

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2025-27 Budget Presentation Phase II

Joint Committee on Ways and Means Subcommittee on General Government

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April 22, 2025

Modernization Program



Agenda

1. PERS Modernization Program
 - Purpose, goals, and benefits
 - Governance (decision-making process)
2. 2023-25 PERS Modernization Program overall health
 - Scope, schedule, and budget
3. Modernization solutions analysis
 - Gartner Options Analysis Decision Framework
4. 2025-26 Modernization Roadmap
 - Projects planned for one year
5. 2025-26 PERS Modernization Program estimated budget (one year)
6. Modernization budget since inception

PERS Modernization Program

PERS Modernization Program

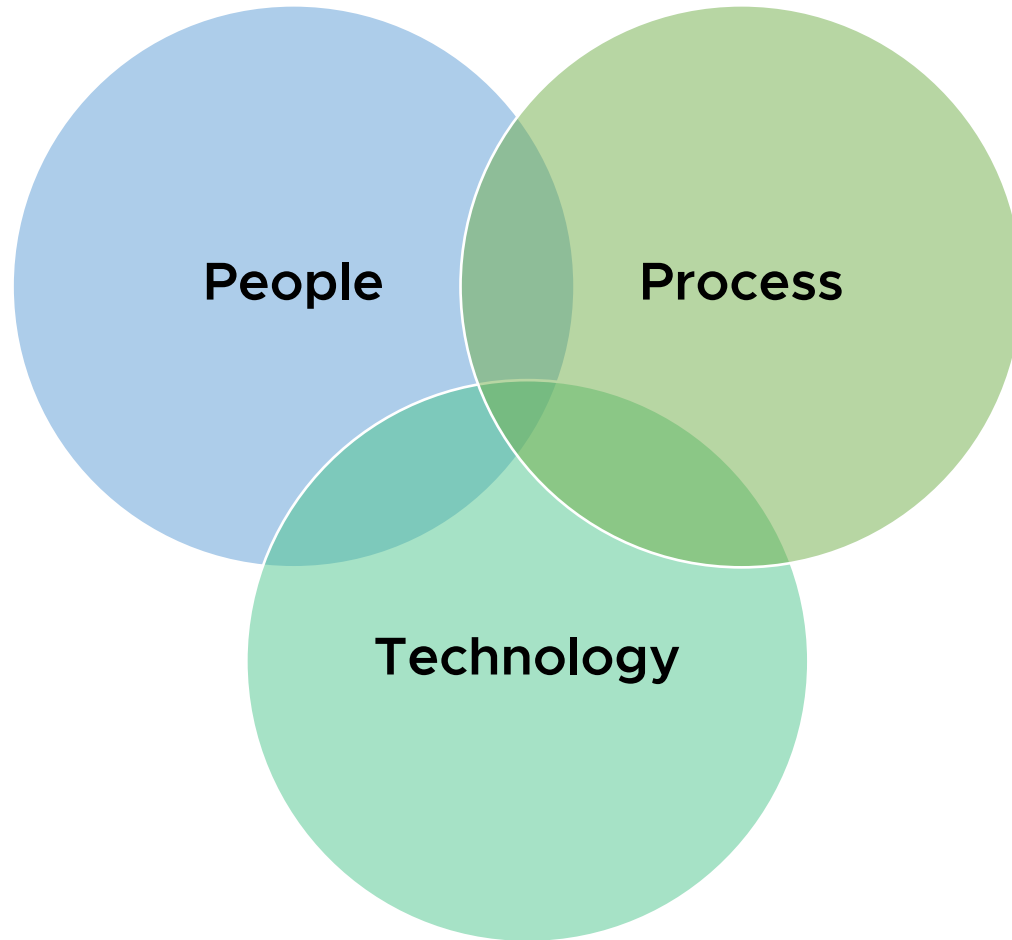
Purpose

The PERS Modernization Program is a comprehensive, multiyear initiative aimed at transforming how the Oregon Public Employees Retirement System manages pension administration. **This enterprise-wide business initiative will focus on people, processes, and technology to enhance operational efficiency and modernize service delivery.** By upgrading communication channels, streamlining core business processes, and increasing data-driven decision-making capabilities, **the program will empower PERS to better meet its mission of paying the right person, the right benefit, at the right time.**

