

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

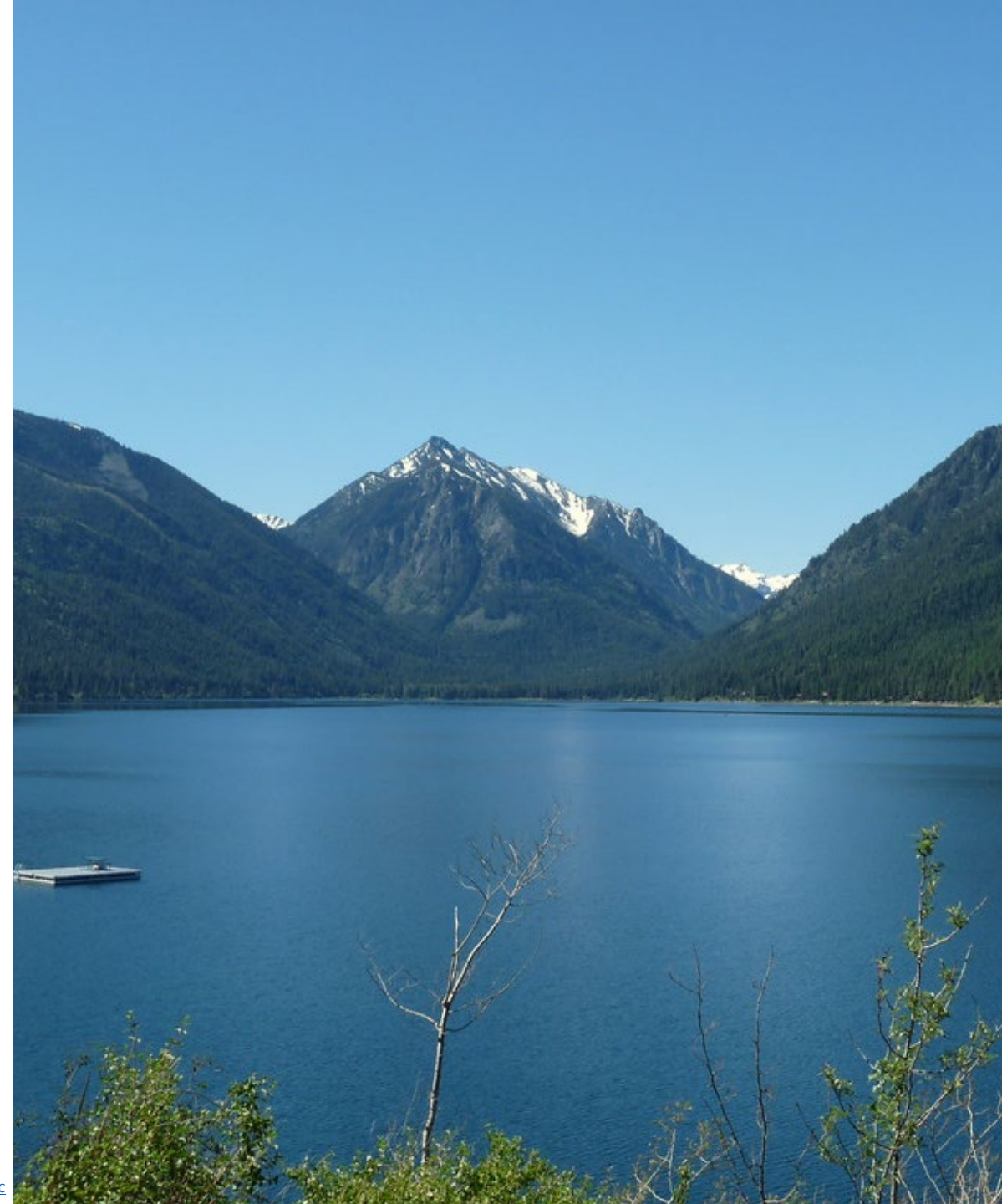


## Senate Bill 1566 (2018) Report

Joint Committee on  
Ways and Means  
Subcommittee on  
General Government

February 20, 2025

Kevin Olineck  
Richard Horsford



# Senate Bill (SB) 1566 (2018) report

## About SB 1566

Senate Bill 1566 was approved in 2018, in response to recommendations from the Governor's PERS Unfunded Actuarial Liability Task Force, which met in 2017.

