

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2025-27

Budget Presentation

Ways and Means
General Government
Subcommittee
February 18, 2025

Kevin Olineck
Director

Richard Horsford
Chief Financial Officer



Agency presentation schedule

Day One

System overview

- Overview and partnerships
- Governance and interdependencies
- Benefits and funding
- Funded status and liabilities
- System-wide rates and projections
 - Principles, rate collar, rate calculation, side accounts, projections
- Appendix and additional resources

Day Three

Detailed Budget Overview

- Detailed breakdown of policy option packages
- Statewide policy packages
- Summary of 2025-2027 policy option packages
- 2025-27 proposed technology projects
- Supervisory span of control
- Performance and outcome measures
- 2023-25 long-term vacancies
- Other Funds' ending balances
- Agency cost containing measures
- 10% budget reduction options
- Additional agency budget information
- Appendix and additional resources

Day Two

Agency overview

- System and agency funding
- The agency
- Summary of agency programs
- Organizational structure and divisional budgets
- Major budget drivers 2025-2027
- Budget risks and environmental factors
- Agency changes past six years
- Agency program changes and service delivery 2023-2025
- Recent changes to agency budget and management
- Key legislation 2025 session
- Appendix and additional resources

Day Four

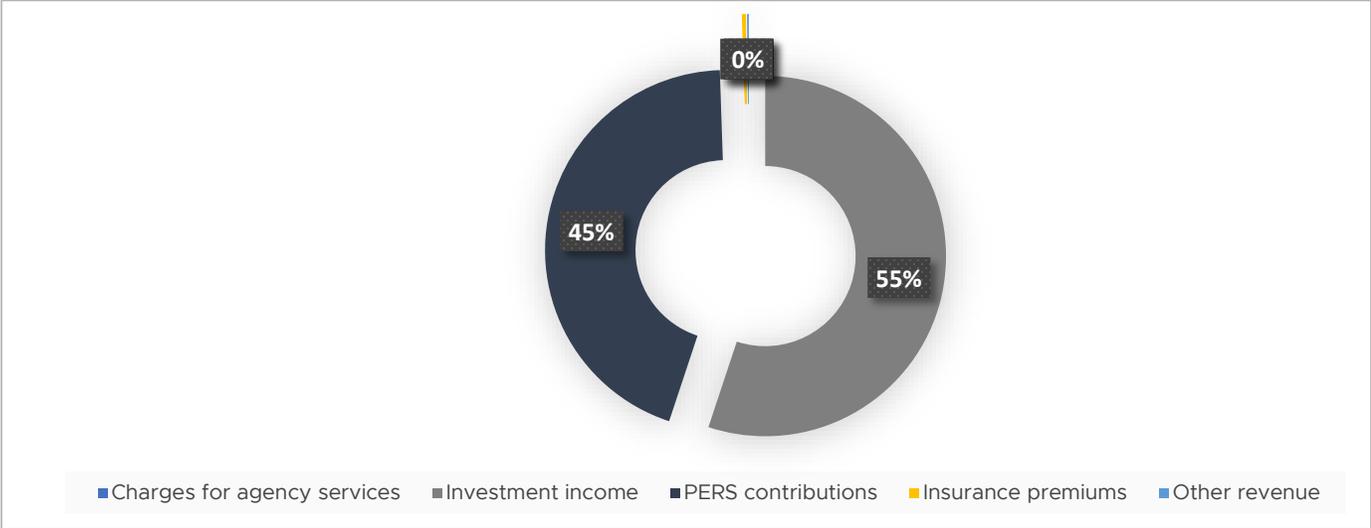
Statutory Reporting

- Preliminary earnings crediting report for calendar year 2024
- Senate Bill 1566 (2018) reports:
 - General status update
 - School district unfunded liability fund update
 - Employer incentive fund update
 - Unfunded Actuarial Liability Resolution Program update

System and agency funding

Appropriation year (AY) 2025- 18 Months Actual, 6 months forecast

Category	Amount received
Charges for agency services	\$101,167
Investment income	\$ 8,597,965,034
PERS contributions	\$6,927,040,958
Insurance premiums	\$58,154,319
Other revenue	\$25,440,306
Total Fiscal 2024	\$15,608,701,784



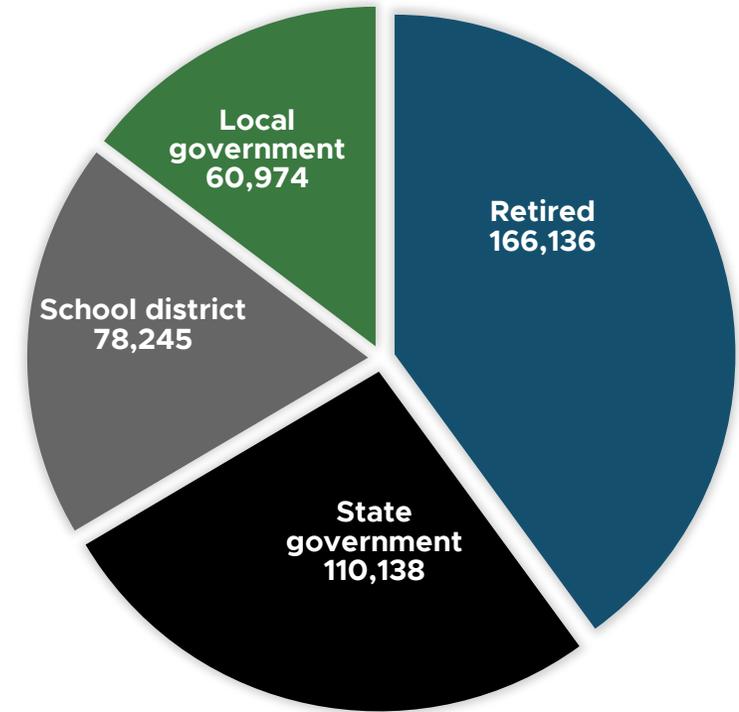
The agency

Under the oversight of the PERS 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:*

- 904+ public employers.
- 415,493 active, retired, and inactive members.
- 51,652 post-employment health insurance plan members.
- 32,735 Oregon Group Savings Plan Members.



Biennium	Total membership
2017-19	355,449
2019-21	367,853
2021-23	393,080
2023-25	415,493

*As of June 30, 2024.

Summary of agency programs

Tier One and Tier Two plans, non-limited (NL) 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 were 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 the Individual Account Program (IAP) is redirected if member earns more than \$3,777 per month in 2025 (increased by Consumer Price Index (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

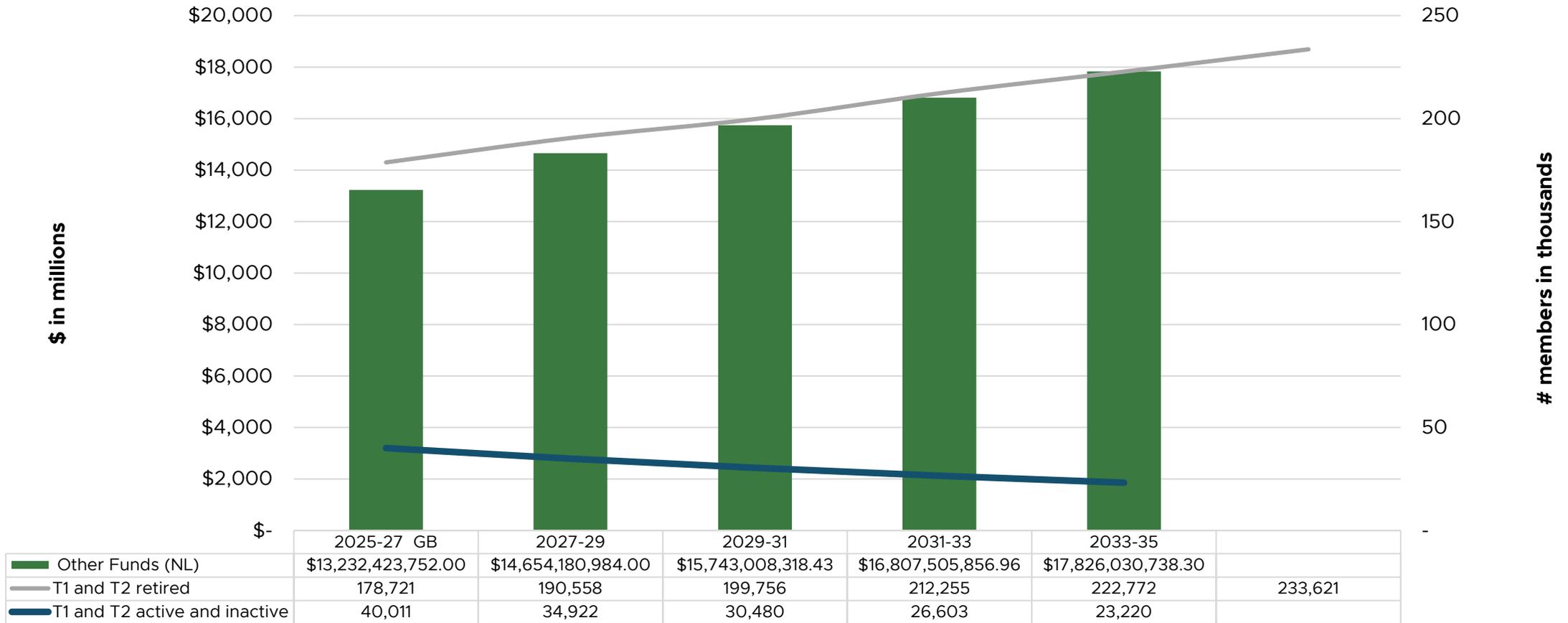
Performance metrics

Fiscal year	Total active and inactive members	Total retired members	Tier One and Tier Two program expenditures, non-limited (fiscal-year end, in billions)	Fund balance (fiscal-year end, in billions)
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
2023	55,146	163,537	\$5.75	\$83.49
2024	53,351	152,205	\$5.99	\$85.10

Data for each fiscal year sourced from the *PERS 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 \$3,777 per month in 2025 (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