This modernization effort will position PERS to **deliver more effective, responsive, and sustainable services to its members and stakeholders.**

PERS Modernization Program

Goal: Modernization will include people, process, and technology



People

Activities will increase satisfaction with services, improve confidence in our technologies, and improve skills of our staff.

Process

Organizational improvements enable streamlined work and eliminate manual processes and procedures.

Technology

Consider opportunities to transform disparate technologies to a sustainable and integrated system.

PERS Modernization Program Benefits

The Modernization Executive Steering Committee has identified the following program benefits desired to be delivered by the PERS Modernization Program.

People benefits

Increased satisfaction with
PERS services

Increased PERS staff
engagement

Improved confidence in
PERS tools and technologies

Increased technical skills of
staff

Process benefits

Reduction of manual
processes

Increased data utilization

Increased member
engagement capabilities

Reduction of risk rating by
internal and external
auditors

Technology benefits

Reduced system
complexity

Reduction of costs for
technology maintenance
and enhancements

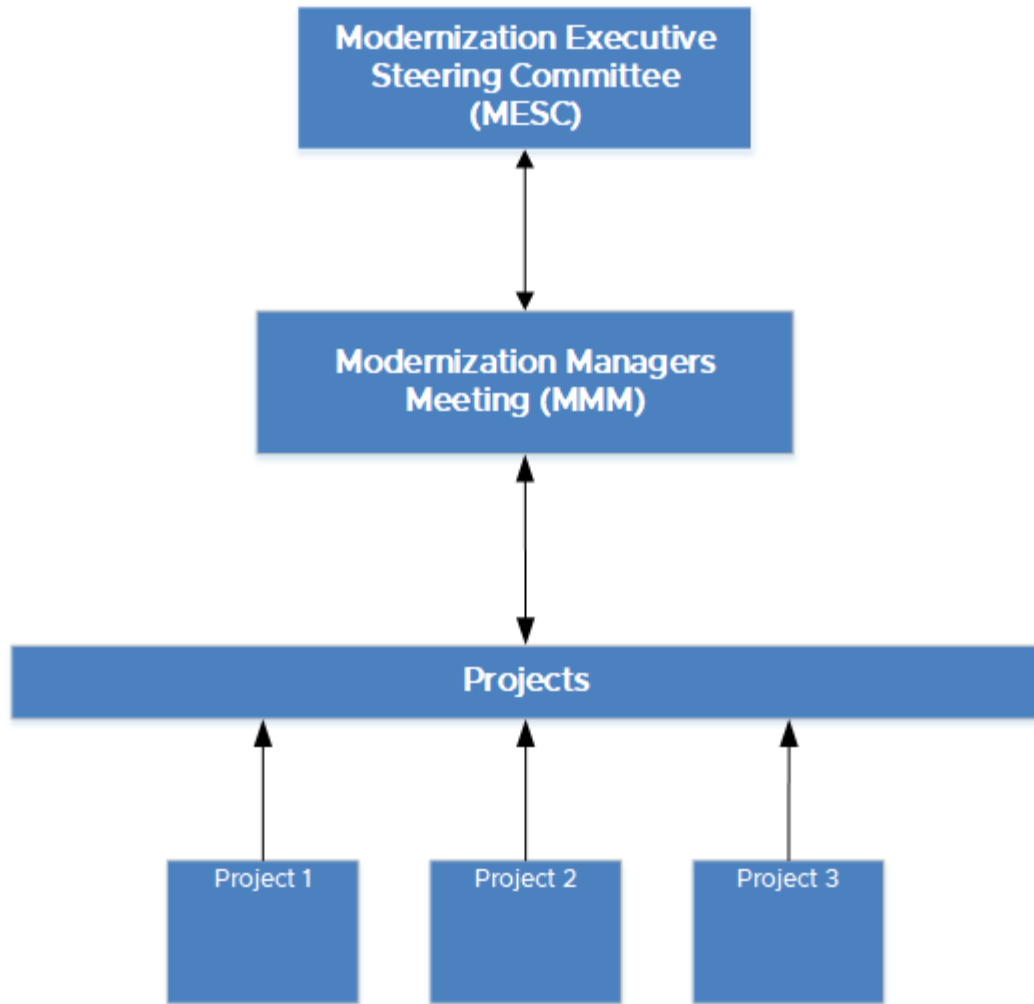
Reduction of system
downtime

Reduction in data and
identity fraud risks

PERS Modernization Program governance

The Modernization Executive Steering Committee (MESC) sets strategic direction, determines program scope, acts as the change control board, and sets benefit targets.

The modernization managers' meeting addresses operational issues, removes roadblocks, and develops recommendations for consideration by MESC.



PERS Modernization Program 2023-25

Overall health

PERS Modernization Program

Current status

Highlights:

- Onboarded new modernization program director.
 - PERS was without a director for about nine months.
- An Options Analysis Decision Framework will be completed by June to determine the best approach for modernizing Oregon's pension administration system (PAS) (future state).
- Completed third-party assessment of current pension administration system (current state).
- Worked with enterprise architecture consultants to develop tailored architecture framework.
- Completed DevOps consulting services.
- Recruitments for limited-duration positions are in process.

PERS Modernization Program

Enterprise Information Services (EIS) and independent quality assurance services (iQMS) overall health assessment

