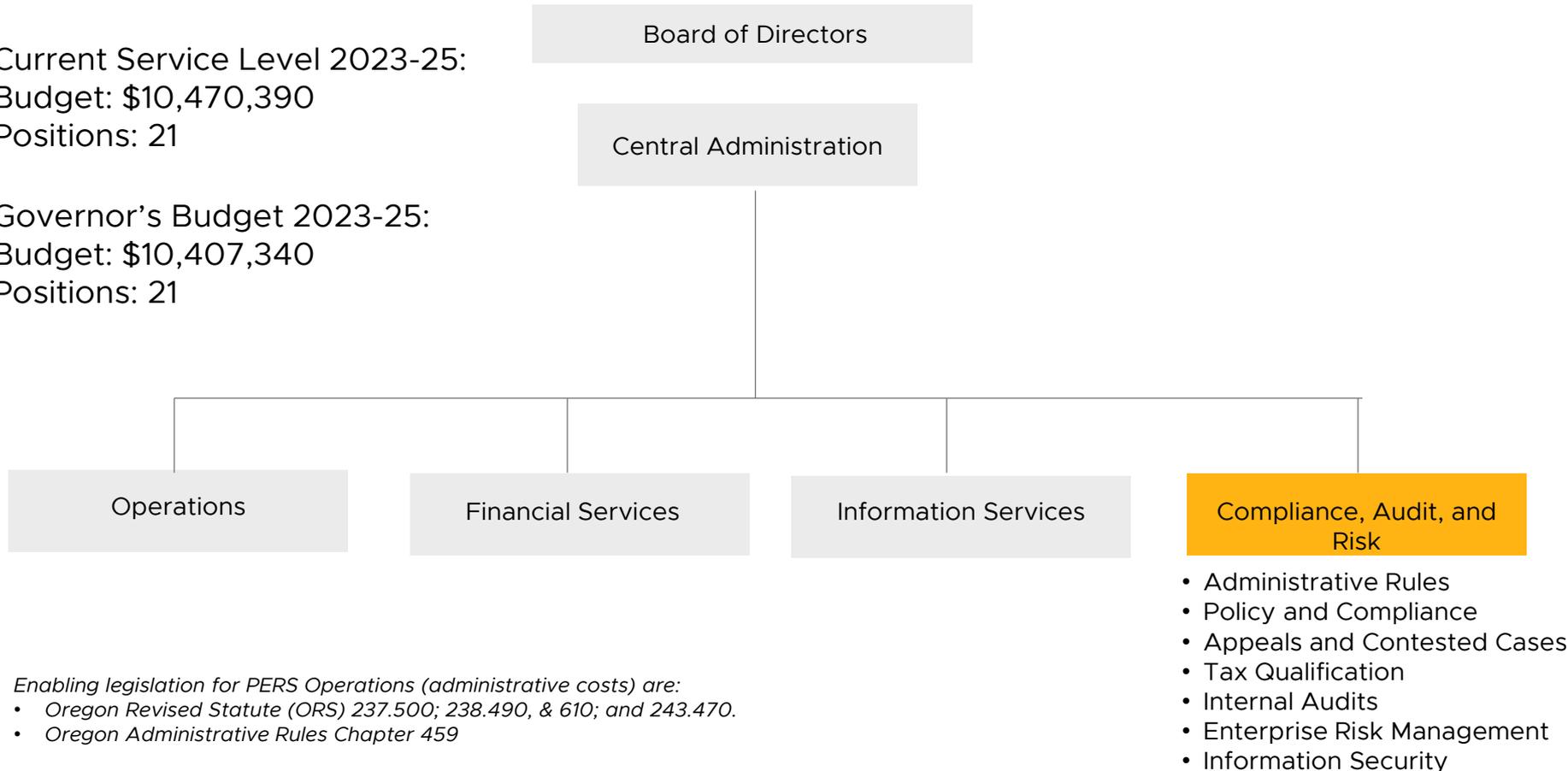
Aligns with Information Governance & Technology, ORION Business Modernization and IT Digital Transformation.

