

# BUDGET NARRATIVE

## INTRODUCTORY INFORMATION

<b>TABLE OF CONTENTS</b> .....	<b>1</b>
<b>CERTIFICATION</b> .....	<b>4</b>
<b>LEGISLATIVE ACTION</b> .....	<b>5</b>
Budget Reports.....	5
<b>AGENCY SUMMARY</b> .....	<b>19</b>
Budget Summary Graphics.....	20
PERS Expenditure and Position Number Comparison .....	21
PERS Budget / PERF Comparison.....	22
Mission Statement and Statutory Authority .....	23
Agency Two-Year Plan.....	24
Agency Programs .....	27
Tier One and Tier Two Programs.....	27
Oregon Public Service Retirement Plan (OPSRP) .....	27
Judge Member Retirement Program .....	28
Retiree Health Insurance Programs.....	28
Benefit Equalization Fund (BEF).....	29
Social Security Administration (SSA) .....	29
Deferred Compensation Program - Oregon Savings Growth Plan (OSGP) .....	29
Environmental Factors.....	30
Aging of PERS Membership and Participants.....	30
Complex and Evolving Plan Structures.....	33
Program Administration Complexities .....	35
Criteria for 2021-23 Budget Development .....	36
Initiatives and Accomplishments.....	37
Performance Measures.....	40
Major Information Technology Projects.....	41
Modernization Plan.....	41
Program Prioritization for 2021-23.....	42
10% Reduction Options (ORS 291.216) .....	48
2019-21 Organization Chart.....	54
2021-23 Organization Chart.....	55
<b>REVENUES</b> .....	<b>129</b>
Revenue Forecast Discussion.....	129

# BUDGET NARRATIVE

<b>PROGRAM UNITS .....</b>	<b>138</b>
Tier One and Tier Two Program Executive Summary .....	138
Retirement Health Insurance Programs Executive Summary .....	145
Oregon Public Service Retirement Pension Program Executive Summary .....	152
Individual Account Program Executive Summary .....	159
Operations Executive Summary .....	166
Package 010 Non-PICS Personal Services/Vacancy Factor .....	174
Package 022 Phase-out Program and One-time Costs .....	176
Package 031 Standard Inflation .....	179
Package 060 Technical Adjustments .....	182
Package 087 August 2020 Emergency Board Actions .....	186
Package 099 Statewide Microsoft 365 Consolidation .....	188
Package 101 SB 1049 Implementation .....	190
Package 102 System Modernization .....	197
Package 103 Information Security .....	203
Package 104 Senior Systems Administrator .....	209
Package 106 Specialty Qualifications .....	212
Package 107 Qualifying/Non-Qualifying .....	217
Package 109 Strunk and Eugene Recovery .....	223
Package 110 Education Team .....	227
Package 112 Deferred Maintenance .....	232
Package 801/811 Legislative Fiscal Office Adjustments .....	235
Package 810 Statewide Adjustments HB 5006 .....	237
<b>OPERATING UNITS .....</b>	<b>239</b>
Central Administration .....	239
Financial Services Division .....	266
Information Services Division .....	290
Operations Division .....	321
Compliance, Audit, and Risk Division .....	347
<b>FACILITIES MAINTENANCE AND MANAGEMENT .....</b>	<b>368</b>
Facilities Maintenance Summary Report .....	369
Facilities Operations and Maintenance Report .....	370
<b>SPECIAL REPORTS .....</b>	<b>372</b>
Information Technology Reports .....	372
Annual Performance Progress Report (APPR) .....	376
Audit Response Report .....	388

## BUDGET NARRATIVE

Supervisory Span of Control Report.....	390
Affirmative Action Report.....	391
Roles for Implementation of Affirmative Action Plan.....	400

# BUDGET NARRATIVE

## CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Oregon Public Employees Retirement System

**AGENCY NAME**

11410 SW 68th Parkway, Tigard, Oregon 97223

**AGENCY ADDRESS**



**SIGNATURE**

Director

**TITLE**

Notice: Requests of those agencies headed by a board or commission must be approved by those bodies of official action and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator.

# BUDGET NARRATIVE

## Legislative Action

## Budget Reports

81st Oregon Legislative Assembly – 2021 Regular Session

**SB 5536 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Sen. Golden

**Joint Committee On Ways and Means**

---

**Action Date:** 04/30/21

**Action:** Do pass with amendments. (Printed A-Eng.)

**Senate Vote**

**Yeas:** 11 - Anderson, Frederick, Girod, Golden, Gorsek, Hansell, Johnson, Knopp, Lieber, Steiner Hayward, Taylor

**Nays:** 1 - Thomsen

**House Vote**

**Yeas:** 11 - Bynum, Drazan, Gomberg, Leif, McLain, Nosse, Rayfield, Sanchez, Smith G, Sollman, Stark

**Prepared By:** Patrick Heath, Department of Administrative Services

**Reviewed By:** John Borden, Legislative Fiscal Office

---

**Public Employees Retirement System  
2021-23**

This summary has not been adopted or officially endorsed by action of the committee.

SB 5536 A

1 of 14

Agency Request       Governor's       Legislatively Adopted

Budget Page 5

2021-23

**107BF07**

# BUDGET NARRATIVE

## **Budget Summary\***

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget <sup>(1)</sup>	Current Service Level	Committee Recommendation	Leg. Approved	
				\$ Change	% Change
General Fund	\$ 64,751,802	\$ -	\$ -	\$ (64,751,802)	-100.0%
Lottery Funds	\$ -	\$ -	\$ 1	\$ 1	100.0%
Other Funds Limited	\$ 210,227,306	\$ 123,831,063	\$ 150,582,112	\$ (59,645,194)	-28.4%
Other Funds Nonlimited	\$ 12,504,627,192	\$ 12,886,613,593	\$ 12,886,613,593	\$ 381,986,401	3.1%
<b>Total</b>	<b>\$ 12,779,606,300</b>	<b>\$ 13,010,444,656</b>	<b>\$ 13,037,195,706</b>	<b>\$ 257,589,406</b>	<b>2.0%</b>

## **Position Summary**

Authorized Positions	419	379	423	4
Full-time Equivalent (FTE) positions	414.32	379.00	421.92	7.60

<sup>(1)</sup> Includes adjustments through January 2021

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The benefit trusts administered by the Public Employees Retirement System (PERS) are funded primarily through a combination of earnings generated on the investment of trust assets by the Oregon Investment Council (OIC) and from employer or employee contributions. PERS projects \$9.6 billion in investment earnings and \$6.1 billion in retirement system contributions for all benefit programs in the 2021-23 biennium. For purposes of assessing system-funded status, the PERS Board currently assumes the OIC will earn net returns of 7.2 percent per year. The five-year average return totals 8.71 percent as of December 31, 2020, and in 2020 the Oregon Public Employees Retirement Fund earned 7.66 percent. If earnings on the fund fall short of the assumed rate of return, employer rates increase to make up the difference in order to preserve the funded status of the system:

The employer or employee contributions budgeted for the PERS trusts are established through employer rates used to fund the Tier 1, Tier 2, Oregon Public Service Retirement Program (OPSRP), and PERS Health Insurance Programs (PHIP) benefits. Employer payroll rates for 2019-21 were adopted by the PERS Board in October 2020. System wide, the rates the Board adopted decreased collared net pension rates from 22.00 percent of payroll for Tier 1 / Tier 2 in 2019-21 to 20.56 percent of payroll in 2021-23 and increased from 15.65 percent of payroll for OPSRP General Service in 2019-21 to 16.55 percent of payroll in 2021-23. Employer rates do not include costs for the Individual Account Program (IAP) or debt service costs

SB 5536 A

2 of 14

# BUDGET NARRATIVE

for pension obligation bonds. Rates vary by employer based on factors including their employee demographics, their pre-funding any liability via side accounts, or their participation in a rate pool.

PHIP is funded via a combination of employer rates, earnings on the PERS Fund, insurance premiums paid by beneficiaries and passed through to the insurers, and subsidy payments from the Centers for Medicare and Medicaid Services.

The Employer Resolution Programs are funded by sports betting Lottery Funds, as well as excess revenues from debt collection, capital gains, estate taxes, and interest on unclaimed property.