EIS overall status



EIS has concerns with the progression of some projects within the modernization program without a clearly defined roadmap and completion of the solutions analysis work.

Given the above, if EIS were to report a status for PERS, scope, schedule, and budget, EIS shared that they would report PERS in a "red" or "critical status."

iQMS overall status



Key risks from quarterly quality assurance status report:

- 25-26 program budget request does not include sufficient detail
- Risk of reduced support
- Competing priorities
- Resource capacity, skills, and capabilities
- Core telephony functionality may not be delivered by the end of the biennium

PERS Modernization Program

Overall program health from PERS

PERS overall status



- Program reset (scope, schedule, and budget).
- Actively working on foundational documents and getting projects back on track.
 - EIS requested that PERS complete a solutions analysis, which put planning on hold pending the result.

PERS activities over the last two months

- Set vision for 2025-26 (one year). An updated modernization roadmap was completed on April 11, 2025.
- An updated Modernization Policy Option Package was completed and submitted to the Legislative Fiscal Office (LFO) on April 16, 2025.
- Refined governance.
- Gartner kicked off its Options Decision Framework Project on January 24, 2025.
 - Gartner will provide an options analysis framework in June 2025.
 - PERS will complete its Pension Administration System Solutions Analysis in QTR 3 of 2025.

PERS Modernization Program budget update

2023-2025 (as of April 20, 2025)

30428 - Modernization Project					
Expenses	Budget	Actual to Date	Projections	Total	Variance
Program Staff	\$ 3,406,073	\$ 2,270,150	\$ 681,844	\$ 2,951,994	\$ (454,079)
Client Relationship management	\$ -	\$ -	\$ -	\$ -	\$ -
Data and Analytics	\$ 1,000,000	\$ 607,918	\$ 385,208	\$ 993,126	\$ (6,874)
Development and Operations	\$ 560,000	\$ 444,270	\$ 35,000	\$ 479,270	\$ (80,730)
Architecture	\$2,000,000	\$ 1,769,620	\$ 207,215	\$ 1,976,835	\$ (23,165)
Independent Quality Management Srvs	\$ 1,200,000	\$ 336,770	\$ 774,230	\$ 1,111,000	\$ (89,000)
Hybrid Integration Platform	\$ 450,000		\$ -	\$ -	\$ (450,000)
Telephony	\$ 557,000		\$ 920,000	\$ 920,000	\$ 363,000
Pension Administration System (PAS)	\$ 400,000		\$ 400,000	\$ 400,000	\$ -
Project Total	\$ 9,573,073	\$ 5,428,728	\$ 3,403,498	\$ 8,832,225	\$ (740,848)
Average Monthly Spend (Burn Rate)	\$ 398,878	\$ 226,197	\$ 141,812	\$ 368,009	