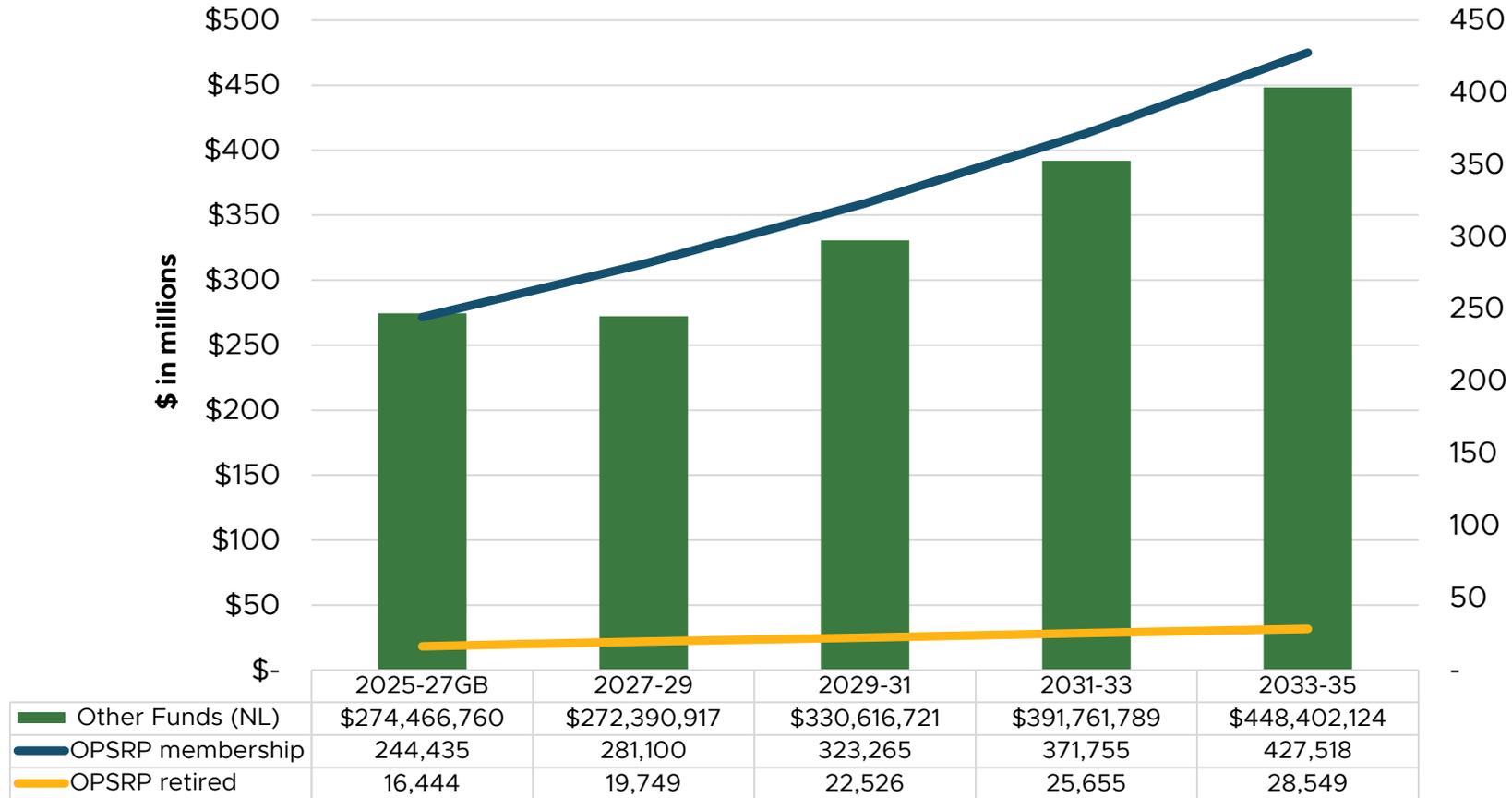
Performance metrics

Fiscal year	Total OPSRP members	Total retired OPSRP members	Total OPSRP retirements processed	Total OPSRP program expenditures fiscal-year end (in millions)	Plan balance fiscal-year end (in billions)
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
2023	198,649	11,959	2,571	\$108.12	\$11.80
2024	212,552	13,931	2,662	\$132.18	\$13.84

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

Oregon Public Service Retirement Plan

Plan membership and expenditure (estimated future years)



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 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 the Member Choice option 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 their IAP investments different from the default fund based on their birth year.
 - Fewer than 500 members chose to change their fund choice last year.

Individual Account Program

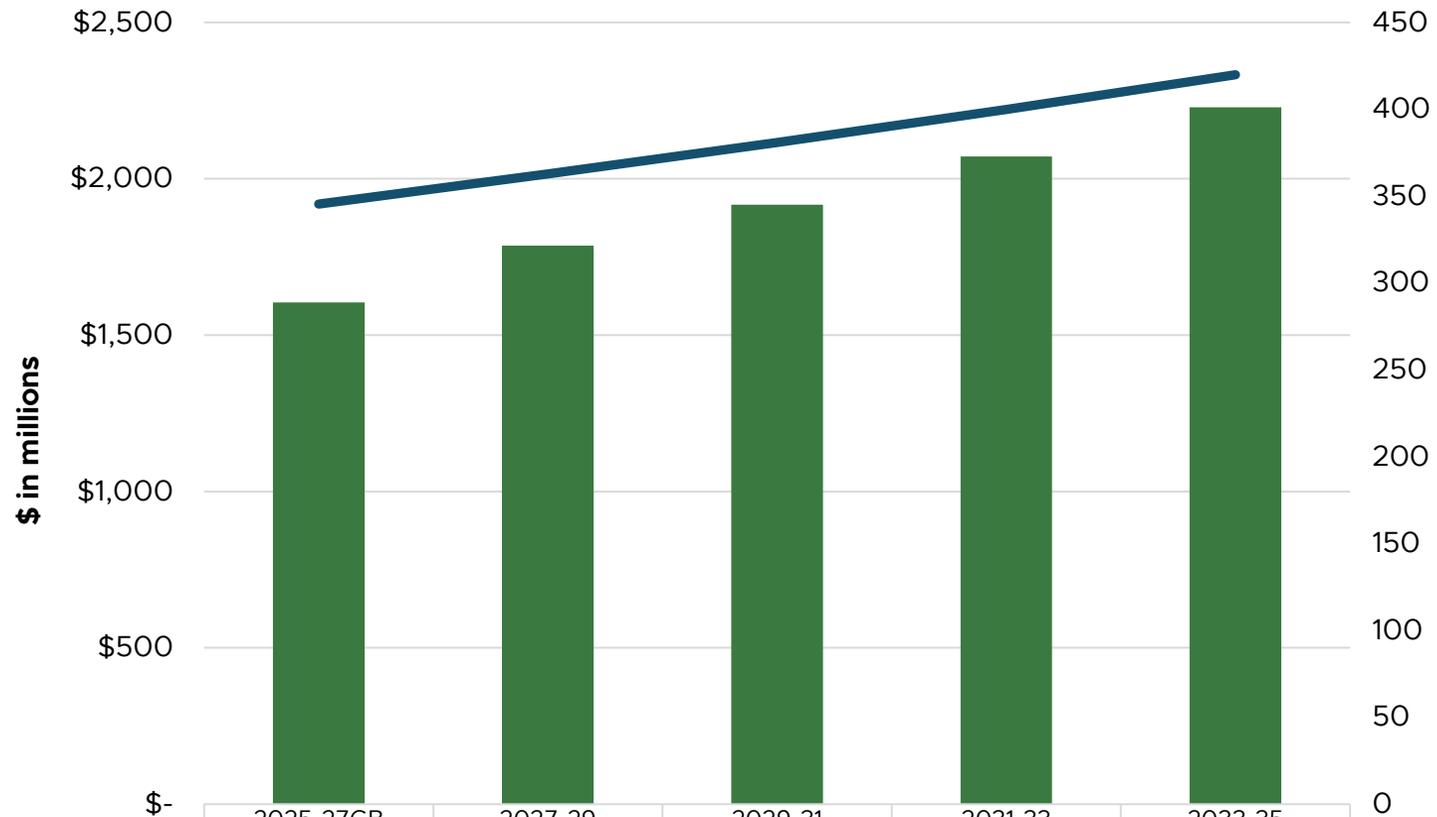
Performance metrics

Fiscal year	Total IAP membership	Total IAP retirements processed	Total IAP expenditures (in millions)	Fund balance (in billions)
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
2023	325,482	6,824	\$676.02	\$13.00
2024	328,994	6,364	\$686.02	\$14.00

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

Individual Account Program

Plan membership and expenditure (estimated future years)



Other Funds (NL)	\$1,604,842,886	\$1,786,536,335	\$1,916,611,787	\$2,071,448,779	\$2,228,205,330
IAP plan membership	345,444	362,716	380,852	399,894	419,889

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).
- This program provides PERS retirees with benefits that offer high-quality, comprehensive coverage at the most cost-effective rates possible that will also meet retirees' benefit needs.
- The core values of the program include maintaining the stability of premiums, coverage, and carriers.