PERS' operating budget is funded primarily, or 97.0 percent, by recovering its administrative costs from the benefit trusts the agency administers. The agency also has some limited charges for service for administering the Oregon Savings Growth Plan deferred compensation program, side accounts established by PERS employers, and for Benefit Equalization Fund payments.

## **Summary of General Government Subcommittee Action**

The Public Employees Retirement System (PERS) is responsible for administering retirement programs for public employees, including state, school, and local government workers. In 2019, PERS paid approximately \$5.4 billion in benefits to beneficiaries. In support of its mission, PERS manages the Tier 1 and Tier 2 Retirement programs, the OPSRP, the IAP, two health insurance programs, Social Security Administration activities, and the Oregon Savings Growth Plan deferred compensation program.

The five-member Public Employees Retirement Board (PERB) provides administrative oversight for all PERS programs. Board members are appointed by the Governor and confirmed by the Senate for three-year terms. The Board is made up of three members with experience in business management, pension management or investing who are not members of PERS, one member who is an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state, and one member who works for a PERS employer and is a member of a collective bargaining unit.

The Subcommittee recommended a total funds budget of \$13,037,195,706 and 423 positions (421.92 FTE) for the 2021-23 biennium. The budget consists of Other Funds expenditure limitation of \$150,582,112 for agency operations, \$12,886,613,593 in Nonlimited Other Funds expenditure authority for benefit payments, and a \$1 Lottery Funds placeholder for the Employer Incentive Fund program. When compared to the 2019-21 Legislatively Approved Budget, this represents a 28.4 percent decrease in the agency's operating budget, due primarily to one-time expenditures for the Employer Incentive Fund in 2019-21 phasing out and a decrease in the cost of Senate Bill 1049 implementation, as well as a 3.1 percent increase in the agency's expenditures for statutorily mandated benefits.

SB 5536 A

3 of 14

# BUDGET NARRATIVE

## Tier One and Tier Two Pension Programs

More than 900 public employers participate in the retirement and health care plans administered by PERS. This includes all state agencies, all public school districts, and the majority of local government entities – making PERS the provider of retirement programs for the vast majority of state and local government employees in the state. As of June 30, 2020, there were approximately 72,000 non-retired Tier 1 and Tier 2 members and approximately 146,000 retirees and beneficiaries receiving monthly retirement benefits. Tier 1 covers members hired before January 1, 1996, while Tier 2 covers members hired between January 1, 1996 and August 28, 2003, while providing a slightly higher normal retirement age and less generous benefits. Public employees hired after August 28, 2003 are members of the OPSRP.

The Tier 1 - Tier 2 Plan program unit accounts for employee and employer contributions and interest earnings related to those plans and reflects the benefits paid to Tier 1 - Tier 2 retirees or their beneficiaries. Payments from the Benefit Equalization Fund and the Judge Member Retirement are also paid out of this program. The Subcommittee recommended a budget of \$11,105,880,836 in Nonlimited Other Funds expenditures for the 2021-23 biennium for payments to beneficiaries.

## Retirement Health Insurance Programs

PERS serves as a group sponsor providing health insurance services to approximately 57,000 retired members and dependents. PERS works with insurance carriers to design benefit packages, determine specifications, solicit proposals, analyze carrier responses, and award contracts. The PERS Health Insurance Program is comprised of the below two health insurance programs and an account for costs associated with administrative services:

- Retirement Health Insurance Account (RHIA): provides a \$60 per month subsidy to help offset the cost of insurance premiums in PERS-sponsored health insurance plans for eligible retirees enrolled in Medicare Parts A and B. All PERS employers fund this subsidy through contributions of 0.06 percent of payroll. Approximately 44,000 retirees receive this subsidy, which totals approximately \$32.2 million annually.
- Retiree Health Insurance Premium Account (RHIPA): subsidizes the cost of insurance premiums in PERS-sponsored health insurance plans for those who retired directly from state of Oregon employment but are not yet Medicare eligible and are not enrolled in the state employee health insurance retiree plans sponsored by Public Employees Benefit Board. The subsidy, which is funded by the state of Oregon through its contribution rate at 0.39 percent of payroll, is based on the number of years the retired member was employed in state service. PERS pays almost \$4.5 million in premium subsidies annually, to almost 800 retirees. This subsidy is limited to Tier 1 and Tier 2 PERS retirees with eight or more years of state service and to their surviving spouses.
- Standard Retiree Health Insurance Account (SRHIA): covers all administrative services related to the PERS Health Insurance Program not specific to RHIA and RHIPA. This program encompasses such health insurance-related administrative activities as premium transfers, third-party administrative agreements, and consultant services. The majority of the revenue for the SRHIA program, approximately \$150 million per year, comes from member paid insurance premiums with additional revenues from federal sources like the Centers for Medicare and Medicaid Services (CMS) and resulting investment returns.

SB 5536 A

4 of 14



# BUDGET NARRATIVE

The RHIA and RHIPA programs are funded from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). The Subcommittee recommended a budget of \$372,492,067 in Nonlimited Other Funds expenditures for the 2021-23 biennium for payments on behalf of program beneficiaries.

## **Oregon Public Service Retirement Pension Program**

The Oregon Public Service Retirement Pension (OPSRP) program serves public employees who began public employment after August 28, 2003. The OPSRP pension program is funded solely by employer contributions and investment earnings. The plan has a higher retirement age and less generous benefits than either the Tier 1 or Tier 2 programs. OPSRP now has over 153,000 non-retired members, more than the Tier 1 or Tier 2 plans combined, as well as 6,500 retirees and beneficiaries. This program accounts for employer contributions and retirement payments for the OPSRP plan. The Subcommittee recommended a budget of \$109,636,842 in Nonlimited expenditure authority for payments to OPSRP beneficiaries.

## **Individual Account Program**

The Individual Account Program (IAP) is the defined contribution component of the PERS retirement plan. The IAP has no guaranteed payment or return. The IAP requires PERS members to contribute an amount equal to six percent of eligible salary to an IAP account (employers may pay the contribution on behalf of their employees). Tier 1 and Tier 2 members contribute 3.5 percent of salary to their IAP accounts, and OPSRP members will contribute 5.25 percent to IAP accounts, with the balance of the 6.0 percent being contributed to each employee's Employee Pension Stability Account. At retirement, members will receive the balance of this account and accrued earnings. IAP accounts are invested in the Oregon Public Employees Benefit Fund as well as a series of Target Date Fund vintages that adjust the assets and riskiness of each member's IAP, based on their age. The Oregon Investment Council automatically selects the Target Date Fund vintage for members but members may select a different fund. As of December 31, 2019, there were more than 285,000 active IAP accounts with an average account balance of \$36,425. The Subcommittee recommended a budget of \$1,298,603,848 in Nonlimited expenditure authority for payments to IAP beneficiaries.

## **Employer Incentive Fund**

The Employer Incentive Fund provides up to a 25 percent match to employers who fund a side account to reduce their PERS employer rates and bring additional assets into the PERS trusts. In 2019-21, the Employer Incentive Fund was funded with a one-time General Fund appropriation; the Fund is funded on an ongoing basis with proceeds from sports betting Lottery Funds.

The Subcommittee recommended a budget of \$1 in Lottery Funds expenditure limitation and \$1 in Other Funds expenditure limitation, which includes the following package:

Package 801, LFO Analyst Adjustments. This package increases Lottery Funds expenditure limitation by \$1 and Other Funds expenditure limitation by \$1 as placeholder amounts for sports betting Lottery Funds dedicated by statute to the Employer Incentive Fund. These amounts may be adjusted at the end-of-session based upon the June 2021 Department of Administrative Services – Office of Economic Analysis revenue forecast.

SB 5536 A

5 of 14

# BUDGET NARRATIVE

## **School District Unfunded Liability Fund**

The School District Unfunded Liability Fund (SDULF) is a pooled side account proportionately distributed among school districts to reduce employer rates. The sources of revenue for the Fund include excess revenues from debt collection, capital gains, estate taxes, and interest on unclaimed property. PERS has estimated the SDULF would require a \$500 million balance to create the pooled side account and provide a one percent reduction in school district pool employer rates; revenue to reach this threshold is not anticipated during the 2021-23 biennium. The Subcommittee recommended a budget of \$1 in Other Funds expenditure limitation, which includes the following package:

Package 801, LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by \$1 as a placeholder for revenues dedicated by statute to the SDULF. These amounts may be adjusted at the end-of-session based upon the June 2021 Department of Administrative Services – Office of Economic Analysis revenue forecast.