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Modernization solutions analysis

Gartner Options Decision Framework

Gartner Options Decision Framework

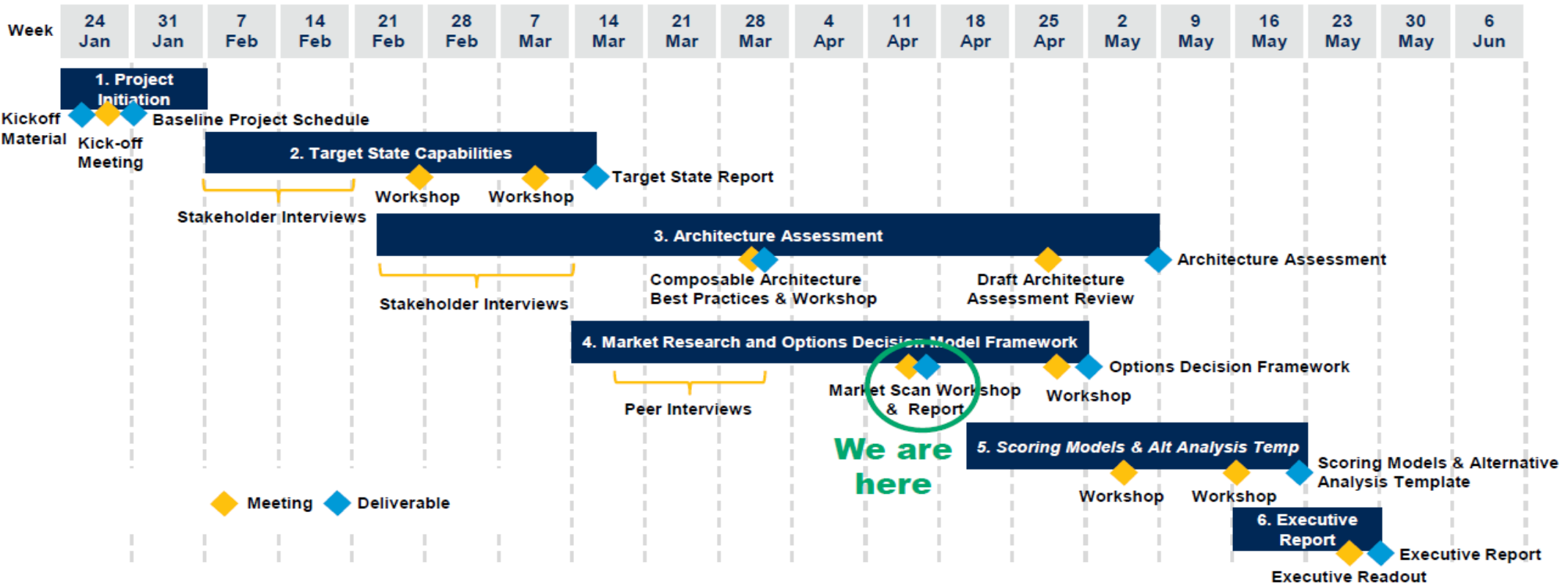
jClarety is deeply entangled with the current ORION architecture, requiring an approach to PERS Modernization that extends beyond simply replacing jClarety

 **Gartner**

Gartner Options Decision Framework

Project Overview and Summary Approach

Gartner will develop an Architecture Assessment and Options Decision Framework to enable PERS' evaluation of various options to modernize the Pension Administration System (PAS) and select systems and services that meet both current and future business needs, ensuring a well-informed decision that considers all financial and operational factors, yielding a more accurate estimate of total cost.