Retirement health insurance programs

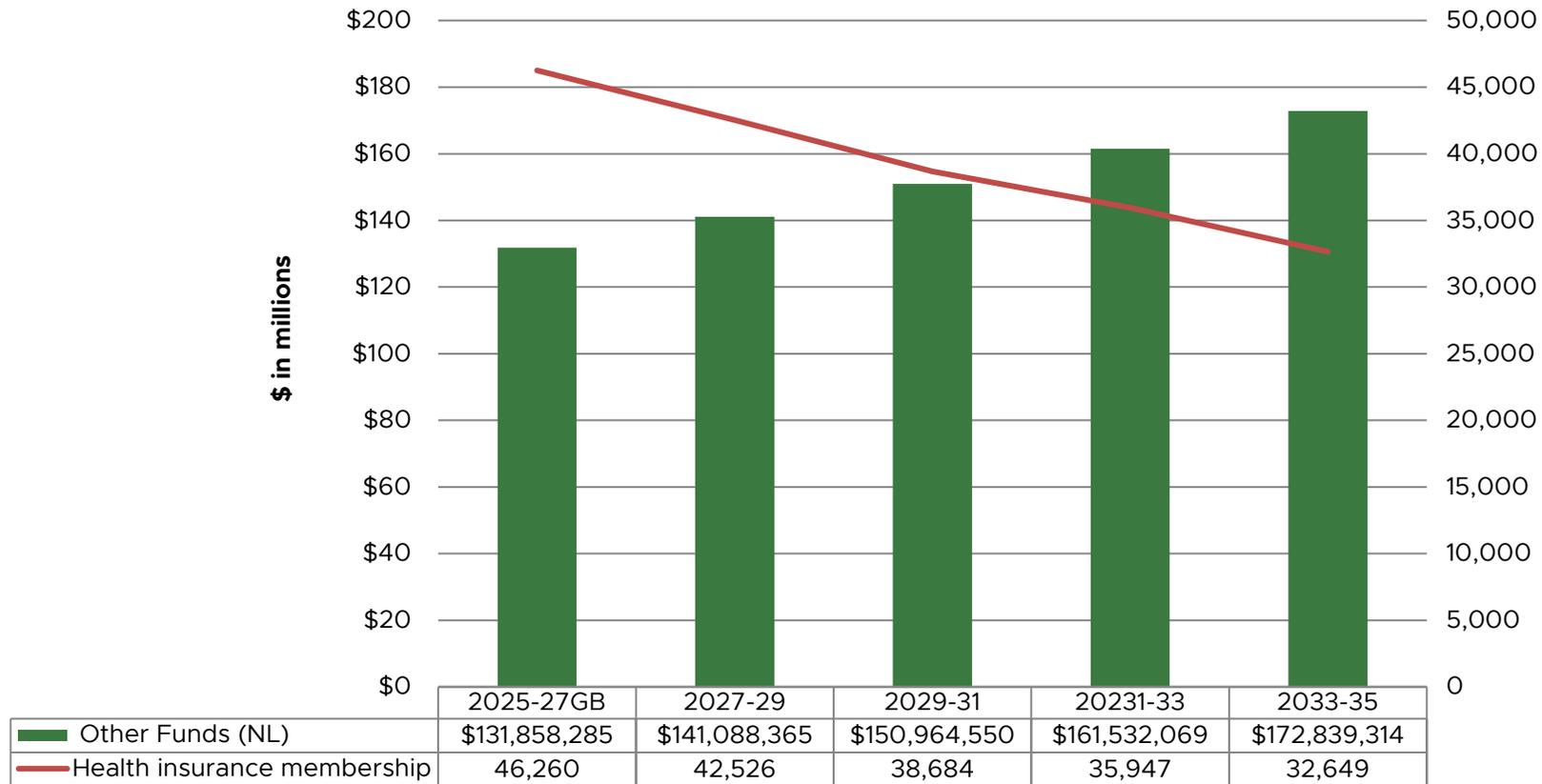
Performance metrics

Fiscal year	SRHIA members	RHIA members receiving benefits	RHIPA members receiving benefits	Fiscal-year expenditures total (in millions)	Fiscal-year fund balance (in millions)
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	\$71.55	\$907.51
2023	50,103	40,703	529	\$68.53	\$909.48
2024	48,323	39,325	450	\$67.94	\$924.64

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

Retirement health insurance programs

Plan membership and expenditure (estimated 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 December 31, 2024, plan assets were valued at approximately \$4.0 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. 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

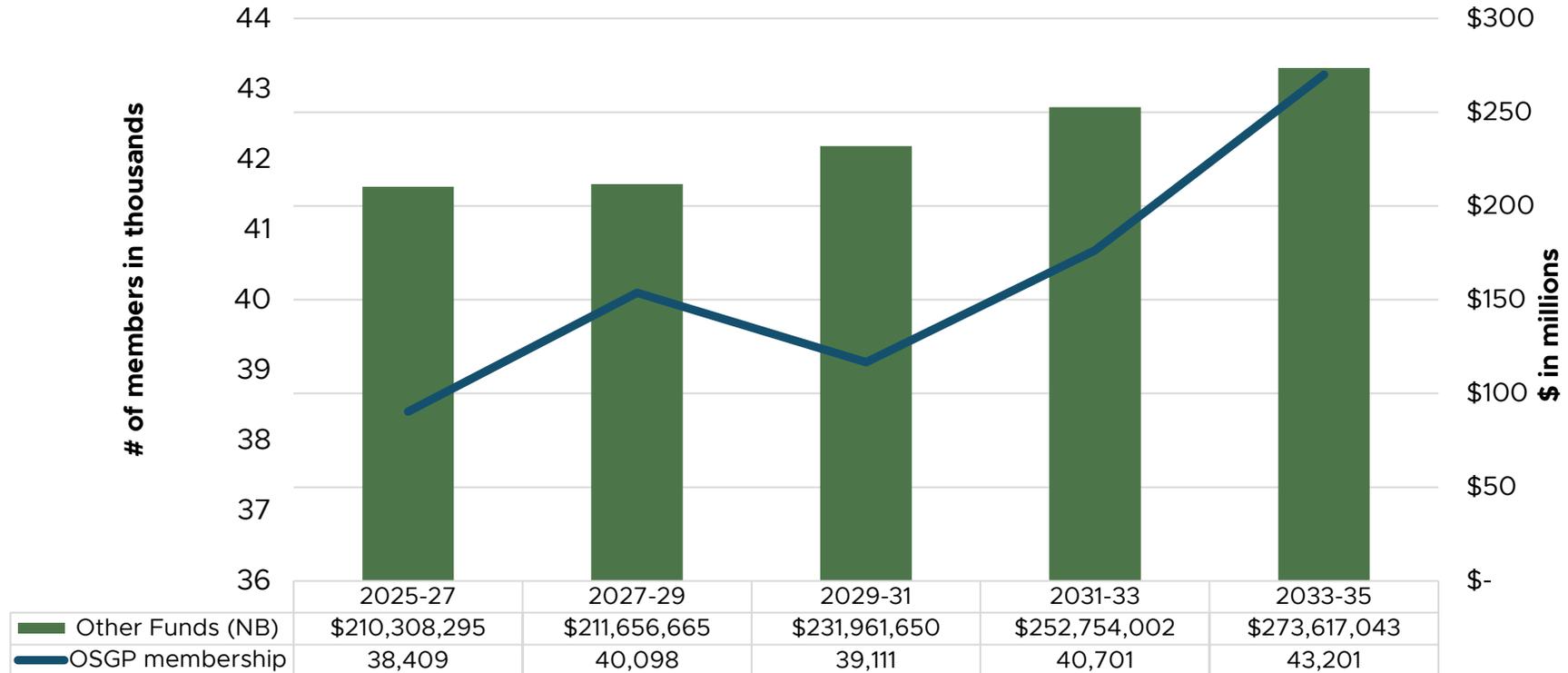
Performance metrics

Fiscal year	Members	Administrative expense	Annual expenditures total (in millions)	Fund balance (in billions)
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
2023	40,703	\$2,108,236	\$166.53	\$2.81
2024	39,649	\$2,178,539	\$210.31	\$3.21

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

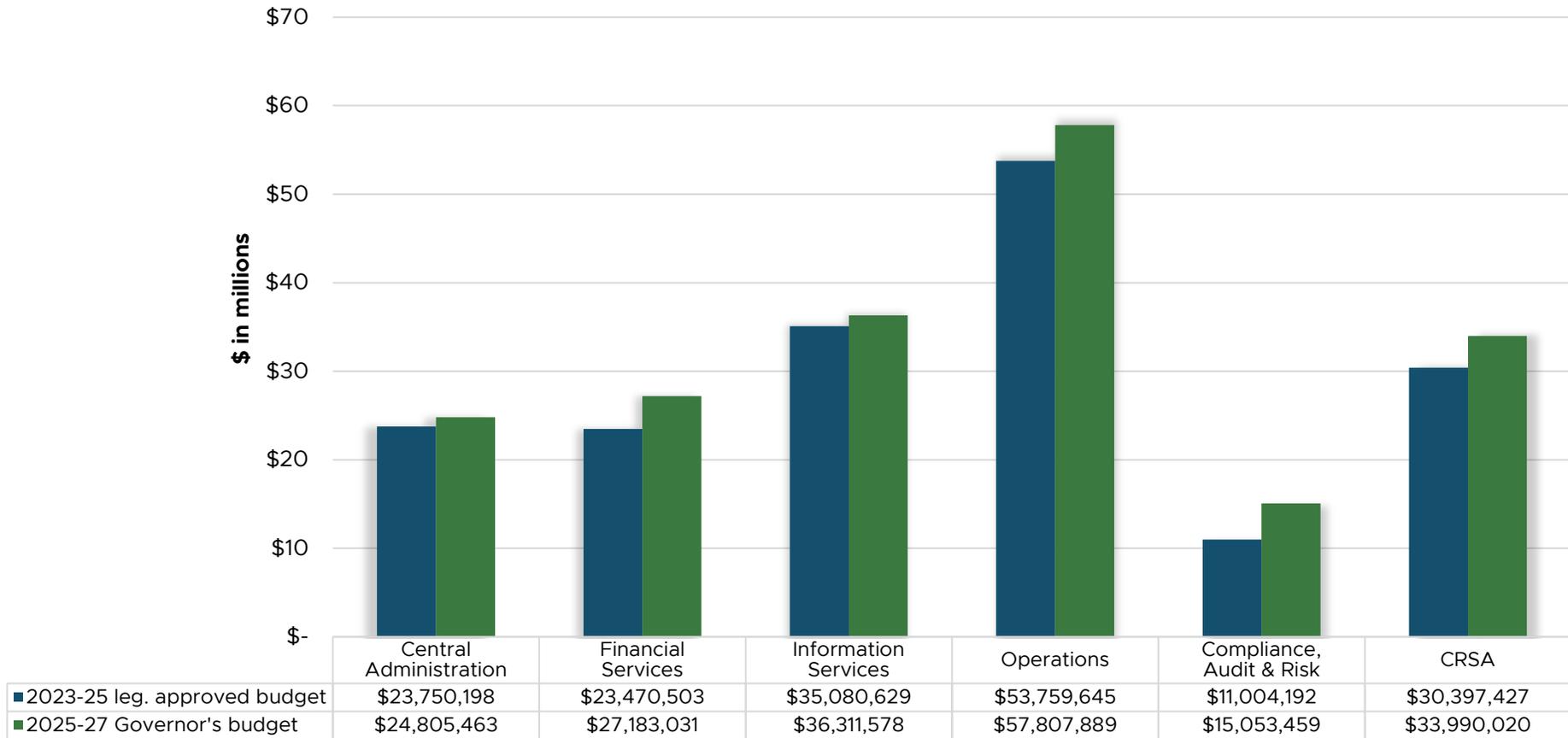
Oregon Savings Growth Plan

Plan membership and expenditure (estimated future years)