10% Reductions Options (ORS 291.216) - \$3,082,309

Compliance, Audit, and Risk Division

Current Service Level 2023-25:
Budget: \$10,470,390
Positions: 21

Governor's Budget 2023-25:
Budget: \$10,407,340
Positions: 21

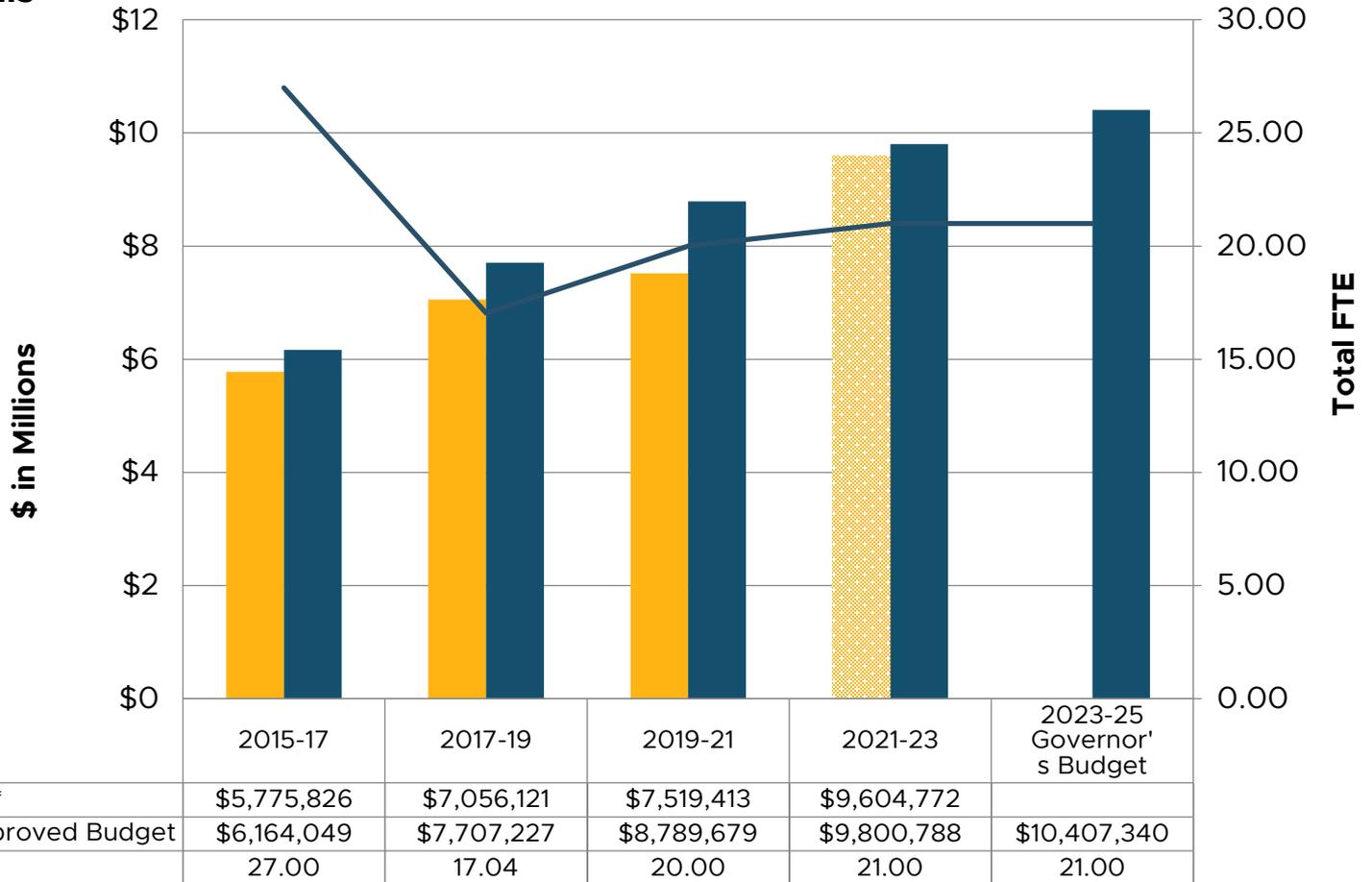


Enabling legislation for PERS Operations (administrative costs) are:

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

Compliance, Audit, and Risk Division

Budget to Actuals



*Projected actuals

Compliance, Audit, and Risk Division

	Amount	FTE
Policy Packages		
Pkg. 90-93 CFO Analyst Adjustments	(\$63,050)	
Subtotal Policy Packages	\$(63,050)	0
2023-25 Total Governor's Budget	\$10,407,340	21.00

10% Reductions Options (ORS 291.216) - \$1,047,039

Major Budget Drivers 2023-25

Legislative Changes

- Senate Bill 1049 (2019)
 - Member Redirect has significant work remaining in order to account for the Employee Pension Stability Account in all calculations, accounting, and reporting.
 - Technical Debt work packages included in implementation.
 - Stabilization period built into the schedule to address any minor changes required to complete .

Agency Strategic Plan

- Updated Strategic Plan for period 2023-2028.
- Modernization Program to begin multi-biennia journey to modernize PERS' service delivery model and associated technologies.
 - 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.
 - Of 16 recommendations completed, two issues delayed because of focus on SB 1049 implementation with both expected to be complete by end of calendar-year 2023.
 - Complete transition to Backup Data Center – delays in fully implementing Backup Data Center (Warm Site) caused by restricted replication capabilities and resource capacity issues.

