

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



## **2025-27 Budget Presentation Phase II**

Joint Committee on Ways and  
Means Subcommittee on  
General Government

Kevin Olineck,  
Director  
April 22, 2025









# Senate Bill (SB) 1049 (2019) five projects - one program

- **Employer Programs** – An initial \$100 million General Fund appropriation into the Employer Incentive Fund (EIF) encouraged employers to set up, or make new contributions to, side accounts used to offset future contribution payments. Formalize Unfunded Actuarial Liability (UAL) Resolution Program.
- **Salary Limit** – This provision limits the amount of subject salary used in benefit calculations for all program members. Currently \$238,567 in 2025. Increases yearly based on cost-of-living adjustment.
- **Work After Retirement** – Provisions allow PERS retirees to work unlimited hours for PERS-participating employers in calendar years 2020-2034 without losing their pension benefit. Employers are required to pay the contribution rate on retiree salary as if they were an active member.
- **Member Redirect** – Beginning July 1, 2020, a portion of member contributions (6% of salary) will be directed to a new Employee Pension Stability Account to be used for future pension payments. For Tier One and Tier Two members, the redirected amount is 2.5% of salary subject to Individual Account Program (IAP) contributions. For Oregon Public Service Retirement Plan (OPSRP) members, the redirected amount is 0.75% of salary subject to IAP contributions. Subject salary is \$3,777 per month in 2025. Also allows for member voluntary contributions to offset member redirect contributions.
- **Member Choice** – As of January 1, 2021, investment of member IAP accounts may be directed by members to a target-date fund other than one based on their birth year.
- Not included as a project was a one-time reamortization of the Tier One, Tier Two Unfunded Actuarial Liabilities over a 22-year period (as opposed to the fixed 20-year amortization periods set by the PERS board for each valuation period).







# Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

	2019						2020						2021											
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 <b>Employer Programs</b>	<ul style="list-style-type: none"> <li>7/1/19 – Effective Date</li> <li>9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens</li> <li>11/27/19 – EIF Application #1 Closes</li> <li>12/2/19 – EIF Application #2 Opens</li> </ul>												<ul style="list-style-type: none"> <li>8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete</li> <li>12/1/20 – EIF Application #2 Closes</li> <li>3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT →●</li> <li>6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment →●</li> </ul>											
 <b>Salary Limit</b>							<ul style="list-style-type: none"> <li>12/24/19 – Work Package (WP) 1 – Short Term</li> <li>1/1/20 – Effective Date</li> <li>1/24/20 – WP2 Post 2020 Salary Limit</li> </ul>						<ul style="list-style-type: none"> <li>11/19/20 – WP3 User Screens to Record Annual Salary Limit</li> <li>5/13/21 – WP4 Proration Reports and Workflow →●</li> <li>5/28/21 – Project Close →●</li> </ul>											
 <b>Work After Retirement</b>							<ul style="list-style-type: none"> <li>12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term</li> <li>1/1/20 – Effective Date</li> </ul>						<ul style="list-style-type: none"> <li>11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration</li> <li>5/13/21 – WP3 Retro Rate Change →●</li> </ul>											
 <b>Member Redirect</b>							<ul style="list-style-type: none"> <li>6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term</li> <li>7/1/20 – Effective Date</li> </ul>						<ul style="list-style-type: none"> <li>9/22/20 – Voluntary Contributions Initial Functionality</li> <li>10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety</li> <li>11/19/20 – Voluntary Contributions Final Functionality Release</li> <li>1/21/21 – WP5.2 Online Member Services User Interface →●</li> <li>1/26/21 – WP2 TIED SSIS – Non-jClarety →●</li> <li>3/23/21 – WP3 EPSA Earnings</li> <li>6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen →●</li> </ul>											
 <b>Member Choice</b>	<ul style="list-style-type: none"> <li>10/23/19 – Project Kick Off</li> <li>5/15/20 – Member Annual Statements (MAS) Flyer Communication</li> </ul>						<ul style="list-style-type: none"> <li>8/19/20 – Member Choice Notification</li> </ul>						<ul style="list-style-type: none"> <li>8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed</li> <li>9/1-30/20 – Election Period</li> <li>1/1/21 – Effective Date</li> <li>3/23/21 – WP2 OMS &amp; jClarety Enhancements →●</li> <li>5/1/21 – Member Choice reflected in MAS →●</li> <li>6/24/21 – WP3 Online Member Services (OMS) Election and Bugs →●</li> </ul>											
<b>PROGRAM INITIATIVE</b>																								
 <b>Cross Project Effort</b>	<ul style="list-style-type: none"> <li>1/26/21 – WP2.1 IAP Payment Recon (short-term) →●</li> <li>3/18/21 – WP1.2 IAP Validator Tool →●</li> <li>4/27/21 – WP2.2 IAP Payment Recon →●</li> <li>5/13/21 – WP7.2 Employer Information Actuarial Extract →●</li> <li>6/18/21 – WP5.1 PYE Invoicing Tool →●</li> <li>6/24/21 – WP7.1 Non-Retired Census Actuarial Extract →●</li> <li>6/28/21 – WP4.1 IAP Adjustment Calculator →●</li> </ul>																							

# Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

	2021						2022												2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 <b>Employer Programs</b>	● 7/16/21 – Project Close																							
 <b>Work After Retirement</b>							● 12/16/21 – WP4 Side Account Credit Allocation						● 2/24/22 – Project Close											
 <b>Member Redirect</b>							● 10/14/21 – WP5 Voluntary Contribution Maintenance						● 3/24/22 – WP4.3 EPSA Transaction Display						● 7/21/22 – WP6.1 EPSA Retirement					
 <b>Member Choice</b>	● 8/4/21 – Project Close																		6/29/23 – WP9.1 EPSA Withdrawal → ●					
 <b>Technical Debt</b>	● 7/1/21 – Project Kickoff						4/30/22 – WP3 General Ledger Reversals, Including Side Accounts – Functional Design Specification Completed						● 3/31/22 – WP2 Benefit Account Transition Status – Functional Design Specification Completed						● 7/21/22 – WP1 Employer Statements					
<b>PROGRAM INITIATIVE</b>							● 3/4/22 – WP3 IAP Divorce Tool						● 10/20/22 – WP4 Hyperion Replacement						6/29/23 - WP6 General Ledger Reversals → ●					
 <b>Cross Project Effort</b>													● 5/20/22 – WP5.2 PYE Invoicing Tool						● 6/1/22 – WP4.2 IAP Adjustment Calculator					

# Senate Bill (SB) 1049 Implementation Road Map

## 2023-2025 Biennium

PROJECTS	2023						2024						2025												
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
<b>Member Redirect</b>																									<ul style="list-style-type: none"> <li>8/15/24 - WP11.1A EPSA Retirement Cancellation and Adjustment</li> <li>8/15/24 - WP11.2B Death Excess EPSA</li> <li>2/6/25 - WP11.1B Withdrawal Cancellation and Adjustment</li> <li>2/6/25 - WP11.1C EPSA Death Cancellation and Adjustments</li> </ul>
<b>Technical Debt</b>																									<ul style="list-style-type: none"> <li>2/15/24 - WP8.1 EPSA Death</li> <li>2/15/24 - WP10 Mid-Project Clean up</li> <li>2/15/24 - WP5 Side Account Reversals</li> <li>4/29/24 - Project Close</li> </ul>
<b>PROGRAM INITIATIVE</b>																									<ul style="list-style-type: none"> <li>6/6/24 - WP6 IAP Balance Comparison Tool</li> </ul>
<b>Cross Project Effort</b>																									<ul style="list-style-type: none"> <li>4/17/25 - WP7.3 Payouts Actuarial Extract</li> </ul>

# SB 1049 Implementation Program

## Status Report for April 18, 2025

Executive Sponsor: Kevin Olineck  
Program Manager: Prashant Jaiswal

### Program information:

Program start: **July 1, 2019** | Program end: **June 30, 2025**

### Projects:

Project 1: Employer Programs

Project start: July 1, 2019 | Project end: July 16, 2021

Project status: **Complete**

Project 2: Work After Retirement (WAR)

Project start: July 1, 2019 | Project end: February 24, 2022

Project status: **Complete**

Project 3: Salary Limit

Project start: July 1, 2019 | Project end: May 28, 2021

Project status: **Complete**

### Program statement:

SB 1049 is comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), reduce system Unfunded Actuarial Liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers. Implementation will occur across six subprojects.

Project 4: Member Redirect

Project start: July 1, 2019 | Project end: May 9, 2025

Project status: **Green**

Project 5: Member Choice

Project start: October 23, 2019 | Project end: August 4, 2021

Project status: **Complete**

Project 6: Technical Debt

Project start: June 22, 2021 | Project end: April 29, 2024

Project status: **Complete**

### Overall program status: **Green**

Quality Gate for the April Release 10.2.0 was signed off on 04/02/2025. Release 10.2.0 (last release of the SB1049 Program) was deployed to production on 4/17/2025. Final Lessons Learned and SB 1049 Implementation Program closing activities are in progress.