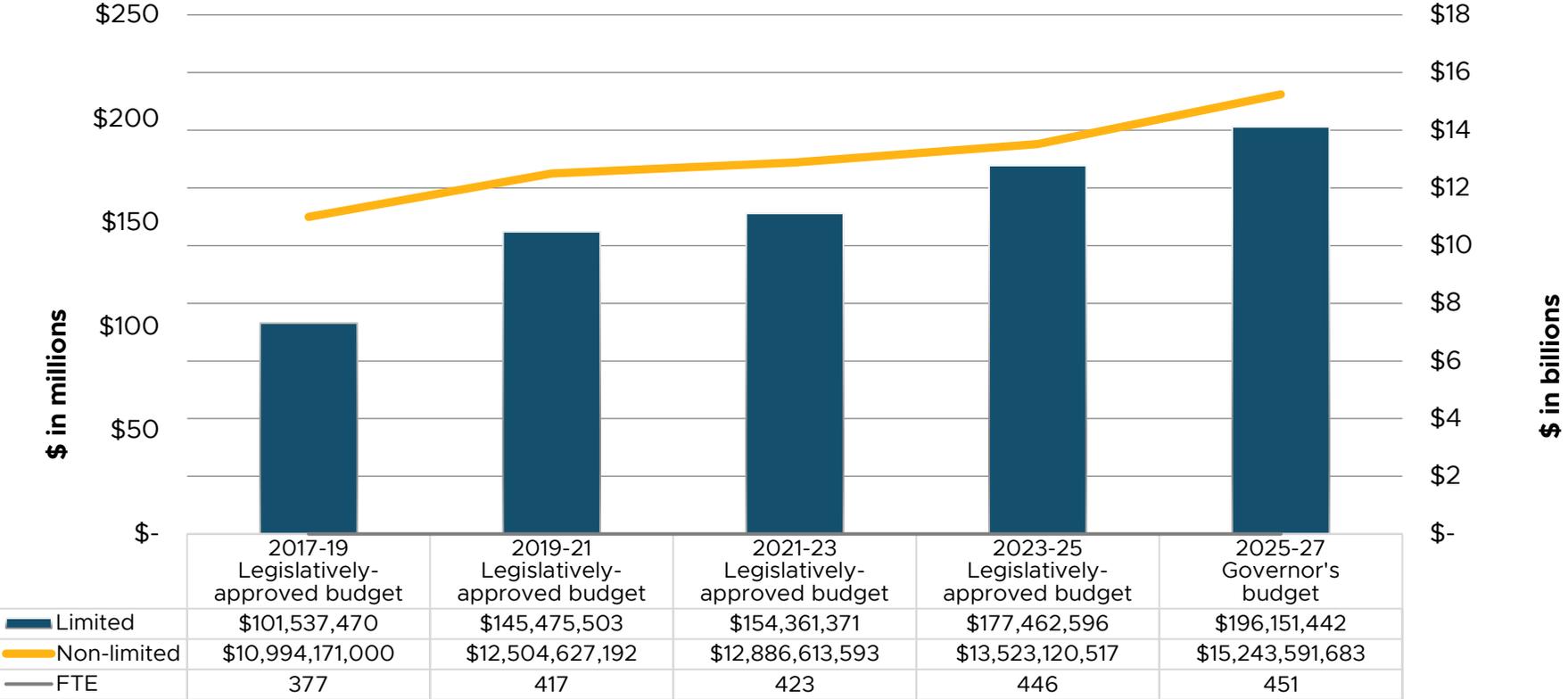
Agency operating budget

- Agency legislatively-approved budget 2023-25: \$177,462,596
- Agency Governor’s budget 2025-27: \$195,151,442



CRSA: Core Retirement Systems Application

Agency limited and non-limited budget

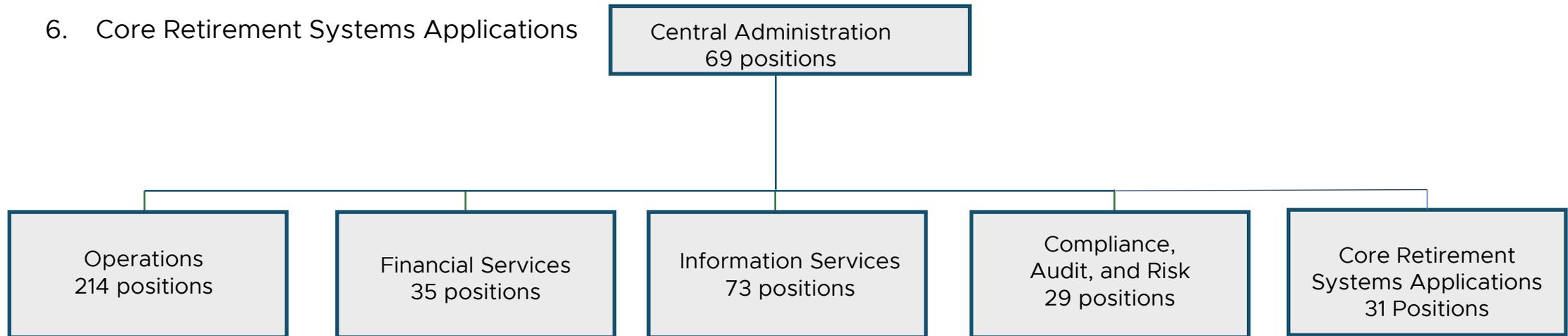


How the agency works

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

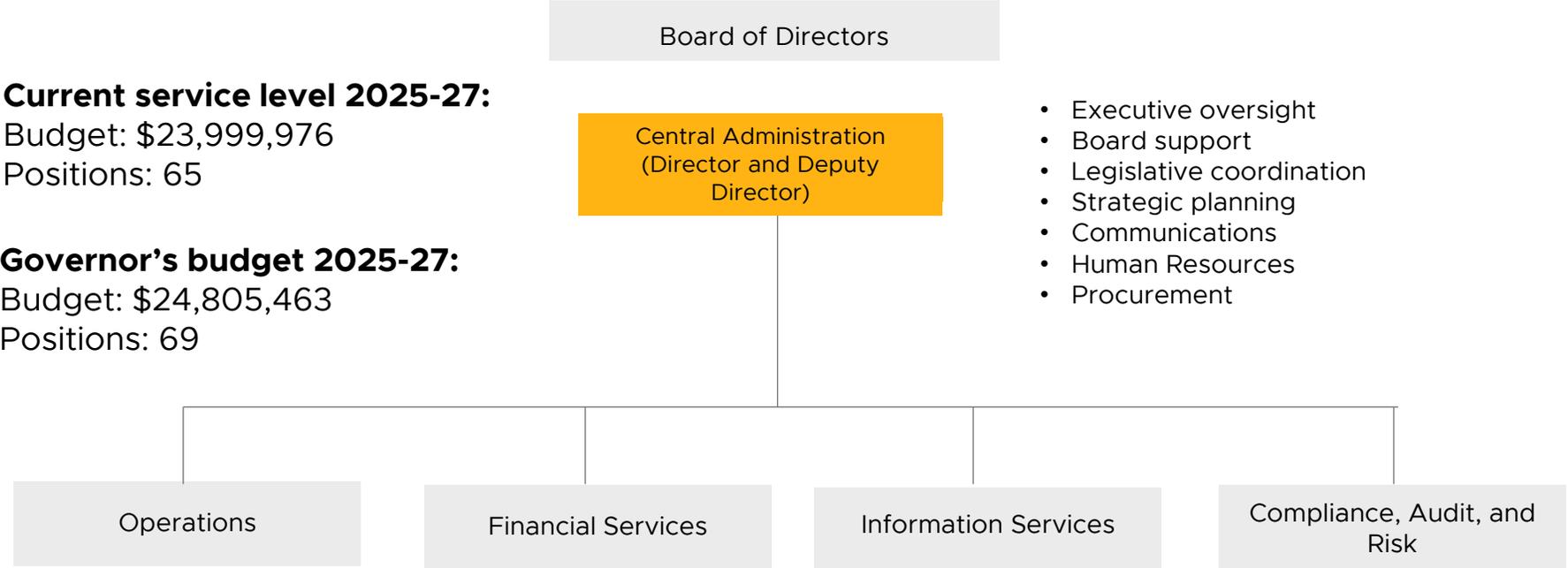
The divisions are:

1. Central Administration
2. Operations
3. Financial Services
4. Compliance, Audit, and Risk
5. Information Services
6. Core Retirement Systems Applications



Position totals sourced from 2025-27 Governor's budget.

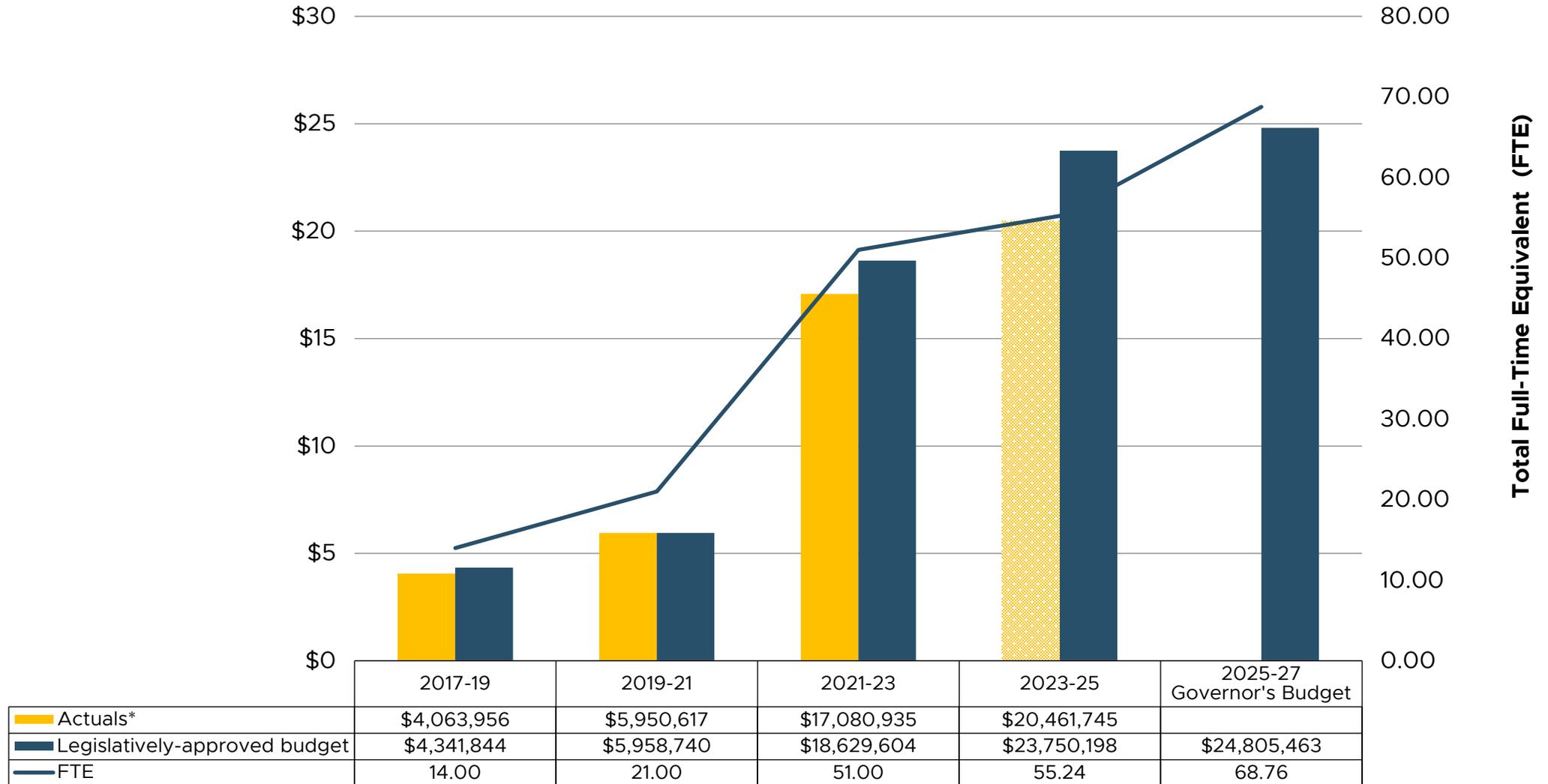
Central Administration overview



- 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



Central Administration

	Amount	Full-time equivalent (FTE)
Current Service Level	\$23,999,976	65.00
Policy packages (pkg.)		
Pkg. 90-93 Chief Financial Officer (CFO) analyst adjustments	(\$141,533)	
Pkg. 107 Central Administration: Human Resources	\$252,760	.88
Pkg. 109 Central Administration: Procurement, Facilities, and Logistics	\$193,741	.88
Pkg. 111 Central Administration: Communications	\$500,519	2.00
Subtotal policy packages	<u>\$805,487</u>	<u>3.76</u>
2025-27 Total Governor's budget	<u>\$24,805,463</u>	<u>68.76</u>

Package 107– Human Resources \$252,760 FTE 0.88

PERS is requesting an additional permanent full-time Human Resource Analyst 3 (HRA3). By filling this position, we will create depth within the department and maximize HR efficiencies. This position will allow escalated work initiatives and fulfillment requirements to be performed by those in the appropriate classification to address the workload, particularly the HRA3 positions.