## **Central Administration**

Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The Division consists of the director, deputy director, and senior policy advisor, as well as the Strategic and Operational Planning, Communications, Human Resources and Procurement, Facilities and Logistics sections. The Subcommittee recommended a budget of \$18,389,692 in Other Funds expenditure limitation and 51 positions (51.00 FTE), which includes the following packages:

Package 112, Deferred Maintenance. This package increases Other Funds expenditure limitation by \$425,000 on a one-time basis for the following maintenance projects: roof recoating (\$60,000), skylight replacement (\$15,000), building a gender-neutral bathroom (\$50,000), and parking lot repair and repaving (\$300,000).

## **Financial and Administrative Services Division**

The Financial and Administrative Services Division (FASD) provides comprehensive financial and administrative services to the agency. This includes financial accounting, reporting, and tax services for all PERS' trust and agency fund activities, including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, health insurance programs, and Social Security Program.

Annually, FASD is responsible for the receipt, posting, and deposit of approximately \$3.0 billion in contributions and the disbursement of approximately \$6.4 billion in benefits. Other fiscal activities include preparation, maintenance, and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, contracts, and procurement.

The Subcommittee recommended a budget for the Financial and Administrative Services Division of \$25,509,775 in Other Funds expenditure limitation and 35 positions (35.00 FTE), which includes the following packages:

Package 087, August 2020 Special Session. This package increases Other Funds expenditure limitation by \$40,039 to account for the 2021-23 rollout costs of the upward reclassification of a permanent full-time Operations and Policy Analyst 3 position (salary range 30) to a permanent full-time

SB 5536 A

6 of 14

# BUDGET NARRATIVE

Principal Executive Manager F position (salary range 35X). This reclassification moved an Actuarial Services Coordinator position to an Associate Actuary position to manage the Actuarial Services Unit, with direction to hire the position as a certified Associate Actuary.

Package 099, Microsoft 365 Consolidation. This package decreases Other Funds expenditure limitation by \$295,563 to reflect the statewide consolidation of Microsoft 365 licensing within Enterprise Information Services. The cost of statewide Microsoft 365 consolidation is built into the State Government Service Charge for every agency, at Current Service Level. This package reduces the agency's base budget for the amount it is paying in 2019-21 for Microsoft product licensing.

Package 109, S/E Recovery. This package increases Other Funds expenditure limitation by \$180,819 and re-authorizes the establishment of one limited duration Accounting Technician 3 position (1.00 FTE) and \$6,500 in position-related Services and Supplies. This position will continue to manage a long-term overpayment collection program related to the Strunk & Eugene court cases. The last Strunk & Eugene court cases and related challenges were settled by a 2011 Oregon Supreme Court ruling which identified 29,000 accounts had been overpaid a total of \$170 million. Approximately 11,000 accounts remain with a total balance of \$21 million. Maintaining these accounts requires monitoring of repayment plans, research and filing claims against estates, follow up on delinquent accounts, and reporting on collection activities.

## **Information Services Division**

The Information Services Division (ISD) develops and operates PERS' complex information systems, maintains the agency's in-house data center, provides desktop support and training to PERS staff, and performs related activities including software development, database management, network support, and quality assurance. The Enterprise Content Management section provides imaging services, records management, and public records and discovery responses to the agency. ISD ensures agency staff have the appropriate IT tools and services necessary to perform their duties and provide customer service to members, employers, and other stakeholders. The Subcommittee recommended a budget for the Information Services Division of \$29,427,649 in Other Funds expenditure limitation and 78 positions (77.88 FTE), which includes the following packages:

Package 103, Information Security. This package increases Other Funds expenditure limitation by \$86,227 and authorizes the establishment of one permanent full-time Information Services Specialist-8 position (0.88 FTE). The package also includes \$11,500 in associated Services and Supplies, as well as a technical adjustment to transfer \$194,704 of information security-related Services and Supplies from the Information Services Division to the Compliance, Audit and Risk Division. The position would serve as a Senior Systems Administrator to manage the agency's disaster recovery warm-site, data backup infrastructure, and related activities. Such related activities include overseeing warm-site information security, data backup and recovery, off-site data backup and archiving, disaster recovery warm-site and data backup procedures to ensure timely restoration of services, annual warm-site failover testing, technical architecture support, and response and recovery from Ransomware attacks.

Package 104, Senior Systems Admin TOS. This package increases Other Funds expenditure limitation by \$17,033 for Personal Services to fund the reclassification of a permanent full-time Information Services Specialist 5 to an Information Services Specialist 8, due to an increase in responsibilities of the position. This package resolves a work-out-of-classification issue.

SB 5536 A

7 of 14

# BUDGET NARRATIVE

Package 801, LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by \$825,000 for Information Technology Professional Services to complete the Production Data Center migration to the Department of Administrative Services - State Data Center. The package provides one-time funding for a five-year contract for extended firewall support (\$800,000) and wireless installation support services (\$25,000).

The Subcommittee approved the following Budget Note related to the Production Data Center Migration and Warm Site Project:

**Budget Note**

The Public Employees Retirement System is to report to the Legislative Fiscal Office with a comprehensive close-out reports on the Production Data Center Project and separately the warmsite project by no later than January 2022, including, but not limited to: a complete biennia-by-biennia accounting of the budget, costs, activities, and lessons learned beginning with the 2015-17 biennium when the project was first authorized and funded by the Legislature.

**Operations Division**

The Operations Division provides comprehensive retirement plan information and assistance to PERS members and employers for the Tier 1, Tier 2, OPSRP, and IAP programs. The Division is the primary point of contact for PERS members and employers through its call center and correspondence units. The Division provides member education through group presentations and assistance with retirement applications. The Division processes benefit applications, determines benefit eligibility, reviews disability applications, and calculates and adjusts benefit payments. The Division also includes the agency's Retiree Health Insurance, Oregon Savings Growth Plan, and Social Security programs. The Subcommittee recommended a budget of \$43,996,509 in Other Funds expenditure limitation for the Operations Division and 203 positions (202.16 FTE), which includes the following packages:

Package 106, Specialty Qualifications. This package increases Other Funds expenditure limitation by \$278,924 and establish two permanent full-time Retirement Counselor-1 positions (1.76 FTE), as well as \$23,000 in associated Services and Supplies to address the increased workload around death benefit payments. PERS processes death benefit payments for the beneficiaries of deceased members, including locating and contacting beneficiaries. PERS reports that the average monthly deaths increased over time from 255 to 350. As the largest group of PERS members ages, there is a risk of further increases in death benefit payments. In addition, the scope and complexity of the work increased significantly over time, for example through the passage of HB 2417 (2019), which established an alternate death benefit for the surviving spouse of a member who dies before retirement.

Package 107, O/NO. This package increases Other Funds expenditure limitation by \$436,606 and authorizes the establishment of one limited duration Retirement Counselor-1 (0.88 FTE) and two limited duration Retirement Counselor-2 positions (1.76 FTE) and includes \$34,500 in associated Services and Supplies to augment the Data Services Section to address qualifying/non-qualifying employment eligibility issues. The

SB 5536 A

8 of 14

# BUDGET NARRATIVE

agency would undertake a more proactive approach to verify the accuracy of membership data based on eligibility laws and requirements and each member's unique employment data. This review process is primarily manual. This effort would facilitate early resolution of qualifying/non-qualifying employment eligibility issues for PERS membership. This package is recommended on a one-time basis.

Package 110, Education Team. This package increases Other Funds expenditure limitation by \$287,661 and authorizes the establishment of one permanent full-time Retirement Counselor 2 (0.88 FTE) and one permanent full-time Administrative Specialist-1 (0.88 FTE) and \$35,000 in associated services and supplies to increase statewide training to active and inactive members and increase offerings of individual retirement application assistance sessions. Augmentation of the current five person Education Team staffing is needed due to the increase in plan complexity (for example, through the passage of Senate Bill 1049 in 2019). Increasing staffing in this area will also improve the quality of retirement applications, which is anticipated to decrease Intake and Review Section workload related to retirement applications errors.

