



Oregon

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TO: Interested Parties
FROM: Heather Case, Senior Policy Advisor
SUBJECT: SB 849 (2025) Summary – PERS School District Unfunded Liability Fund

BACKGROUND

The Oregon legislature created the School Districts Unfunded Liability Fund (SDULF) with the passage of SB 1566 in 2018 (and amended by SB 1049 in 2019). Funding for the SDULF is provided for in SB 1566 from various sources such as the accrued interest on unclaimed property and a portion of the estate tax proceeds that state collects each year. This funding is currently required by statute to be used to create a pooled side account to help offset all school district employers' individual PERS contribution rates. Most of the funding sources for the SDULF ended in 2023. The final funding source (interest on unclaimed property) expires in 2027. Currently, there is about \$167 million in the fund. This amount is not close to being sufficient actuarially to offset employer contribution rates using an amortized side account, as required by SB 1566.

PROPOSED SOLUTION

This bill proposes an amendment to the existing Oregon Laws on SDULF to apply the fund balance to school districts' 2025-2027 employer contribution rates, resulting in an average reduction of 1.68% for each school districts' contribution rate. Any money that comes into the fund after February 28, 2025 will be applied to school district contribution rates for the biennium after the distribution. The agency has been in conversations with school district employer and employee stakeholders as to the best way to apply these funds to school districts and this result was arrived at as a result of those conversations.