Package 109 – Procurement, Facilities and Logistics \$193,741 FTE 0.88

PERS received budget approval to transfer the Enterprise Content Management team within the Information Services Division to the Central Administration Division Central Business Support section (formally Procurement, Facilities and Logistics) in the February 2024 session. The request involved moving 13 staff and was budget neutral; however, the move did not include a supervisor.

Package 111- Communications Staffing \$500,519 FTE 2.00

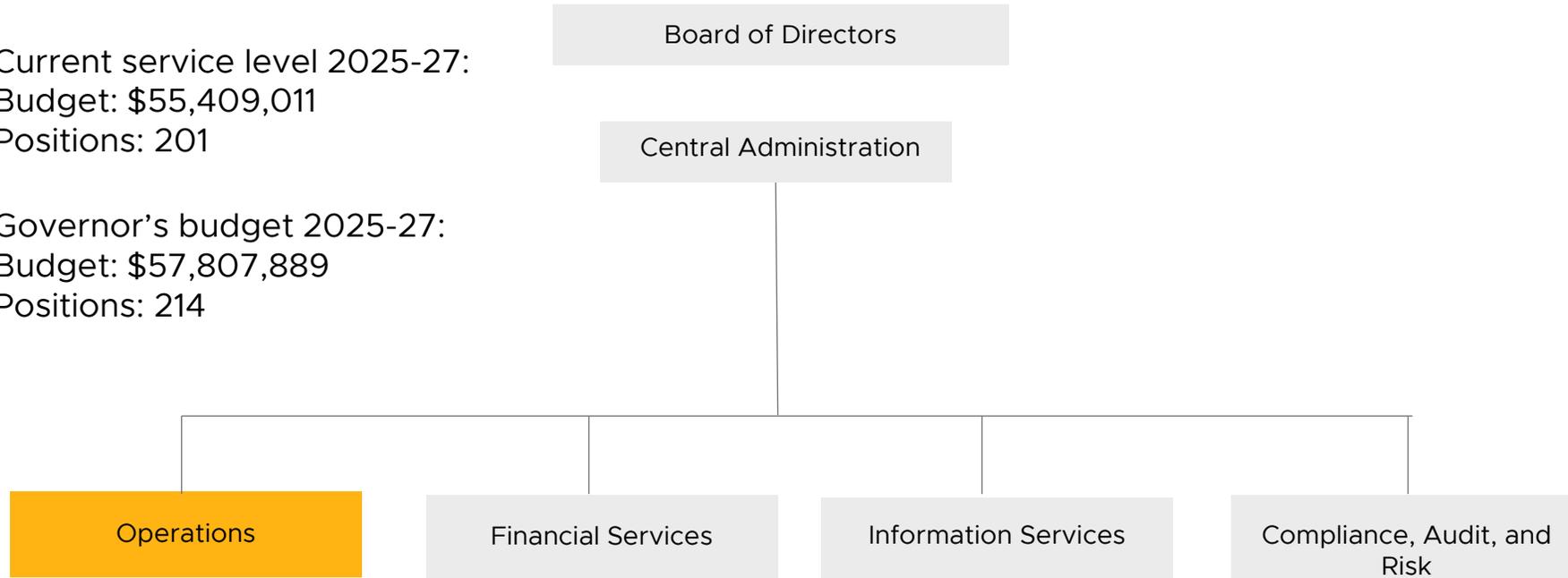
PERS has no permanent, qualified individuals to continue project efforts to develop and then maintain our internal website or to maintain our external website; a decision was made to request these resources. In accordance with best practices and the agency strategic plan, PERS endeavors to create and maintain an informed workforce while at the same time bolstering our external communications and information sharing.

10% Reductions Options (ORS 291.216): \$3,778,063

Operations Division overview

Current service level 2025-27:
Budget: \$55,409,011
Positions: 201

Governor's budget 2025-27:
Budget: \$57,807,889
Positions: 214



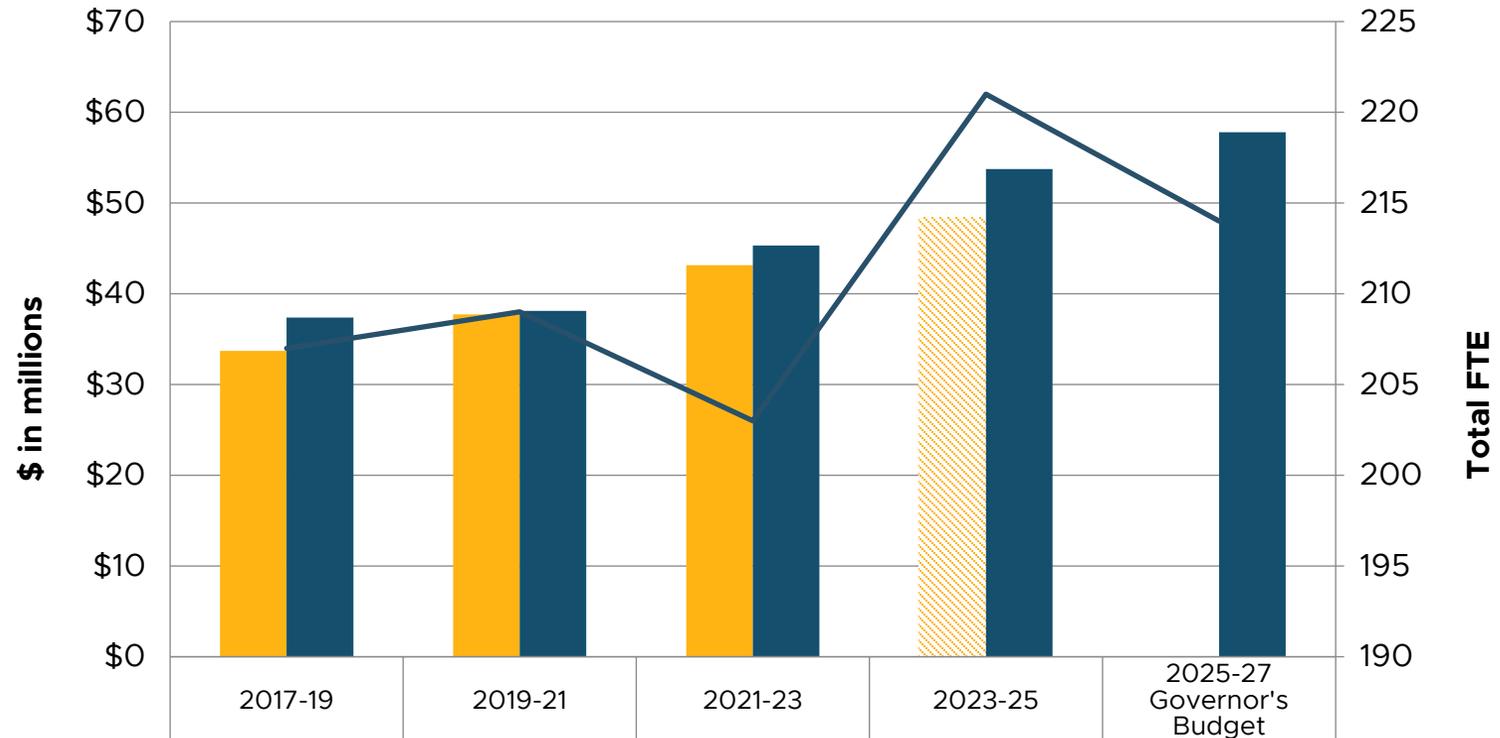
- Member Information
- Employer Service Center
- Benefit Application Intake and Review
- Member Account Adjustment
- Specialty Qualifications
- Calculations
- PERS Health Insurance
- OSGP
- Social Security

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



Actuals*	\$33,707,129	\$37,734,161	\$43,163,544	\$48,448,267	
Leg. approved budget	\$37,397,922	\$38,110,978	\$45,324,157	\$53,759,645	\$57,807,889
FTE	207	209.00	203.00	221.00	214

Operations Division

	Amount	FTE
Current Service Level	\$55,409,011	201.00
Policy Packages		
Pkg. 90-93 CFO analyst adjustments	(\$64,942)	
Pkg. 101 HB 4045	\$528,198	3.00
Pkg. 103 Permanent positions	\$1,161,975	6.00
Pkg. 106 Operations Current Service Level (CSL)	\$773,646	3.52
Subtotal policy packages	\$2,398,877	12.52
2025-27 Total Governor's budget	\$57,807,889	213.52

Package 101 – SB HB4045 \$528,198 FTE 3.00

House Bill (HB) 4045, which was passed in the 2024 regular session, directed PERS to, among other things, lower the Oregon Public Service Retirement Plan Police and Fire retirement age from 60 to 55 for members with less than 25 years of service.