## **Compliance, Audit and Risk Division**

The Compliance, Audit and Risk Division provides risk management and compliance services for all agency programs, including cyber security, disaster recovery, and business continuity. The Division oversees and coordinates legal activities, assists in the identification and management of risks, and provides independent audit and consulting services to ensure legal and policy compliance, and manages Section 218 of the State Social Security Program. The Division ensures policies, business rules and administrative rules comply with state and federal statutes and the PERS plans maintain their tax qualified status. The Subcommittee recommended a budget of \$9,643,688 in Other Funds expenditure limitation and 21 positions (21.00 FTE) for the Compliance, Audit and Risk Division, which includes the following packages:

Package 103, Information Security. This package increases Other Funds expenditure limitation by \$854,504 for Services and Supplies, which includes \$659,800 of additional funding and \$194,704 of existing Services and Supplies transferred in from the Information Services Division. The purpose of this package is to provide the final major investment in the agency's Information/Cyber Security, Business Continuity, and Disaster Recover programs, including funding for employee training and certification, subscription costs for a data lost prevention tool and data flow monitoring, a subscription to Gartner consulting/research, developer secure coding training, and other related services and supplies. This package would fund subscription fees to the Disaster Recovery Institute International, accessing third-party assessments to ensure continuity management efforts remain consistent with best industry practice, and training for staff. A position for ongoing security work is requested in Package 103 in the Information Services Division.

## **Core Retirement Systems Applications Division**

The Core Retirement Systems Applications Division was established to budget for core information technology investments, which include the project-related positions and contracts related to PERS' implementation of Senate Bill 1049 (2019), an omnibus PERS reform bill. Projects to establish a system allowing members to choose which Target Date Fund their IAP will be invested in, to implement a new information tool and staff for employer incentive programs and to create a database to manage the new cap on final average salaries at \$195,000, will be completed in the 2019-21 biennium. The Member Redirect project and Work After Retirement projects currently have functioning manual solutions; PERS work

SB 5536 A

9 of 14

# BUDGET NARRATIVE

remains to fully integrate these legislative initiatives into PERS' pension benefit management system. The Subcommittee recommended a budget of \$23,614,797 in Other Funds expenditure limitation and 35 positions (34.88 FTE). The Subcommittee recommended the following packages:

Package 101, SB1049. This package increases Other Funds expenditure limitation by \$22.8 million and authorizes the establishment of 35 limited duration positions (34.88 FTE) to continue the Member Redirect and Work After Retirement projects needed to implement Senate Bill 1049 (2019). The Work After Retirement project is expected to be completed by February 2022 and the Member Redirect project is expected to be completed by February of 2024. PERS anticipates all other Senate Bill 1049 (2019) projects will be completed by the end of the 2019-21 biennium.

The \$22.8 million breaks down as follows: \$2.0 million for project management and administration, \$0.8 million for quality assurance and testing, \$13.3 million for information technology applications, and \$6.6 million for the operational implementation of the project. These amounts are recommended on a one-time basis. Additional expenditures for related projects or maintenance and operations costs will need to be addressed in future budget requests.

The Subcommittee approved the following Budget Note related to Senate Bill 1049 (2019) Implementation:

## **Budget Note**

The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology during the legislative session in 2021 on the implementation of SB 1049 (2019). The Department of Administrative Services (DAS) and the DAS Office of the State Chief Information Officer (OSCIO) are to continue to provide oversight of the PERS SB 1049 (2019) implementation project. The project shall continue to adhere to the Stage Gate process. OSCIO and the DAS Chief Financial Officer, in their oversight roles, are to report separately to the Joint Committee on Information Management and Technology prior to the legislative session in 2022 on the implementation of SB 1049 (2019). The agencies' reports to the Legislature shall include:

- Update on project scope, schedule, budget, and total cost of ownership;
- Identification of costs associated with one-time solutions versus permanent solutions;
- Current project risks, likely impacts, and mitigation strategies;
- Explanation of the delay related to implementing member redirect and associated costs and actuarial impact(s);
- Independent quality assurance reporting on the project;
- Impact of SB 1049 (2019) information technology project on routine agency operations;
- Any exceptions from administrative rules, policies or procedures, or statutes granted to PERS by the Department of Administrative Services;
- Whether SB 1049 (2019) is meeting financial objectives; and
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project

SB 5536 A

10 of 14

# BUDGET NARRATIVE

Package 102, Modernization. This package increases Other Funds expenditure limitation by \$800,000 on a one-time basis to begin planning for a project to modernize the Oregon Retirement Online Network (ORION), which is the agency's 16-year-old core retirement system application. The origination phase of this project consists of contracting for planning and system assessment activities only. Additional funding for this modernization effort is contingent upon PERS adhering to all Stage Gate Oversight Model requirements, the successful completion of the Production Data Center and Warmsite Projects, and completion of an independent information security assessment.

## **Summary of Performance Measure Action**

See attached "Legislatively Approved 2021-2023 Key Performance Measures."

SB 5536 A

11 of 14

# BUDGET NARRATIVE

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**Public Employees Retirement System  
Patrick Heath - 503-983-8670**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ 64,751,802	\$ -	\$ -	\$ 210,227,306	\$ -	\$ -	\$ 12,779,606,300	419	414.32
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ -	\$ 123,831,063	\$ -	\$ -	\$ 13,010,444,656	379	379.00
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 200-01 - Employer Incentive Programs</b>									
Package 801: LFO Adjustments									
Special Payments	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -	2	
<b>SCR 200-02 - School Districts Unfunded Liability Fund</b>									
Package 801: LFO Adjustments									
Special Payments	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	1	
<b>SCR 500-01 - Central Administration</b>									
Package 112: Deferred Maintenance									
Services and Supplies	\$ -	\$ -	\$ -	\$ 425,000	\$ -	\$ -	\$ -	425,000	
<b>SCR 500-03 - Financial &amp; Administrative Services Division</b>									
Package 087: August 2020 Special Session									
Personal Services	\$ -	\$ -	\$ -	\$ 40,039	\$ -	\$ -	\$ -	40,039	0 0.00
Package 099: Microsoft 365 Consolidation									
Services and Supplies	\$ -	\$ -	\$ -	\$ (295,563)	\$ -	\$ -	\$ -	(295,563)	
Package 109: S/E Recovery									
Personal Services	\$ -	\$ -	\$ -	\$ 174,319	\$ -	\$ -	\$ -	174,319	1 1.00
Services and Supplies	\$ -	\$ -	\$ -	\$ 6,500	\$ -	\$ -	\$ -	6,500	
<b>SCR 500-04 - Information Services Division</b>									
Package 103: Information Security									
Personal Services	\$ -	\$ -	\$ -	\$ 269,431	\$ -	\$ -	\$ -	269,431	1 0.88
Services and Supplies	\$ -	\$ -	\$ -	\$ (183,204)	\$ -	\$ -	\$ -	(183,204)	
Package 104: Senior Systems Admin TDS									
Personal Services	\$ -	\$ -	\$ -	\$ 17,033	\$ -	\$ -	\$ -	17,033	0 0.00
Package 801: LFO Adjustments									
Services and Supplies	\$ -	\$ -	\$ -	\$ 825,000	\$ -	\$ -	\$ -	825,000	
<b>SCR 500-08 - Operations Division</b>									
Package 106: Specialty Qualifications									
Personal Services	\$ -	\$ -	\$ -	\$ 255,924	\$ -	\$ -	\$ -	255,924	2 1.76