Budget Risks and 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

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
- Transition to Cloud
- Increasing health care costs
- Increasing complexity
- Retirement of key staff
- Labor attraction and retention and associated onboarding of new staff

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 caused by legislative changes

Agency Changes and Service Delivery 2021-23

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.
- Created 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.
- State Data Center equipment purchased by end of biennium, implementation to flow into next biennium.
- Implemented call-back functionality for Member Information Center.

2021-23 Service Delivery Changes:

- 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.

Agency Changes Past Six Years

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 was the 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.
- Transitioned majority of staff to remote or hybrid working arrangement.

Biennium 2021-23:

- SB 1049 (2019) implementation was the primary focus of agency efforts.
- Continued maturation of Continuity Management and Information Security programs.
- Migrated agency server infrastructure to the 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).

2023-25 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 require 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 make 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.

2023-25 Proposed Technology Project(s)

Modernization Plan (POP 103)

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 and responsiveness to business operation changes. It will also 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 legislative session (IAP Member Redirect, IAP Member Choice, Work After Retirement, Salary Limit, 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.

Key Legislation 2023 Session

PERS Proposed Legislation

HB 2283 - PERS MODERNIZATION FIXES – Undertakes statutory fixes in advance of modernization programming. Provides clarity, aligns standards where possible for ease of administration, provides refinement where needed to accurately convey current agency practice.

HB 2284 - DIVORCE FEE INCREASE – Increases fee for creation of alternate payee account.

HB 2285 - SOCIAL SECURITY STATUTE UPDATES – Deletes obsolete references related to PERS' role in Social Security administration in the state.

Additional Information

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

- Lowering OPSRP Police and Fire retirement age.
- Providing financial assistance to PERS retirees.
- Extending or eliminating sunset of Work After Retirement (WAR) provisions in SB 1049 (2019).
- Providing Police and Fire benefits to multiple employee positions.
- Providing substitute teachers PERS benefits regardless of their employer.

Agency Changes

Cost-Containing Measures

Cost-Containing Measures 2021-23

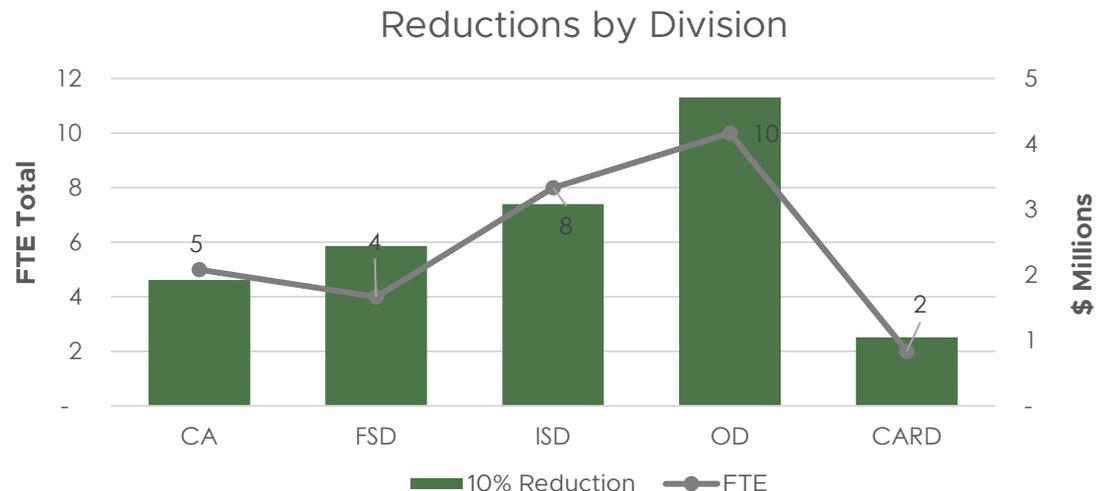
- Limited efforts on this front given agency focus on implementing SB 1049.
- Agency re-organization to align to Centers of Excellence.
- Continued streamlining of member and employer communication with GovDelivery.
- Utilization of webinars and videos in lieu of in-person retirement education.
- Implementation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

Planned Cost-Containing Measures 2023-25

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

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 \$13,200,776 against the Current Service Level of \$132,007,761 (10.0%).



Key Performance Measures and Summary of Progress

Key Performance Measure	Metric	Last Reported Result	Target 2022	Target 2023
1. Timely retirement payments	Percent of initial service retirements paid within 45 days of retirement date	45%	80%	80%
2. Total benefits administration cost	Total benefit administration cost per member	190\$	\$165	\$165
3. Member to staff ratio	Ratio of members to staff	979	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 Savings Growth Plan	42%	50%	50%
6. Customer service	Percent of member customers rating their satisfaction with the agency's customer service as good or excellent on overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information (overall)	85%	95%	95%
7. Timely benefit estimates	Percent of benefit estimates processed within 30 days of request	96%	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

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