



Oregon

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TO: Senate Committee on Labor and Business
FROM: Kevin Olineck, Director, PERS
SUBJECT: Statement of costs to the PERS plan of SB 751

Chair Taylor,

Thank you for your question during my testimony on SB 751 this morning. You asked about the cost to the OPSRP plan given the proposed accrual rate increasing from 1.8% to 2.00%, and while we gave some verbal elaboration in our testimony, we are happy to go into more detail in writing.

For SB 751 as currently written, PERS has completed an initial rough estimate with help from our in-house actuary. This bill would increase the average employer contribution rate for PERS covered employers who employ these Police & Fire members by 1.75 percentage points. This would cause the amount paid to PERS by these employers to increase by \$25 million per biennium. These are estimates only, as all employer contribution rates are not the average amount. Additionally, the new population of this member classification would be slightly smaller than the current Police & Fire member classification.

These initial estimates are based on the data within December 31, 2023 system-wide valuation. Within the valuation, the OPSRP P&F payroll is estimated at \$1.4621 billion. The normal cost for employers, associated with this payroll, is \$230.1 million, with a normal cost rate of 15.74%.

Increasing the normal cost rate, which is the cost of current benefits being accrued, by 11.1% on current normal cost rates results in an average normal cost rate of 17.49% and normal cost of \$255.7 million. This increases the contribution rate by 1.75% and a corresponding \$25.6 million increase in employer contributions. The average normal cost rate in this scenario is based on the latest contribution rate setting, which will go into effect July 1, 2025. (Information source: Page 50 of the [PERS 2023 Actuarial Valuation](#)).

Thank you for the question, and we're happy to answer any more questions from yourself or the committee.

Sincerely,

Kevin Olineck
PERS Director