SB 5536 A

12 of 14



# BUDGET NARRATIVE

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 107: Q/NQ										
Personal Services	\$	- \$	- \$	402,106 \$	- \$	- \$	- \$	402,106	3	2.64
Services and Supplies	\$	- \$	- \$	34,500 \$	- \$	- \$	- \$	34,500		
Package 110: Education Team										
Personal Services	\$	- \$	- \$	252,661 \$	- \$	- \$	- \$	252,661	2	1.76
Services and Supplies	\$	- \$	- \$	35,000 \$	- \$	- \$	- \$	35,000		
<b>SCR 500-09 - Compliance, Audit and Risk Division</b>										
Package 103: Information Security										
Services and Supplies	\$	- \$	- \$	854,504 \$	- \$	- \$	- \$	854,504		
<b>SCR 900-00 - Core Retirement System Applications</b>										
Package 101: SB 1049										
Personal Services	\$	- \$	- \$	6,003,697 \$	- \$	- \$	- \$	6,003,697	35	34.88
Services and Supplies	\$	- \$	- \$	16,756,100 \$	- \$	- \$	- \$	16,756,100		
Capital Outlay	\$	- \$	- \$	55,000 \$	- \$	- \$	- \$	55,000		
Package 102: Modernization										
Services and Supplies	\$	- \$	- \$	800,000 \$	- \$	- \$	- \$	800,000		
<b>TOTAL ADJUSTMENTS</b>	\$	- \$	1 \$	26,751,049 \$	- \$	- \$	- \$	26,751,050	44	42.92
<b>SUBCOMMITTEE RECOMMENDATION *</b>	\$	- \$	1 \$	150,582,112 \$	12,886,613,593 \$	- \$	- \$	13,037,195,706	423	421.92
% Change from 2019-21 Leg. Approved Budget	-100.0%	0.0%	-28.4%	3.1%	0.0%	0.0%	2.0%	1.0%	1.8%	
% Change from 2021-23 Current Service Level	0.0%	0.0%	21.6%	0.0%	0.0%	0.0%	0.2%	11.6%	11.3%	

\*Excludes Capital Construction Expenditures

SB 5536 A

13 of 14

# BUDGET NARRATIVE

## Legislatively Approved 2021 - 2023 Key Performance Measures

Published: 4/28/2021 10:45:00 AM

Agency: Public Employees Retirement System, Oregon

**Mission Statement:**

We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.		Approved	62%	80%	80%
2. TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.		Approved	\$172.00	\$165.00	\$165.00
3. MEMBER TO STAFF RATIO - Ratio of members to FTE staff.		Approved	983	1,055	1,055
4. ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.		Approved	100%	100%	100%
5. LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.		Approved	37%	50%	50%
6. CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	89%	95%	95%
	Overall		89%	95%	95%
	Availability of Information		88%	95%	95%
	Timeliness		89%	95%	95%
	Accuracy		90%	95%	95%
	Expertise		90%	95%	95%
7. TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.		Approved	63%	95%	95%
8. BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.		Approved	100%	100%	100%

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the Key Performance Measures and updated targets.

**SubCommittee Action:**

The General Government Subcommittee recommends approval of the Key Performance Measures and updated targets, as recommended by the Legislative Fiscal Office.

SB 5536 A

14 of 14

# BUDGET NARRATIVE

## Public Employees Retirement System

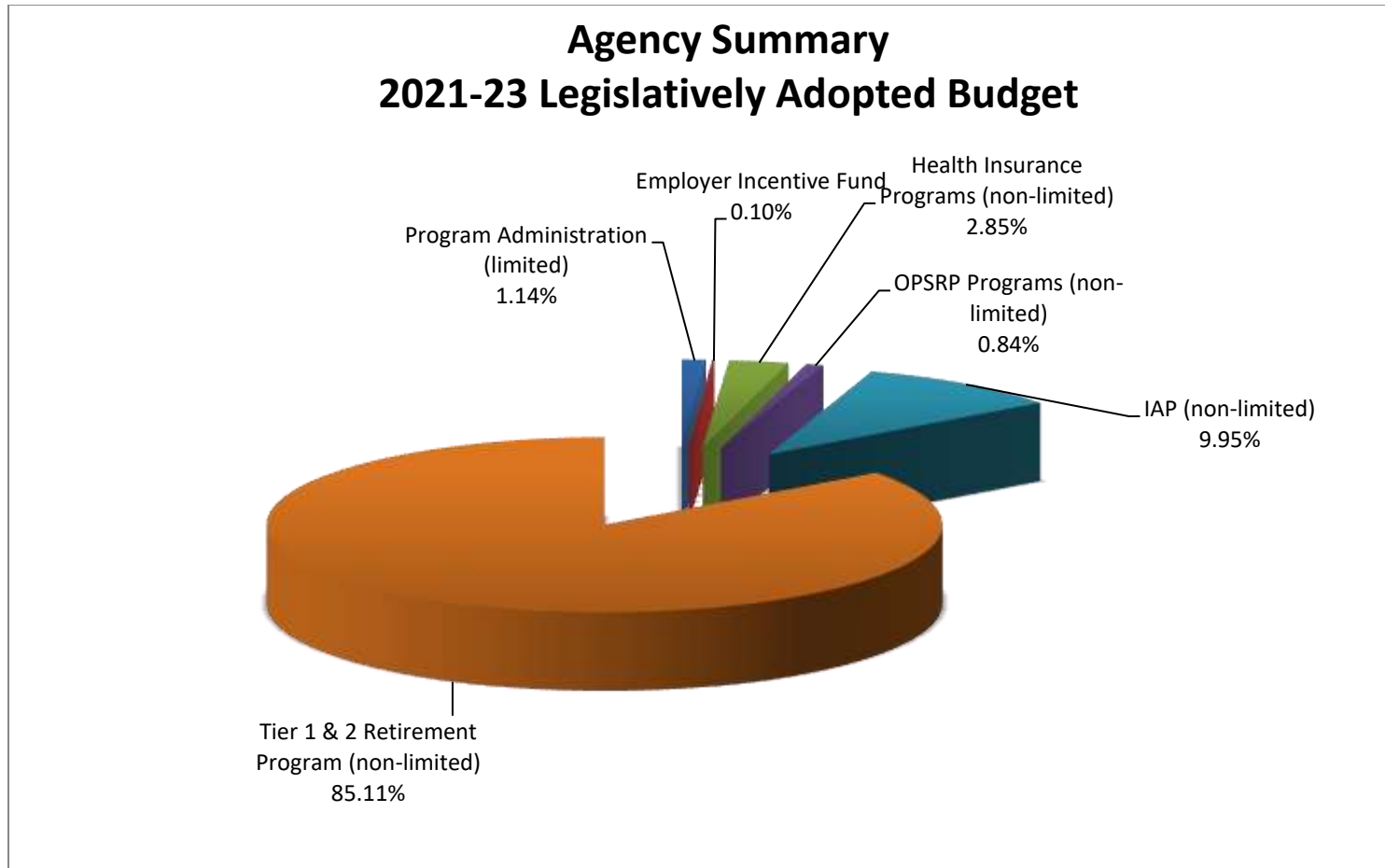
### Agency Summary

The Public Employees Retirement System (PERS) administers a range of retirement programs on behalf of more than 900 public employers throughout the state of Oregon. These programs are provided to all state agencies, universities, and community colleges; all public school districts; and almost all cities, counties, and other local government units. The agency administers the Tier One and Tier Two Retirement Programs, Oregon Public Service Retirement Plan Pension Program, Individual Account Program, Judge Member Retirement Program, Oregon Savings Growth Plan (a deferred compensation program), Public Employee Benefit Equalization Fund, Social Security Administration Program, and Retiree Health Insurance Program.