# SB 1049 Program expenditures by project

29560- SB 1049 Implementation Program by Project					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Member Redirect	\$ 19,566,232	\$ 14,498,139	\$ 3,457,854	\$ 17,955,993	(1,610,239)
Technical Debt	\$ 1,258,122	\$ 842,606	\$ -	\$ 842,606	(415,516)
				\$ -	-
<b>Total</b>	<b>\$ 20,824,354</b>	<b>\$ 15,340,745</b>	<b>\$ 3,457,854</b>	<b>\$ 18,798,599</b>	<b>\$ (2,025,755)</b>

Budget Information in the table above is for the FY23-25 biennium.

Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Member Redirect	7/31/2023	\$ 60,680,760	\$ 56,979,338	\$ (3,701,422)	-6.1%
Technical Debt	7/31/2023	\$ 3,823,863	\$ 2,779,670	\$ (1,044,193)	-27.3%
Salary Limit	7/1/2019	\$ 1,422,027	\$ 1,386,315	\$ (35,712)	-2.5%
Employer Programs	7/1/2019	\$ 2,051,084	\$ 2,006,740	\$ (44,344)	-2.2%
Member Choice	7/1/2019	\$ 2,337,814	\$ 2,282,274	\$ (55,540)	-2.4%
WAR	7/1/2019	\$ 3,310,580	\$ 2,513,353	\$ (797,227)	-24.1%
<b>Program Total</b>		<b>\$ 73,626,128</b>	<b>\$ 67,947,690</b>	<b>\$ (5,678,438)</b>	<b>-7.7%</b>

Budget Information in the table above is for the SB1049 Program since Inception.

\*Totals above do not include internal resource costs.

Total internal resource costs to date are \$8.8m, consisting of 129,594 hours of internal resources.

# SB 1049 Program expenditures by allocation

29560- SB 1049 Implementation Program by POP					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Project Management & Admin	\$ 1,876,800	\$ 1,508,000	\$ 294,810	\$ 1,802,810	(73,990)
Quality Assurance and Testing	\$ 1,062,600	\$ 878,498	\$ 31,002	\$ 909,500	(153,100)
Info Technology Applications	\$ 13,423,000	\$ 9,428,354	\$ 2,849,352	\$ 12,277,705	(1,145,295)
Operational Implementation	\$ 4,461,954	\$ 3,525,893	\$ 282,691	\$ 3,808,585	(653,369)
<b>Total</b>	<b>\$ 20,824,354</b>	<b>\$ 15,340,745</b>	<b>\$ 3,457,855</b>	<b>\$ 18,798,599</b>	<b>\$ (2,025,755)</b>

Budget Information in the table above is for the FY23-25 biennium.

Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Project Management & Admin	7/1/2019	\$ 6,421,600	\$ 5,515,636	\$ (905,964)	-14.1%
Quality Assurance and Testing	7/1/2019	\$ 4,375,100	\$ 3,803,300	\$ (571,800)	-13.1%
Info Technology Applications	7/1/2019	\$ 42,752,000	\$ 41,994,883	\$ (757,117)	-1.8%
Operational Implementation	7/1/2019	\$ 20,077,428	\$ 16,633,871	\$ (3,443,557)	-17.2%
		<b>\$ 73,626,128</b>	<b>\$ 67,947,690</b>	<b>\$ (5,678,438)</b>	<b>-7.7%</b>

Budget Information in the table above is for the SB1049 Program since Inception.

\*Totals above do not include internal resource costs.

Total internal resource costs to date are \$8.8m, consisting of 129,594 hours of internal resources.



# Independent quality assurance reporting

- Gartner is providing independent quality assurance services (iQMS) over the duration of the program.
- Conducted quarterly reviews with both PERS staff as well as with the Department of Administrative Services' Enterprise Information Services and Legislative Fiscal Office.
- Gartner conducted a “lessons learned” exercise in 2022 and recommendations were incorporated into our processes.
- The final 2025 Periodic Quality Status Report was received on March 5, 2025, which concludes the iQMS quarterly and periodic reports for the SB 1049 Program.
- Gartner will produce a final “lessons learned” report in June 2025.

# Cumulative actuarial impact

SB 1049 change	Initial estimated 2021-23 Employer Rate Effect during 2019 leg. session	Current estimated 2025-27 Employer Rate Effect completed in 2024
Tier One/Tier Two UAL Reamortization (uncollared rate)	(3.90)	(3.57)
Work After Retirement	(0.80)	(0.06)
Salary Limit	(0.03)	(0.00)
IAP Redirect	(1.20)	(1.00)
Employer Incentive Fund	(0.00)	(0.04)
<b>Total</b>	<b>(5.93)</b>	<b>(4.67)</b>

Contribution rate impact (based on 2022 actuarial valuation).