Package 103 – Positions \$1,161,975 FTE 6.00

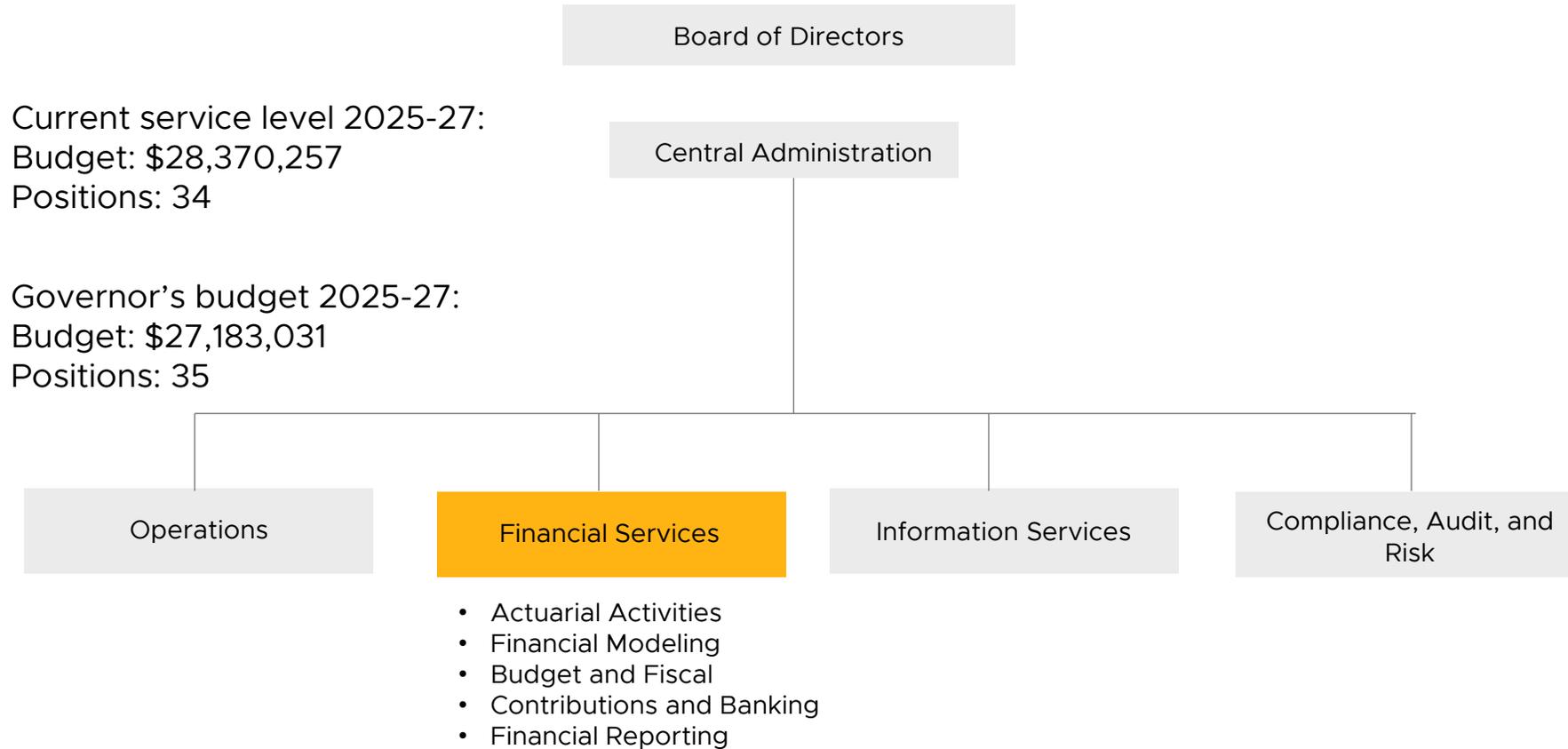
This request in the Operations Division to secure six limited-duration staff related to Senate Bill (SB) 1049 Program Implementation. PERS implemented new software and accounts to manage the requirements of SB 1049, and continued support is needed to complete the Employee Pension Stability Account (EPSA) clean-up of retiree accounts.

Package 106 – Operations CSL \$773,646 FTE 3.52

This request in the Operations Division for four additional positions. These additional positions create greater flexibility with workload assignments and bolster knowledge through enhanced responsibilities via a higher position classification.

10% Reductions Options (ORS 291.216) - \$3,925,343

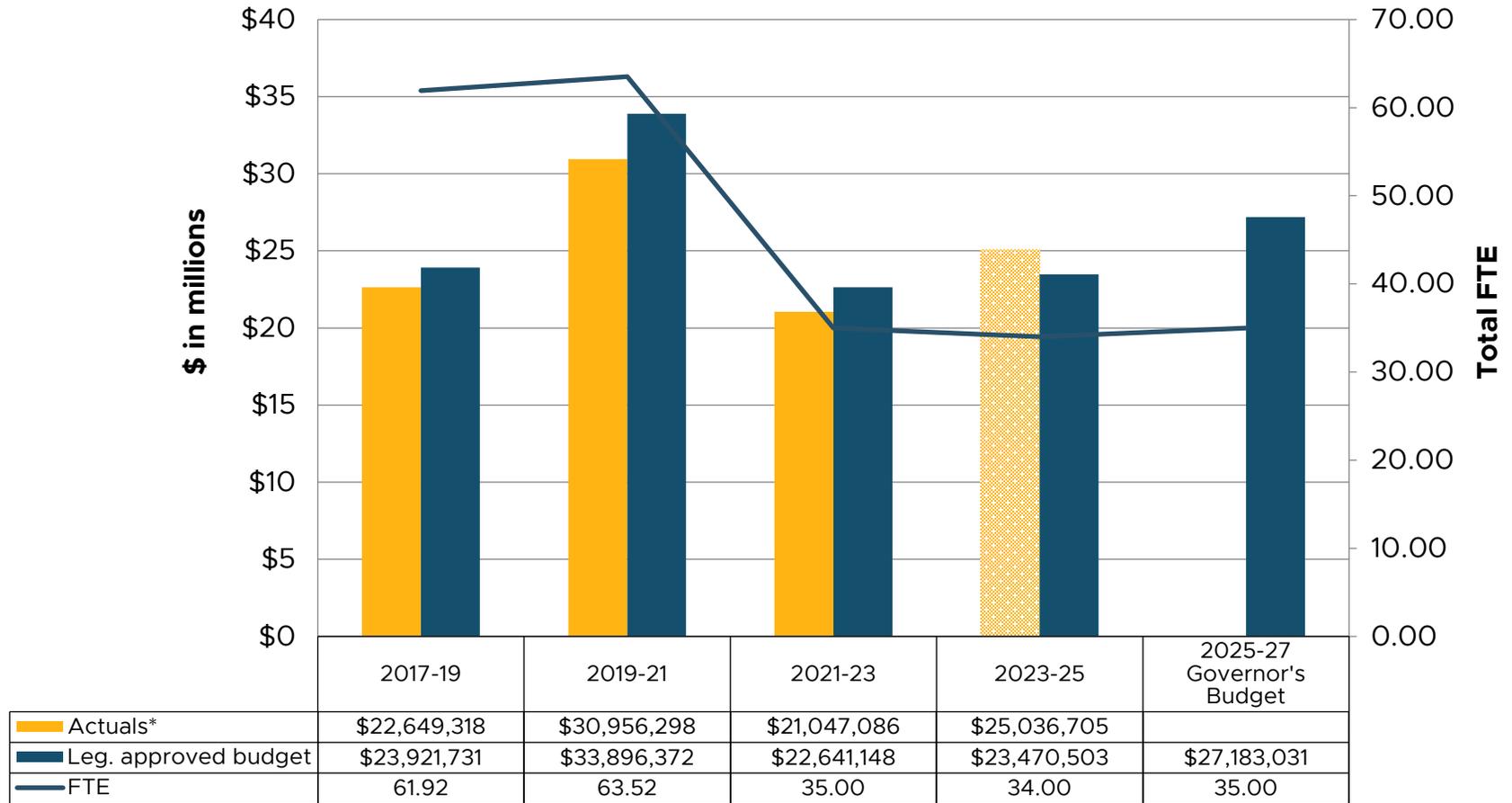
Financial Services Division overview



- 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.

Financial Services Division

Budget to actuals



Financial Services Division

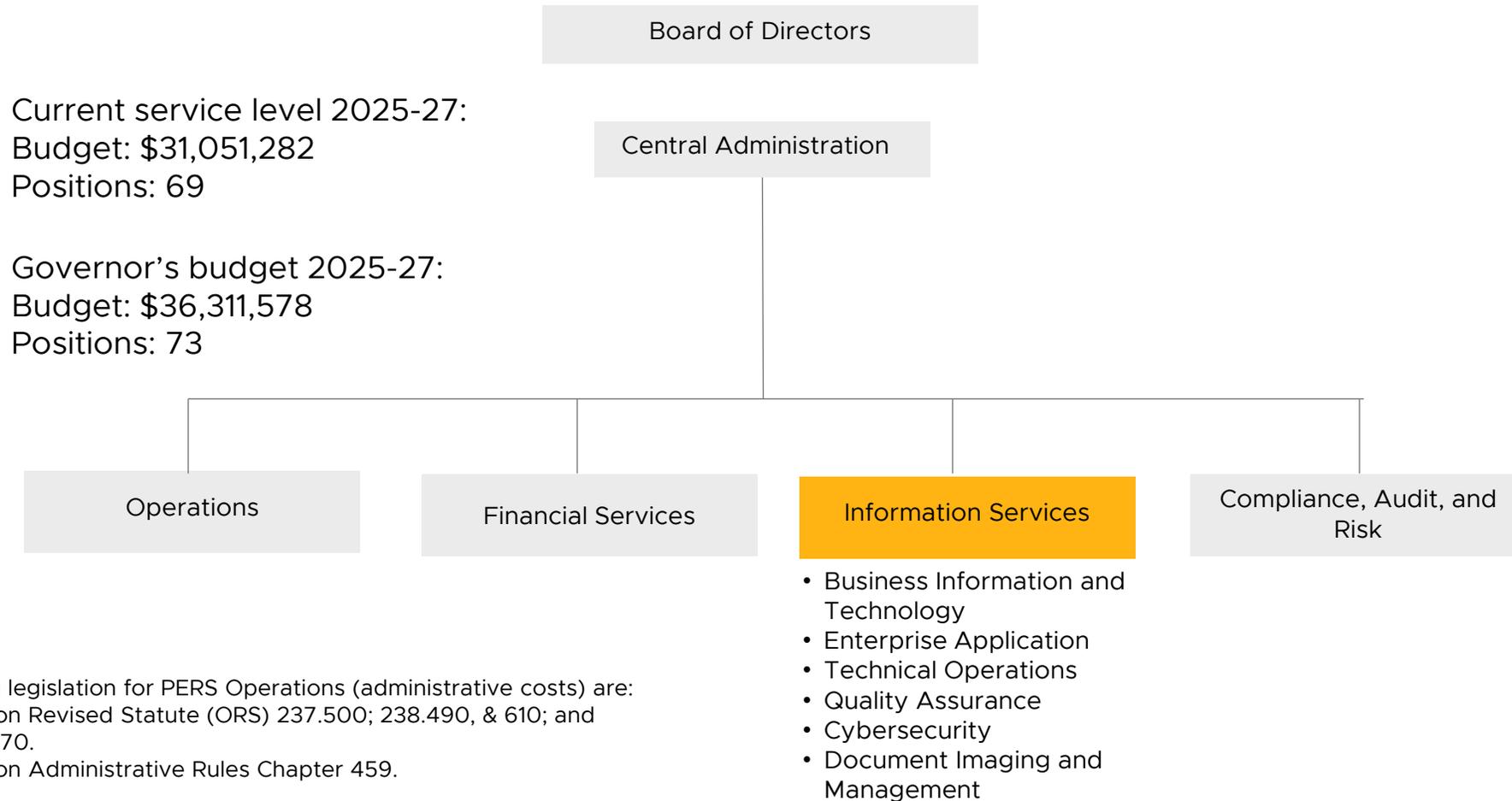
	Amount	FTE
Current Service Level	\$28,370,257	34.00
Policy packages		
Pkg. 93 CFO analyst adjustments	(\$1,375,898)	
Pkg. 113 Actuarial staff	\$188,672	0.88
Subtotal policy packages	(\$1,187,226)	0.88
2025-27 Total Governor's budget	\$27,183,031	35.00

Package 113 – Actuarial Analyst \$188,672 FTE 0.88

This proposal is to add one Operations and Policy Analyst 1 Actuarial Data Specialist position in the Actuarial Activities Section and is based on an evaluation of current tasks, workload bottlenecks, and overall actuarial team goals. The bulk of the work for this position would be centered around routine data collection tasks currently performed by existing higher-level staff. Most immediately, this additional resource will create a manageable workload during key crunch times such as the month of April where over 200 working hours are currently dedicated to collecting and validating data for the annual actuarial valuation. This in turn would free up bandwidth for existing staff to focus more exclusively on complex analytical tasks that are either currently unable to be completed or are outsourced to the consulting actuaries. By relieving higher level staff of these routine tasks, this also creates the opportunity to explore additional value-added tasks providing relevant analysis to both internal and external stakeholders or to take on legislative mandates without impacting ongoing work.