# BUDGET NARRATIVE

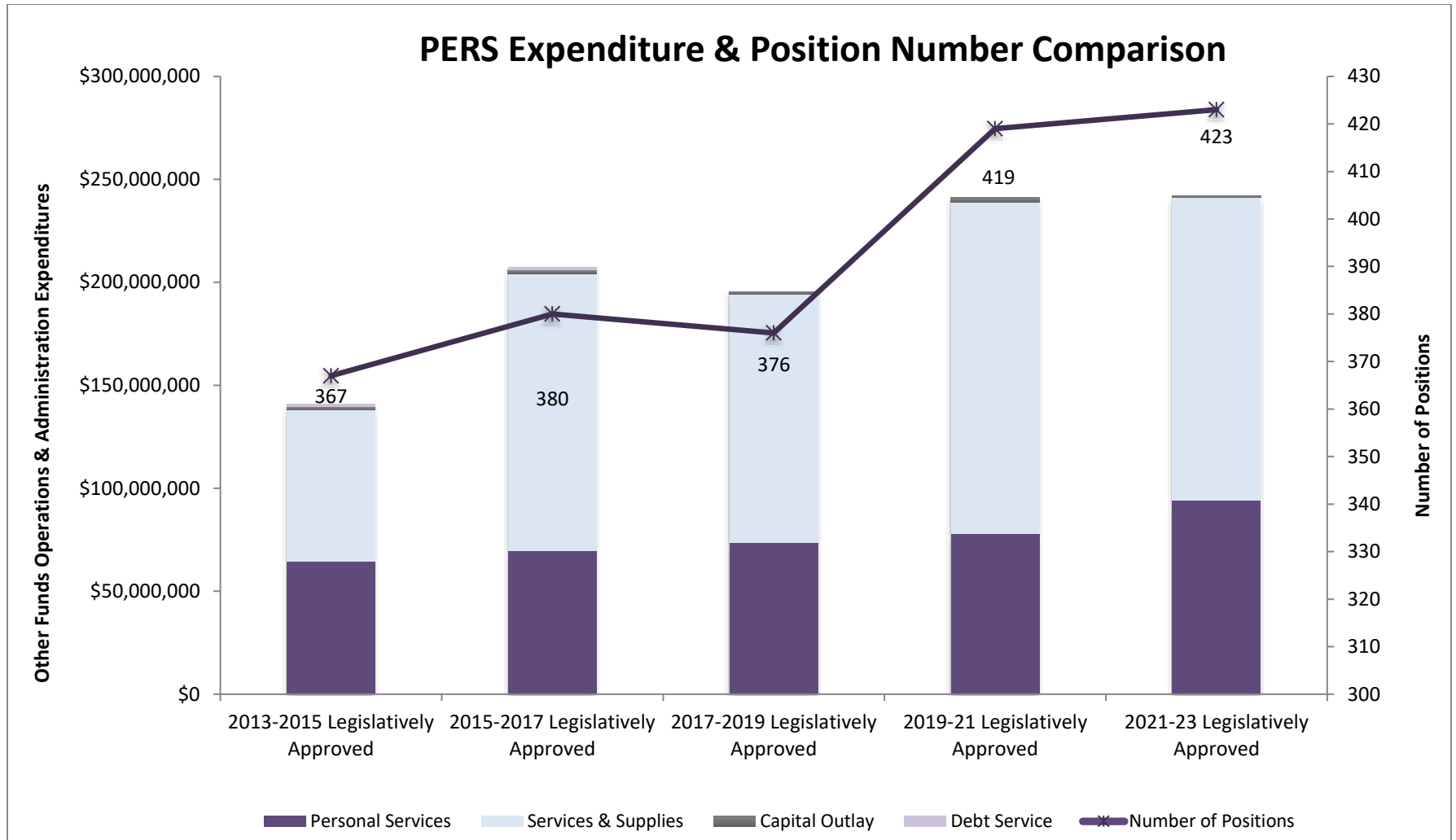
## Budget Summary Graphics

### PERS Expenditures by Activity



# BUDGET NARRATIVE

## PERS Expenditure and Position Number Comparison



## BUDGET NARRATIVE

The following table shows the agency’s budget as a percentage of the historical and projected PERS Fund balance over the time periods shown (also known as a “basis point” comparison):

**PERS Budget / PERF Comparison**

Biennium	Legislatively Approved Limited Budget	Fiscal Year Ended June 30th	Limited Budget	PERF Balance		% Operating
2013-2015	\$88,153,980	2014	\$ 44,076,990	\$ 73,728,185,070		0.0598%
		2015	\$ 44,076,990	\$ 73,865,147,024		0.0597%
2015-2017	\$108,240,199	2016	\$ 54,120,100	\$ 71,331,639,411		0.0759%
		2017	\$ 54,120,100	\$ 77,044,798,841		0.0702%
2017-2019	\$101,657,012	2018	\$ 50,828,506	\$ 81,098,072,149		0.0627%
		2019	\$ 50,828,506	\$ 81,451,520,000		0.0624%
2019-2021	\$163,256,648	2020	\$ 81,628,324	\$ 81,405,547,066		0.1002%
		2021	\$ 81,628,324	\$ 82,418,000,000	E	0.0990%
2021-2023 LAB	146,993,665	2022	\$ 73,496,832	\$ 85,385,000,000	E	0.0861%
		2023	\$ 73,496,832	\$ 88,458,000,000	E	0.0831%

E = Estimated

# BUDGET NARRATIVE

## Mission Statement and Statutory Authority

### Mission Statement

*We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.*

### **Shared Vision**

Honoring your public service through secure retirement benefits

### **Core Values**

**Service-Focus** - We work together to meet the needs of others with dependability, professionalism, and respect

**Accountability** - We take ownership for our decisions, actions, and outcomes

**Integrity** - We inspire trust through transparency and ethical, sound judgment

### **Core Operating Principles**

**Professional** - We are responsive, respectful, and sensitive to the needs of our members, employers, and staff

**Accurate** - We ensure data integrity and provide consistent, dependable information and benefits

**Judicious** - We use sound judgement and prudent, principled decision-making in upholding our fiduciary responsibility

**Information Security** – We are constantly vigilant to safeguard confidential information

The Public Employees Retirement System (PERS) was created by the Oregon Legislative Assembly in 1945 and commenced operation on July 1, 1946. Statutory references for the agency are:

- Tier One and Tier Two Member Retirement Programs
  - ORS Chapters 237 and 238
- Oregon Public Service Retirement Program (OPSRP)
  - ORS Chapter 238A
- Individual Account Program (IAP)
  - ORS 238A.300 to 238A.475
- Judge Member Retirement Program
  - ORS 238.500 to 238.585
- Public Employee Benefit Equalization Fund
  - ORS 238.485 to 238.492
- Retiree Health Insurance Program
  - ORS 238.410 to 238.420
- Deferred Compensation Program
  - ORS 243.401 to 243.507
- Social Security Administration Program

ORS 237.410 to 237.515 Oregon Administrative Rules (Chapter 459) govern the implementation of PERS' statutory responsibilities. ORS 238.630 sets out the PERS Board Statutory duties.

# BUDGET NARRATIVE

## Agency Two-Year Plan

### PERS' Strategic Outcomes, Processes, and Measures

PERS initiated a comprehensive, data-driven strategic planning effort in 2014 that culminated in the 2015-2020 Strategic Plan which was recently updated for 2018-2023. The agency's executive leadership team initiated strategic planning to develop a clear roadmap and support alignment on enterprise-level priorities and initiatives that guide budget development and resource allocation. The plan dovetails with the PERS outcome-based management system that drives improvements to daily operations and work processes. The system provides a framework to engage employees in personal and organizational planning that directly aligns with the agency's mission, vision, core values, and operating principles. We continue to integrate problem-solving and decision-making tools that depend on active engagement from staff that have the most direct connection with members, employers, and stakeholders.

Achieving the goals outlined in the 2018-2023 Strategic Plan depends on successful execution of identified objectives, which requires regular monitoring of progress and alignment of priorities during plan implementation. The agency's current strategic and operational planning functions will be used to prioritize and allocate resources for each strategy as implementation plans are executed. Objectives will be accomplished with a variety of approaches including problem solving, project management, and integration into core business practices. Specific performance metrics will be identified for tracking progress on the plan's objectives.

What follows are summaries of the six major areas of the agency's plan with corresponding goals and objectives. This agency request budget and associated packages reflect the resources needed in each focus area.

### Organizational Management and Development

#### Focus Area: Workforce Development

Goal – Develop and support a culture of workforce excellence and effective leadership practices

- Objective 1 – Define and communicate PERS' measures of workforce excellence and desired leadership practices, consistent with organizational needs and strategic priorities.
- Objective 2 – Develop and implement hiring, training, and performance management practices that support a culture of workforce and leadership excellence.

#### Focus Area: Organizational Communication

Goal – Foster and enhance transparency, relevancy, and employee satisfaction with internal communications

- Objective 1 – Develop and implement an inclusive internal communication strategy to build a knowledgeable, engaged workforce.