Gartner Options Decision Framework



Empower the PERS Modernization team to lead and execute the effort

- Develop detailed project plans
 - Detailed initiative charters
 - Prioritize and sequence initiatives
 - Detailed timelines
 - Detailed resource plans
 - Clear requirements driven by desired business outcomes

 Gartner

Gartner Options Decision Framework

Options from Gartner

Technology Readiness and Legacy Stabilization

Decomposes the current monolithic legacy solution to address near-term maintenance and enhancement challenges.

Aims to stabilize the solution for the eight-to-12-year expected modernization timeframe.

Rebuild custom jClarety as the PAS solution.

This option builds on Technology Readiness and Legacy Stabilization Initiative.

Build a custom PAS solution.

This option builds on Technology Readiness and Legacy Stabilization Initiative.

Commercial-off-the-shelf (COTS) PAS solution.

This option builds on Technology Readiness and Legacy Stabilization Initiative, and replaces the custom, legacy jClarety PAS with a COTS PAS solution.

PERS Modernization Program

Modernization and Technology Readiness and Legacy Stabilization Initiative

running in parallel



2025-26 PERS Modernization Roadmap

(one year)

Modernization and Technology Readiness and Legacy Stabilization Initiative

		2025				2026	
	QTR 1 Jan, Feb, Mar	QTR 2 Apr, May, June	QTR 3 July, Aug, Sept	QTR 4 Oct, Nov, Dec	QTR 1 Jan, Feb, Mar	QTR 2 Apr, May, June	
MODERNIZATION 25-26							
Modernization Planning		Modernization Planning					
▶ Gartner - PAS Options Decision Framework		Decision Framework					
▶ Modernization Planning (Analysis)			Analysis (Document As-is Architecture)				
▶ RFP			RFP				
▶ Hiring			25-26 Hiring				
Telephony	Telephony Project						
▶ Phase 1 & 2	Design & Development	Implementation					
▶ Phase 3			Design & Development	Implementation	Stabalization		
HIP	Hybrid Integration Platform (HIP)						
▶ Design, Dev, Test & Implementation	Analysis		Design, Dev, Test & Implementation		Stabalization		
Data Cleanup	Data Cleanup						
▶ Data Cleanup Sprints	Phase 1 (Sprint 1 through Sprint 10)		Phase 2				
DevOps		Modernization Tools					
▶ Process & Tools		Options Analysis	Procure	Plan / Build / Test / Implement			
TECHNOLOGY READINESS & LEGACY STABILIZATION 25-26							
Hazardous Positions (4 years)			Hazardous Positions				
▶ Planning (Project Initiation)				Project Initiation			
▶ Analysis/Design				Analysis/Design			
UI/UX (1.5 years)			User Interface & User Experience (UI/UX) (ADA/WCAG 2.1, OAuth2, HTML5, Struts Upgrade)				
▶ Analysis & Design			Analysis & Design				
▶ Development/Testing			Development/Testing				
MIAM		Member Identity and Access Management					
▶ Phase 1		Analysis/Design	Test/Implement	Stabilize			
▶ Phase 2				Analysis/Design/Test	Implement/Stabilize		

Modernization projects

2025-26

Modernization Planning and Tools Project



Project summary: Document current state architecture and business processes to support development of business requirements and plan for new pension administration solution.

Current stage: reset ▲

Highlights:

- An Options Analysis Decision Framework will be completed by June to determine the best approach for modernizing Oregon's pension administration system (future state).

Upcoming activities:

- Pension administration solutions analysis and current state architecture diagrams.
- Revise and refine program business case and roadmap.
- Detailed planning for modernization projects and supporting activities.
- Begin request for proposal process.