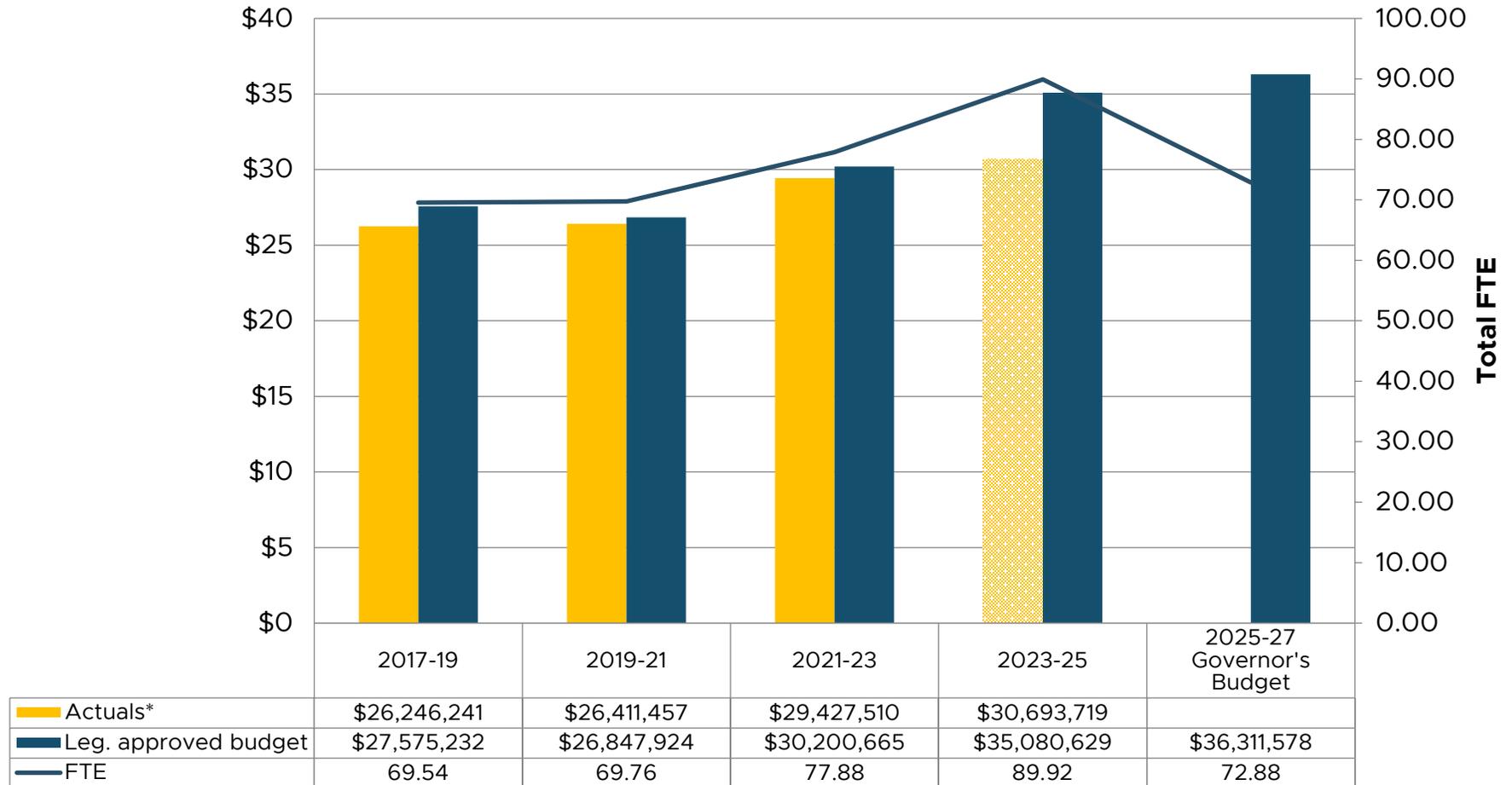
10% Reductions Options (ORS 291.216) - \$2,221,736

Information Services Division (ISD) overview



Information Services Division

Budget to actuals



Information Services Division

	Amount	FTE
Current Service Level	\$31,051,282	69.00
Policy packages		
Pkg. 93 CFO analyst adjustments	\$279,368	
Pkg. 101 HB4045	\$2,200,000	0.00
Pkg. 102 Managed services	\$262,918	0.88
Pkg. 103 SB1049 permanent positions	\$818,474	3.00
Pkg. 105 ISD dues and subscriptions	\$1,639,000	0.00
Pkg. 112 ISD reclasses	\$60,536	0.00
Subtotal policy packages	\$5,260,296	3.88
2025-27 Total Governor's budget	\$36,311,578	72.88

Package 101 – HB4045 \$2,200,000 FTE 0.00

House Bill 4045, which was passed in the 2024 regular session, directed PERS to, among other things, lower the Oregon Public Service Retirement Plan Police and Fire retirement age from 60 to 55 for members with less than 25 years of service. This element of HB 4045 is effective January 1, 2025.

Package 102-Managed services \$262,918 FTE 0.88

This outlines the increased budget requirements and strategy to support PERS locations, staff, and systems in support of managing the benefit plans PERS administers.

Package 103 – SB1049 positions \$818,474 FTE 3.00

PERS is requesting three full-time permanent positions for system support.

Package 105- ISD dues and subscriptions \$1,639,000 FTE 0.00

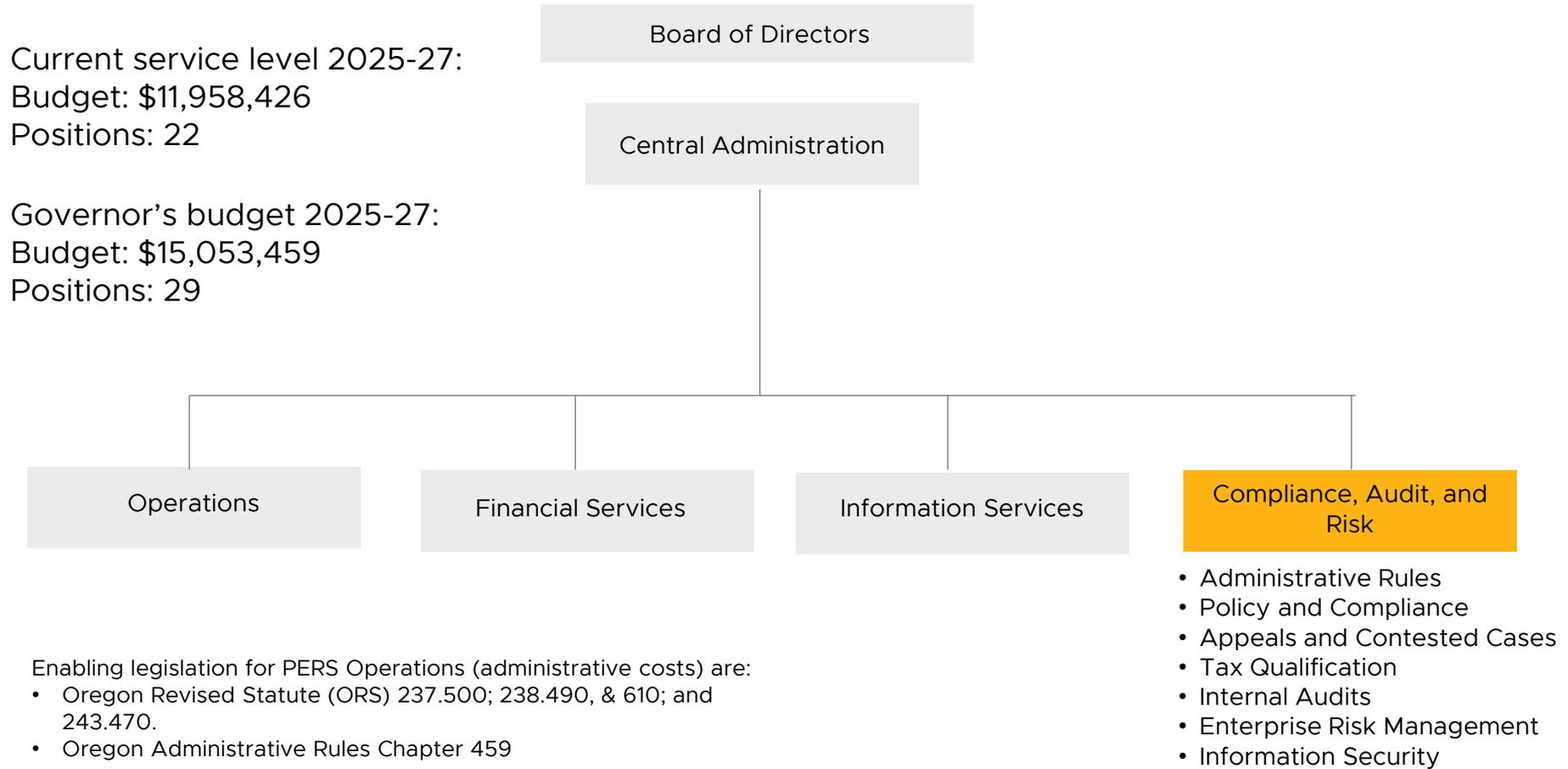
This request increased vendor licensing, service, and product costs that are currently driving the ISD normal operating budget into a negative variance and in 2025–27 is forecasted to be negative in perpetuity.