#### Focus Area: PERS Outcome-Based management System (POBMS)

Goal – Complete POBMS integration throughout the agency

- Objective 1 – Fully develop team scorecards to measure performance and drive strategic, tactical, and operational decisions
- Objective 2 – Normalize POBMS-related methods throughout the agency

### Member Services and Communications

#### Focus Area: Member Relations

Goal – Engage members throughout their careers so they are better prepared for retirement

- Objective 1 – Develop tools and profiles relevant to members at different life and career stages
- Objective 2 – Brand PERS as a retirement education and planning resource

#### Focus Area: Quality Delivery Methods

Goal – Improve members' online access to secure content

Agency Request       Governor's       Legislatively Adopted

Budget Page 24



## BUDGET NARRATIVE

- Objective 1 – Enhance and modernize Online Member Services (OMS) with more electronic transactions and views into workflow progress
- Objective 2 – Launch new education tools and resources valuable to the member journey from hire to retire.

### Data Reliability

#### Focus Area: Member Accountability

Goal – Establish members as the primary quality checkpoint on their data of record

- Objective 1 – Target specific data for remediation to allow members to more meaningfully review the content
- Objective 2 – Educate members on the use and limitations of OMS legacy data

#### Focus Area: Data Constancy

Goal – Ensure data remains static after it is used in a transaction or payment

- Objective 1 – Lock submitted data for each calendar year
- Objective 2 – Lock legacy data after allowing employers to review and correct prior records

#### Focus Area: Agency Data Warehouse

Goal – Provide staff access to consistent, prompt, and reliable data reports

- Objective 1 – Define all data terms and map data as it relates to technical and business needs and usage
- Objective 2 – Provide staff a data reporting structure that allows the user to derive and customize data reports

### Information Governance and Technology

#### Focus Area: Information Governance Practices

Goal – Improve management of agency information by standardizing processes and procedures.

- Objective 1 – Stand up an Enterprise Information Governance Program that support industry standards.
- Objective 2 – Establish and implement information repository standards for the management of the information governance program across the enterprise.

#### Focus Area: ORION Business Modernization

Goal – Improve IT efficiency and responsiveness to business operational changes

- Objective 1 – Re-architect Core Applications in ORION as independent, discrete business services
- Objective 2 – Architect, plan, and design the PERS Production Data Center migration

#### Focus Area: IT Digital Transformation

Goal – Improve workforce environment and prepare for and attract the next generation of technical talent

- Objective 1 – Transform Information Services Division (ISD) working environment to encourage collaboration and innovation
- Objective 2 – Attract and retain IT talent at PERS

# BUDGET NARRATIVE

## Financial Management

Focus Area: Technology Upgrades and System Integration

Goal – Enhance and improve productivity, reduce manual processes, and accurately and quickly respond to legislative and stakeholder needs.

- Objective 1 – Increase efficiency, improve communication, and reduce manual work
- Objective 2 – Standardize financial data organization and reduce manual reconciliation between systems to improve accuracy and responsiveness to legislative and stakeholder needs.
- Objective 3 – Evaluate and implement electronic filing and paperless processes to effectively and promptly respond to inquiries and effectively process transactions.

Focus Area: Financial Management Resource Development

Goal – Ensure PERS has the appropriate level of professional staff to perform the financial accounting, reporting, budgeting, analysis, and forecasting required to be compliant and deliver exceptional service to our stakeholders.

- Objective 1 – Ensure financial operations has the appropriate staffing to provide timely and accurate service to all stakeholders
- Objective 2 – Increase professional certification and training within financial operations to engage staff and prepare them for potential shifts in expectations as our processes evolve, ensuring adherence to compliance and implementation of best practices.

## Enterprise Risk Management

Focus Area: Risk Management

Goal - To establish an Enterprise Risk Management program within the Security & Risk Section

- Secure Legislative support and funding to stand up an Enterprise Risk Management Program which meets industry standards.
- Establish and implement an Enterprise Risk Management program throughout the agency.

# BUDGET NARRATIVE

## Agency Programs

PERS and its associated programs have a significant impact on Oregon's economy. In 2020, Oregon PERS paid approximately \$5.6 billion in benefits to retired members or their benefit recipients. The specific programs administered by PERS are described below:

### Tier One and Tier Two Programs

The Tier One and Tier Two programs are statutorily created public employee retirement benefit programs. Their administration is funded with Other Fund revenues that provide retirement, death, and disability benefits for more than 78,000 non-retired members and more than 143,000 retired members and beneficiaries. Active Tier One and Tier Two membership will decline over time as the programs have been closed to new members since 2004. However, as these members mature into retirement eligibility, agency workloads for the programs will increase over the next decade. As of June 30, 2020, more than 38,000 (about 50%) of active and inactive Tier One and Tier Two members were eligible to retire by virtue of age or years of service. PERS paid approximately \$5.1 billion in benefit payments in fiscal 2020 in this program alone.

The Tier One and Tier Two Programs services include:

- Maintaining demographic and employment data throughout a member's career that will form the basis for benefit eligibility and calculations, tracking account balances and earnings crediting for member contributions to the regular and variable accounts, and generating annual member account statements.
- Providing information to members regarding retirement, disability, and death benefits; providing benefit estimates, and explaining benefit payment options for members and beneficiaries.
- Calculating and paying withdrawal, retirement, death, and disability benefits.

### Oregon Public Service Retirement Plan (OPSRP)

The Oregon Public Service Retirement Plan (OPSRP) was created by the Legislative Assembly in 2003 and, financed with Other Funds, 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. As of June 30, 2020, the OPSRP Pension Program had more than 160,000 active and inactive members, which is more than 65% of the current total active and inactive PERS member population. PERS made approximately \$49 million in benefit payments during fiscal 2020.

### OPSRP Pension Program

The OPSRP Pension Program is solely funded by employer contributions and associated earnings. Employees who started work with a participating public employer in a qualifying position on or after August 29, 2003, participate in the OPSRP Pension Program. An employee becomes fully vested into the program upon working five consecutive years in a qualifying position. Members' retirement benefits are calculated with a formula using their final average salary, length of service, and type of service (general vs. police/fire).

# BUDGET NARRATIVE

## Individual Account Program (IAP)

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 this separate IAP account effective January 1, 2004. As of June 30, 2020, there were 285,293 active IAP accounts. The IAP requires members in qualifying positions to contribute six percent of their salary into the IAP, which is invested as part of the Oregon Public Employees Retirement Fund (OPERF) under the oversight of the Oregon Investment Council (OIC). The total IAP balances as of June 30, 2020, was approximately \$10.2 billion.

At retirement, PERS members can choose to receive their IAP account balance in a lump-sum payment or in installments over a 5, 10, 15, or 20-year period, or over the member's anticipated life span. Currently, a third-party administrator provides record keeping services for the program. Member contributions and earnings on those contributions fund the administrative costs related to the IAP. Under the IAP, there is no guarantee of investment return or balance at retirement. Members make contributions that are invested and subject to market fluctuation. Approximately \$620 million in IAP benefit payments were issued during FY 2020.

Until January 2018, IAP assets were invested identically for every participant, independent of age or individual retirement horizon. That approach did not comport with industry best practice which uses age as a proxy for risk tolerance and suggests investors' portfolios become increasingly conservative as retirement approaches. The Oregon Investment Council chose an automatic risk-adjusting framework for the IAP, known as a Target-Date Fund. In this framework, younger workers gain more exposure to higher risk growth investments, such as stocks, while older workers increasingly give up that growth exposure in exchange for lower account balance volatility as they near and enter retirement. In, all ten Target-Date Funds were established.

Senate Bill 1049 instituted Member Choice for IAP participants, beginning January 2021. Annually, PERS will inform members of an "optional investment choice window" in which they can choose a Target-Date Fund for your IAP investments different from the default fund based on their birth year. This allows members to choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

## Judge Member Retirement Program

PERS administers a separate retirement program for all judges of the Oregon Circuit Courts, Court of Appeals, and Supreme Court. This formula-based benefit has a different contribution and payment structure than the Tier One and Tier Two Programs. All judges, as employees of the state of Oregon, have seven percent of their salary contributed to an account to fund a benefit payable for the judge's life starting no earlier than age 60. The benefit is capped at 75 percent of the judge's final average salary.