Project supports the following PERS Modernization Program benefits:

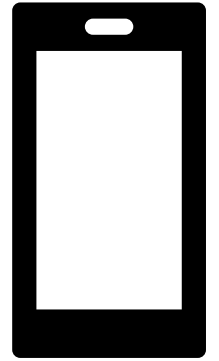
Reduced system
complexity

Reduction of manual
processes

Increased confidence in
PERS tools and
technologies

Telephony Modernization Project

Project summary: Implement a modern telephony system that can be integrated with future capabilities.



Current stage: execution ▲

Highlights:

- User acceptance testing has begun for Phase 1.
- Training was held on April 10 and 11.

Upcoming activities:

- Coordination of updated implementation date with vendor for Phase 1.
- Design sessions for Phase 2.

Project supports the following PERS Modernization Program benefits:

Increased satisfaction
with PERS services

Reduction of manual
processes

Increased data utilization

Hybrid Integration Platform (HIP) Project



Project summary: Acquire and implement a cloud-based HIP solution. HIP will enable organizations to connect applications, automate workflows, and synchronize data across systems without needing to build custom integrations.

Current stage: initiation ▲

Highlights:

- Project charter and business case in development.

Upcoming activities:

- Submit project charter and business case to EIS.
- Engage with EIS on oversight requirements.

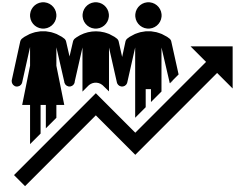
Project supports the following PERS Modernization Program benefits:

Reduced system
complexity

Increased data utilization

Increased technical skills
of staff

Data Cleaning Process Project



Project summary: Deliver strategy and process for regular data maintenance.

Current stage: execution ▲

Highlights:

- Data Strategy Workshop held.
- Data Subject Area Workshops in process.
- Data Governance Committee established.

Upcoming activities:

- Data cleaning workshops continue.

Project supports the following PERS Modernization Program benefits:

Reduction of manual
processes

Increased data utilization

DevOps Project



Project summary: Provide staff with training and support to use modern tools, foster collaboration amongst teams, and utilize automation and agile processes to accelerate delivery to both on-premise and the cloud.

Current stage: initiation ▲

Highlights:

- Acquire new tools for DevOps team to automate testing and increase resource capacity.
- Training for staff to master new tools and support to optimize current processes.

Upcoming activities:

- Begin activities based upon the recommendations received from current consulting engagement.

Project supports the following PERS Modernization Program benefits:

Increased technical skills
of PERS staff

Reduction of manual
processes

Technology Readiness and Legacy Stabilization Initiative projects

2025-26

Hazardous Positions Project



Project summary: House Bill 4045 is a multibiennia initiative. A new class of hazardous positions that lowers the normal retirement age and increases retirement benefits is expected to be implemented in 2030.

Current stage: initiation ▲

Highlights:

- Project approved for inclusion on PERS Modernization Roadmap by the Modernization Executive Steering Committee.
- Project initiation will begin this year.

Upcoming activities:

- First year of the 2025-27 biennium will aim to evaluate and define an optimal approach to handling hazardous position classifications within the current system.

Project supports the following PERS Modernization Program benefits:

Reduced system
complexity

Increased technical skills
of staff

User Interface/User Experience (UI/UX) Project



Project summary: Improve user experience by updating the member, employer, and third-party self-service portals to meet Americans with Disabilities Act (ADA) compliance and security requirements.

Current stage: initiation ▲

Highlights:

- Project approved by the Modernization Executive Steering Committee to begin work this year.

Upcoming activities:

- Engage with EIS on oversight requirements.

Project supports the following PERS Modernization Program benefits:

Increased satisfaction
with PERS services

Increased confidence in
PERS tools and
technologies

Prevention of data and
identity fraud

Member Identity Access Management (MIAM) Project



Project summary: Upgrade the current member identity access management system to continue to protect our members data.