Package 112- ISD reclasses \$60,536 FTE 0.00

PERS is requesting the reclassification of two ISS4 Data Application Analyst positions to ISS6 Software Application Developer, and permanent funding for the Software Release Engineer position, which is currently being filled as a work-out-of-class employee.

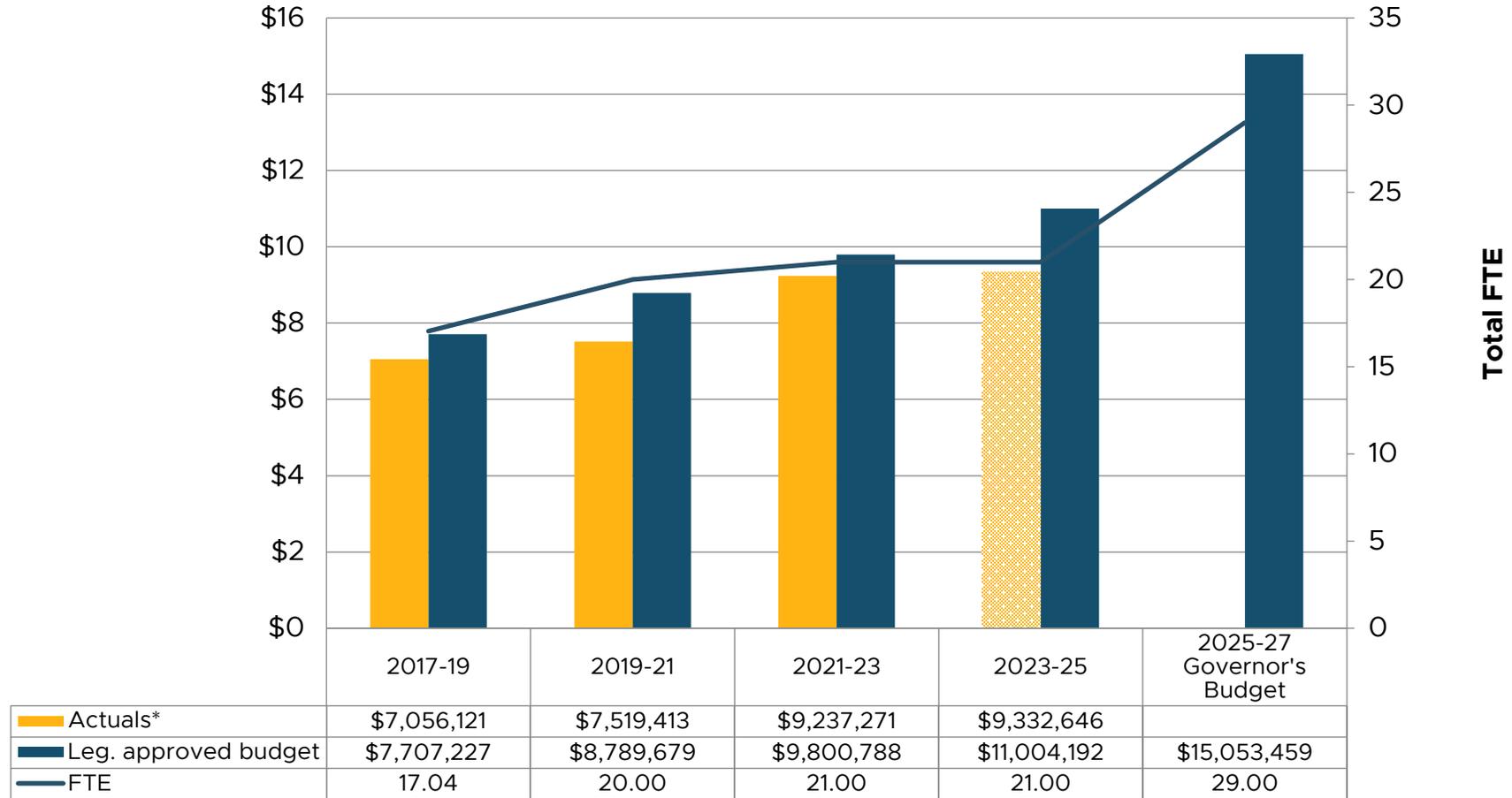
10% Reductions Options (ORS 291.216) - \$4,161,668

Compliance, Audit, and Risk Division



Compliance, Audit, and Risk Division

Budget to actuals



Compliance, Audit, and Risk Division

	Amount	FTE
Current Service Level	\$11,958,426	22.00
Policy packages		
Pkg. 92 Statewide Attorney General adjustment	(\$117,991)	0.00
Pkg. 105 ISD dues and subscriptions	\$735,280	0.00
Pkg. 108 Risk management	\$1,430,836	1.76
Pkg. 110 Policy Analysis and Compliance Section	\$1,046,908	4.40
Subtotal Policy Packages	\$3,095,033	6.16
2025-27 Total Governor's budget	\$15,053,459	28.16

Package 105- ISD dues and subscriptions \$735,280 FTE 0.00

This request increased vendor licensing, service, and product costs that are currently driving the ISD normal operating budget into a negative variance and in 2025–27 is forecasted to be negative in perpetuity.

Package 108- Risk management \$1,430,836 FTE 1.76

This request ties together strategy and business plans using formal risk management methodologies as one of the key decision-making criteria. This includes not only the more obvious risks that need to be mitigated, such as business continuity, disaster recovery, and information security, but also operational risks that may jeopardize the agency's mission such as the ability to attract and retain qualified personnel.

Pkg. 110 Policy Analysis and Compliance Section \$1,046,908 FTE 4.40

The Policy Analysis and Compliance Section (PACS) has experienced challenges with workload over the past several years. Implementing new legislative requirements over the years has caused more member appeals. Additionally, the pandemic years show a major uptick in disability claims that resulted in contested cases and increased the challenges with obtaining the necessary documentation from medical professionals. PACS has also taken on additional work in the area of disputes, which used to be handled by the Operations Division. This policy option package will address the resource deficiencies that have built up in PACS over the years and will help right-size the section in order to address current backlogs, avoid future backlogs, and address member issues more timely

10% Reductions Options (ORS 291.216) - \$993,679

Major budget drivers 2025-27

Legislative changes

- Senate Bill 1049 (2019)
 - After six years of effort, will complete implementation of all work packages and close out program by June 2025. Staff required for the ongoing maintenance of these changes.
- House Bill 4045 (2024)
 - Implemented manual processes to allow for manual processing of OPSRP Police and Fire members due to retirement age change effective January 1, 2025. Will be working on automating processes in 2025-26.
 - Will begin planning for implementation of Hazardous Positions classification which is effective January 1, 2030.

Agency strategic plan

- Updated PERS Strategic Plan for period 2023-2028.
- PERS 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 – PERS will be transitioning to DAS Managed Services model from co-location model in 2025. Will then be in position to transition to state resiliency site in 2026 as soon as one of the first agencies to do so. Full test of the state resiliency site capabilities to follow.

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 (School District Unfunded Liability Fund, Employer Incentive Fund).
- 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.
- 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 past six years

Biennium 2019-2021:

- SB 1049 (2019) implementation was the primary focus of agency efforts.
- Establishment of best practice Continuity Management and Information Security programs.
- Reorganization efforts to enhance effectiveness and efficiency of agency.
- Revision of PERS 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).

Biennium 2023-2025:

- SB 1049 (2019) implementation was the primary focus of agency efforts and will be complete by end of biennium.
- Completed a full redevelopment of the agency's website.
- Completely revamped employer communications materials.
- Implemented a major refresh of the PERS technical infrastructure.
- Continued to enhance Continuity and Information Security programs.
- Met or exceeded all Governor's Expectations.
- Completed renovations to roof of PERS' headquarters building.
- New board chair and two new independent board members.

Agency changes and service delivery 2023-25

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 Internal Revenue Service.
- 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.

2023-25 Service delivery changes:

- Continued to update digital PERS Expo information on a yearly basis.
- Published our first *PERS Popular Annual Financial Report* in 2024.
- Proactively working with employers on side account expirations.
- Will be launching a new Employer Incentive Fund cycle in April 2025 with approximately \$40 million in matching funds available for employers.
- Implemented a 2070 target-date fund within the Individual Account Program.
- Will be implementing a new telephony solution by end of this biennium. This covers the full agency telephony as well as enhanced telephony for our Member Information Center, Employer Service Center, and Oregon Savings Growth Plan (OSGP) staff.

Recent changes to agency budget and management

2023-25 Changes in management, major programs, service delivery, and budget:

- New PERS Board Chair and two new independent board members.
- SB 1049 (2019) implementation efforts were primary focus of agency efforts and will be complete by end of 2023-25 biennium.
- Continued maturation of Continuity Management and Information Security programs.
- New PERS Health Insurance Plan consultant onboarded for more comprehensive reviews of current healthcare programs.
- Reorganized Information Services Division to better align with future state staffing requirements.
- Implemented Police and Fire OPSRP age change section of HB 4045 to allow staff to manually process retirements. In initial stages of planning to automate these processes with timeline extending into 2025-27.

2025-27 Planned Cost-Containing Measures

- Continue to build out Enterprise Portfolio Management capabilities to better utilize resources and provide better identification and resource planning for future projects.
- PERS 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.
- Request for proposal complete for a new third party administrator for PERS Health Insurance Program which will provide higher level of service within similar cost structure in 2025-27 biennium.
- Conducted pilot to more readily identify members who have passed so that we can stop payments timely, with less chance of having to recover overpayments. Will be procuring a service in 2025-27.
- Refine remote workforce model which contains costs in longer-term.

Key legislation 2025 session

PERS proposed legislation:

SB 847: PERS Health Insurance Program subsidy changes. Increases the amount of the Medicare supplement plan premium subsidy and expands eligibility for both the Medicare and pre-Medicare (State of Oregon employees only) premium subsidies to OPSRP retirees.

SB 849: School District Unfunded Liability Fund changes. Removes the requirement that the money in the School District Unfunded Liability Fund be put into a side account, to allow more immediate utilization of the funds for the benefit of school district employers.

SB 851: Corrections and clarifications for employer reporting and member data statutes. Changes statutory provisions relating to employer reporting and member data to clarify certain terms and processes and align statutory limit amounts.

SB 852: Post-retirement death benefit clarifications. Updates the administration of selected post-retirement death benefits to clarify language, eliminate administrative challenges, and promote administrative efficiencies.

Additional Information:

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

- Discussion of eliminating or improving the overtime cap (OPSRP members only) set by some PERS-participating employers.
- Creating a new member benefit classification for Police and Fire and establishing a health insurance task force for retired Police and Fire.
- Discussing disability appeals processing and disability program requirements.
- Potentially lowering OPSRP Police and Fire service retirement age.
- Providing designated OPSRP union representatives PERS service credit for release time.

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you.

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