Senate Bill 1566 established:

- The **Employer Incentive Fund** (EIF), which provides up to a 25% match for employers who make a qualifying lump-sum payment to a side account.
- The **School Districts Unfunded Liability Fund** (SDULF), a pooled side account that will provide employer rate relief to public school districts, charter schools, and education service districts.
- The **Unfunded Actuarial Liability Resolution Program** (UALRP), which provides information and resources to assist employers as they develop plans to improve their funded status and projected rate changes.
- **Amortization options** allowing for shortened amortization periods.

# Senate Bill 1566 (2018) report

## SB 1566 required reporting

Senate Bill 1566 requires PERS to provide an update during each regular legislative session on the status of the:

- Employer Incentive Fund.
- School Districts Unfunded Liability Fund.
- Unfunded Actuarial Liability Resolution Program.

# Senate Bill 1566 (2018) report

## Employer Incentive Fund (EIF)

### Program status update as of December 2024.

- 25% match for employers who make a qualifying lump-sum payment to a side account.
- Since inception:
  - \$480 million added to the PERS trust:
    - \$383.6 million employer deposits
    - \$96.4 million matching funds.
  - 110 participating employers across 26 counties have received funds.
- Current EIF balance: \$27.6 million (includes earnings).
- Oregon Scoreboard Lottery anticipated to provide additional funding each quarter with most recent funding at \$3.5 million.
- Next matching application period will begin on April 1, 2025, and is anticipated to distribute up to \$40 million in matching funds.

# Senate Bill 1566 (2018) report

## School Districts Unfunded Liability Fund (SDULF)

### About the SDULF

The SDULF is a pooled side account aimed to provide rate relief to all public school districts, public charter schools, and education service districts. Original legislation named five sources of revenue to capitalize this fund.

### SDULF revenue sources

1. Interest on unclaimed property through Department of State Lands.
  - Received \$77.2 million in January 2025. No further transfers expected in 2025; funding source sunsets in 2027.
2. Certain proceeds from capital gains tax.
  - Funding source sunset in 2023.
3. Certain proceeds from estate tax.
  - Funding source sunset in 2023.
4. Revenues from agency debt collection.
  - Funding source sunset in 2024.
5. Revenue from repatriation of corporate income taxes.
  - Revenue source removed during second special session of 2020.

# Senate Bill 1566 (2018) report

## School Districts Unfunded Liability Fund

### SDULF status:

- Revenue in the SDULF would be applied as employer rate offset for all members of the School Districts Pool.
- Currently, a 1% rate offset would require a fund balance of approximately \$580 million while the current balance is \$166.5 million.
- PERS does not anticipate applying a rate offset from SDULF in the 2023-25 biennium.
- SB 849 has been introduced in the 2025 Legislative Session to consider alternative uses of these funds.

# Senate Bill 1566 (2018) report

## Unfunded Actuarial Liability Resolution Program

### UALRP status

- All PERS employers must participate in UALRP.
- Resources and information are on the PERS website, including the Employer Rate Projection Tool.
- Tool enhancements continue based on employer feedback.
- PERS published a series of six UALRP guides to help employers understand actuarial concepts and more accurately budget and forecast.

# Senate Bill 1566 (2018) report

## Enhanced amortization options

### **Amortization options:**

- Employers may choose shortened amortization period of six, 10, or 16 years.
- Employers can choose to defer year of rate offsets.

### **Amortization status:**

- Nine employers have chosen shortened amortization periods.
- One employer has chosen to defer rate offsets.



# Senate Bill 1566 (2018) report

## Summary

- **EIF** has been well received and used.
- Uncertainty surrounding revenue streams for **SDULF** create challenges in planning for the amount and timing of rate relief.
  - Administrative processes are outlined to deploy as soon as revenue is available to provide rate relief.
- **UALRP** continues to evolve.
  - Working with all stakeholders to enhance this program in a way that meaningfully engages employers well into the future.

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you.

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