Current stage: execution ▲

Highlights:

- Project approved for inclusion on PERS Modernization Roadmap by the Modernization Executive Steering Committee.
- Stage-gate 3 endorsement received.
- Request for qualifications (RFQ) in development.

Upcoming activities:

- Release RFQ.
- Coordination of implementation with vendor.

Project supports the following PERS Modernization Program benefits:

Increased confidence in
PERS tools and
technologies

Prevention of data and
identity fraud

PERS Modernization Program estimated budget

2025-2026

Projects	Estimated budget
Modernization	
Modernization Planning and Tools	\$1,930,000
Telephony	\$1,500,000
Data Cleanup	\$ 750,000
Hybrid Integration Platform (HIP)	\$1,000,000
DevOps	\$1,754,000
Technology Readiness and Legacy Stabilization	
Hazardous Positions	\$3,200,000
User Interface and User Experience (UI/UX)	\$3,705,000
Member Identity Access Management (MIAM)	\$ 530,000
Total	\$14,369,000

PERS Modernization Program

estimated budget 2025-26

PERS Modernization Program estimated budget

2025-2026 (one year)

Projects	Estimated budget
Services and supplies <ul style="list-style-type: none">• Modernization projects• Technology Readiness and Legacy Stabilization projects• Oversight and consulting activities	\$16,598,625
Personal services (20 new positions and 15 continued positions)	\$ 8,200,209* <small>*Estimated for the biennium</small>
Total	\$24,798,834

PERS Modernization Program

budget since inception

Modernization budget since inception

30428 - Modernization Project					
Other Funds	Budget	Actual to Date	Projections	2023-25 Total	Variance
Program Operations	\$ 8,566,073	\$ 5,428,728	\$ 2,483,498	\$ 7,912,225	\$ (653,848)
CRM	\$ -	\$ -	\$ -	\$ -	\$ -
HIP	\$ 450,000	\$ -	\$ -	\$ -	\$(450,000)
Telephony	\$ 557,000	\$ -	\$ 920,000	\$ 920,000	\$ 363,000
Total	\$ 9,573,073	\$ 5,428,728	\$ 3,403,498	\$ 8,832,225	\$ (740,848)

Budget Information above is for the AY23-25 Biennium

Projected Budget Variance at Completion					
Other Funds	Date Baseline Occurred	Baseline Budget	Estimate At complete	Variance amount	Variance Percentage
Modernization (preplan)	4/30/2021	\$ 4,597,797	\$ 1,938,733	\$ (2,659,064)	-57.8%
Program Operations	7/1/2023	\$ 8,566,073	\$ 7,912,225	\$ (653,848)	-7.6%
CRM	7/1/2023	\$ -	\$ -	\$ -	0.0%
HIP	7/1/2023	\$ 450,000	\$ -	\$ (450,000)	-100.0%
Telephony	7/1/2023	\$ 557,000	\$ 920,000	\$ 363,000	65.2%
Program Total		\$ 14,170,870	\$ 10,770,959	\$ (3,399,911)	-24.0%

Budget information in the table above is for the PERS Modernization Program since inception.

Totals above do not include internal resource costs.

Total internal resource costs to date are \$531.2K consisting of 7,253 hours.

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



THANK YOU



Appendix A

PERS Modernization Program positions 2025-2027

New positions requested (20)

Modernization: Two PM3s, one PM2, two Procurement and Contract Specialists, three OPA1s (Subject Matter Experts/Testers), one ISS7, three OPA3s, one Research Analyst, two ISS8s, one OPA4, and two OPA2s

Technology Readiness and Legacy Stabilization: Two ISS7s

Continued positions (15)

Pub Design Spec 3, Pub Affairs Spec 2, BOA1, three OPA 3s, PM3, Procurement and Contract Specialist, two PM2s, four OPA 2s, and HR Analyst 1