# Cumulative actuarial impact (updated)

Senate Bill 1049 Effect on System-Wide Contributions (\$ millions)				
Calendar Year	2019	2020	2021	2022
<b>Contributions to OPERF</b>				
Member redirect contributions		\$62.3	\$162.1	\$153.8
Employer offset from member redirect*			(81.1)	(153.8)
Employer rehired retiree contributions		38.2	43.3	46.7
State EIF match	38.3	23.3	0	30.1
<b>Total</b>	<b>\$38.3</b>	<b>\$123.8</b>	<b>\$124.3</b>	<b>\$76.8</b>
<b>Contributions deferred by UAL reamortization (uncollared basis)</b>			<b>(\$226.1)</b>	<b>(\$484.2)</b>

Contribution rate impact (based on 2022 valuation)

(Does not take into account the \$77m in implementation costs.)

# House Bill 4045 (2024)

House Bill (HB) 4045 was passed in the 2024 regular session. The bill directed PERS to:

SECTION 14. The Public Employees Retirement Board shall report at each odd-numbered year regular session, in writing or in person, to a committee of the Legislative Assembly related to public employee retirement on progress toward implementing the amendments to ORS 238A.005, 238A.125, 238A.134, 238A.160, 238A.220, 238A.240, 338.135, 352.138 and 353.100 by sections 2, 3 and 5 to 11 of this 2024 Act. The report must include the impact of any delays occurring as a result of other ongoing projects of the board.

## **Effective January 1, 2025:**

- Lower the Oregon Public Service Retirement Plan Police and Fire retirement age from 60 to 55 for members with fewer than 25 years of service.
- Provide that district attorneys, and forensic scientists and evidence technicians employed by the Department of State Police, qualify as police officers under the Oregon Public Service Retirement Plan (OPSRP).

## **Effective January 1, 2030:**

- Establish a new member class of hazardous positions under the Oregon Public Service Retirement Plan (OPSRP) and provides increased retirement benefits to members employed in hazardous positions.

# HB 4045 (2024) Police and Fire age change

Effective January 1, 2025:

- Lower the Oregon Public Service Retirement Plan (OPSRP) Police and Fire (P&F) retirement age from 60 to 55 for members with fewer than 25 years of service.
- Provide that district attorneys, and forensic scientists and evidence technicians employed by the Department of State Police, qualify as police officers under the Oregon Public Service Retirement Plan (OPSRP).

## Phase I

- Put in place manual processes to process retirements using the new retirement age effective January 1, 2025.
- Built out requisite communications and forms for both members and employers impacted by P&F age change.
- Worked with employers to enroll district attorneys, forensic scientists, and evidence technicians effective January 1, 2025.

## Phase II

- PERS is currently engaged in implementing an integrated solution for the retirement age change.
- Estimating that we will have this phase completed by March 31, 2026.
- Currently in initial development of system requirements for all calculation types impacted by age change.
- Currently in final steps in procuring an iQMS vendor.
- Working on procuring technical resources.
- Working with Enterprise Information Services to gain Stage Gate 2 endorsement.
- Currently, have a budget of \$2,037,532 for the 2023-25 biennium and will be underspent based on current projections.
- Funding for 2025-27 biennium is included in policy option package 101 (next slide).

# Detailed policy option package (POP) 2025-27

## Package 101: House Bill 4045

PERS requests \$2,728,198 Other Funds limitation for the implementation of House Bill (HB) 4045 (2024): Oregon Public Service Retirement Plan Police and Fire Retirement Age Change Phase II.

- Personal services \$ 508,698
- Services and supplies \$ 2,219,500
- Capital outlay \$ 0

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- Package total \$ 2,728,198

Service and supplies will cover the cost of technical resources as well as iQMS services.

Work will be focused on designing, building, and implementing system changes to update all calculations which use retirement age, including retirement estimates and finalizations as well as associated statements and reports.

Personal services, noted below, are to assist in the additional workload as a result of these changes.

Position #	Position	Status	Position	Full-time equivalent (FTE)
2544525	C0104 OFFICE SPECIALIST 2	PF*	1	1.00
2544526	C0104 OFFICE SPECIALIST 2	PF	1	1.00
2544527	C0842 RETIREMENT COUNSELOR 2	PF	1	1.00
<b>Total</b>			<b>3</b>	<b>3.00</b>

# HB 4045 (2024) Hazardous Positions

Effective January 1, 2030, establish a new class of hazardous positions under the Oregon Public Service Retirement Plan and provide increased retirement benefits to members employed in hazardous positions.

Planning, analysis, and design efforts will be conducted from July 2025 through June 2026.

These efforts are predicated on building out this functionality in such a manner that, regardless of the direction that PERS takes in its modernization program with respect to either continuing with its current pension administration system platform or building out a commercial-off-the-shelf solution, the functionality will be in place for January 1, 2030. A budget request of \$3.2 million for this initial work is within the Modernization Program Policy Option Package (POP #104).

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



**Thank you**