## Retiree Health Insurance Programs

PERS serves as a group sponsor, providing health insurance services to 58,000 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)

This program provides a \$60 per month subsidy to help offset the cost of insurance premiums in PERS-sponsored health insurance plans for eligible retirees enrolled in Medicare Parts A and B. All PERS employers fund this subsidy through contributions. Approximately 44,000 retirees receive this subsidy, which totals approximately \$33.1 million annually.

### Retiree Health Insurance Premium Account (RHIPA)

This program subsidizes the cost of insurance premiums in PERS-sponsored health insurance plans for those who retired directly from state agency employment but are not yet Medicare eligible and are not enrolled in the state employee health insurance retiree plans sponsored by Public Employees Benefit Board. The subsidy, which is funded by the state of Oregon through its contribution rate, is

Agency Request       Governor's       Legislatively Adopted

Budget Page 28

## BUDGET NARRATIVE

based on the number of years the retired member was employed in state service. PERS issues more than \$4.1 million in premium subsidies annually to almost 900 retirees (average \$415 per member per month.)

### Standard Retiree Health Insurance Account (SRHIA)

SRHIA covers all administrative services related to the PERS Health Insurance Program that are not specific to RHIA and RHIPA. This program encompasses such health insurance-related administrative activities as premium transfers of approximately \$31 million per year, third-party administration agreements, and consultant services. Member fees and earnings on dollars held by SRHIA fund this activity.

### **Benefit Equalization Fund (BEF)**

The Legislature created the Benefit Equalization Fund (BEF) in 1997, as permitted by the Internal Revenue Service (IRS), to allow a full payment of PERS retirement benefits to recipients whose benefits would otherwise be capped by Internal Revenue Code (IRC) Section 415, which limits contributions and benefits in a tax-qualified plan. The BEF pays the amount of PERS benefits earned by these few members above the IRS limits (around 70 benefit recipients each year.) The BEF began paying members affected by IRC 415 in 1998 and issues approximately \$1.5 million in benefits per year. Benefit changes for new retirees related to PERS reforms, combined with periodic adjustments to the IRC 415 cap, will slow the growth of, and eventually shrink, the BEF. Fees are assessed to employers with members paid from the BEF to fund those benefits.

### **Social Security Administration (SSA)**

PERS has the statutorily mandated responsibility to administer federal Social Security Administration (SSA) programs to over 1,100 Oregon public employers for more than 313,000 employees. The scope of that responsibility involves facilitating employer education, assisting with SSA coverage referendums, and other ancillary duties. Annual fees assessed to participating employers fund the State's SSA service.

### **Deferred Compensation Program - Oregon Savings Growth Plan (OSGP)**

The Oregon Savings Growth Plan (OSGP) is a deferred compensation program administered by PERS that provides the opportunity for public employees to voluntarily save additional funds to supplement their retirement benefits. This program is available to all state employees and those school districts and local government employers that choose to offer this plan.

This program allows participants to save additional funds for retirement while reducing their current taxable income. The program currently serves over 33,000 current and former state agency, school district, and local government employees. Plan assets were valued at approximately \$2.1 billion as of June 2020.

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 (OIC). 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. Member contributions and related earnings fund OSGP administration.

In 1997, the Legislative Assembly authorized PERS to extend deferred compensation services to local government employees in addition to state employee participants. PERS provides information about the program to local government employers and coordinates enrollment and plan administration. Employers work directly with OSGP staff to resolve administrative issues, but they send contributions and contribution reports directly to the third-party administrator.

# BUDGET NARRATIVE

## Environmental Factors

The primary environmental factors affecting PERS can be summarized in three specific issue areas:

- Increase in awareness and urgency to resolve how public employers will be able to pay their increasing employer contribution rates.
- Complex and evolving service delivery expectations to meet customer needs and uphold our responsibility to efficiently administer the retirement programs.
- Program administration complexities resulting from systemic plan dynamics like serial plan changes, litigation, and niche-plan customization.

These combined factors present unique challenges that PERS continues to address by stabilizing and improving operations, resolving accumulated workloads, and permanently implementing changes resulting from legislation and other plan amendments.

## Aging of PERS Membership and Participants

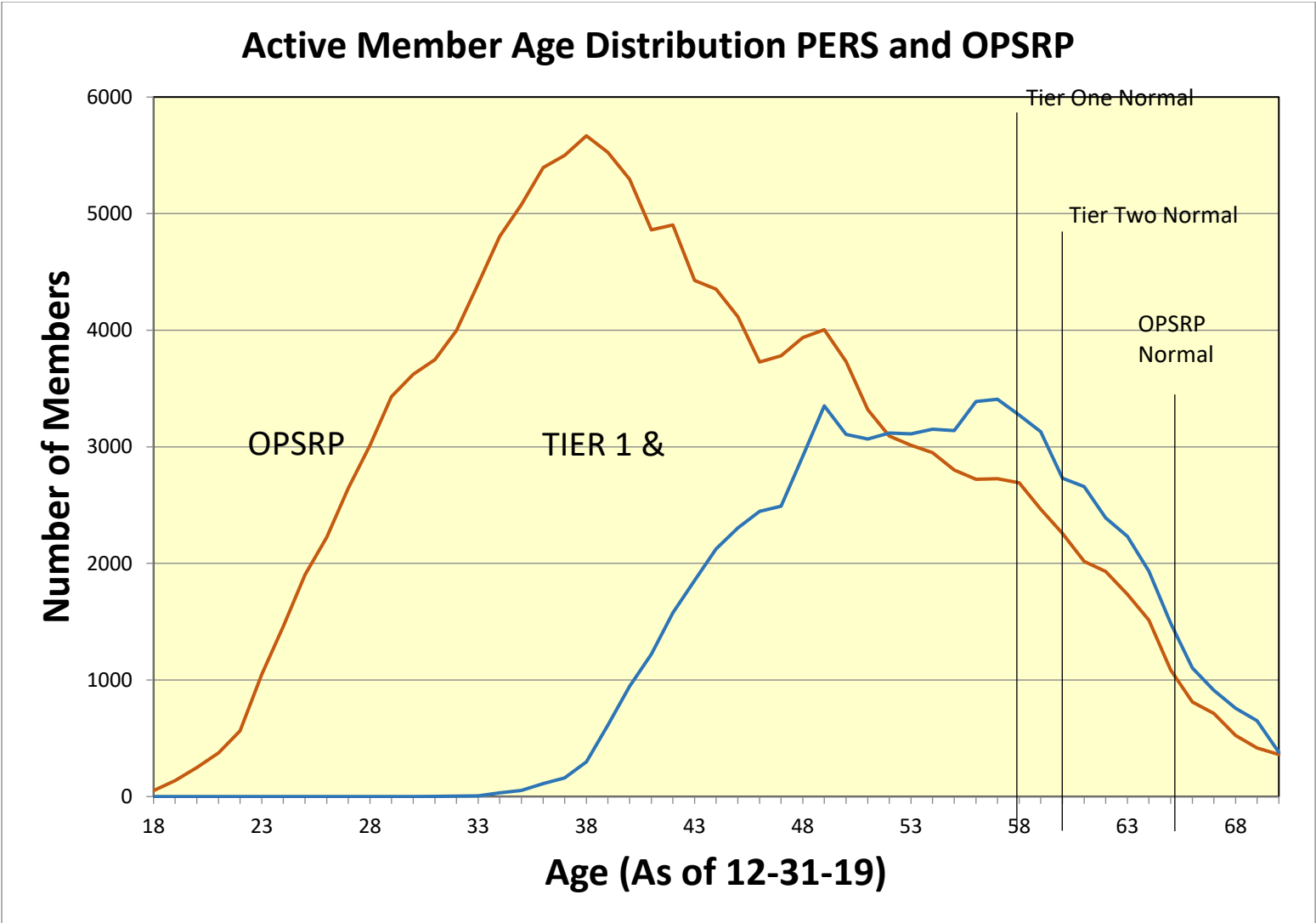
Membership demographics indicate that the demand for PERS services will continue to increase. The average number of retirements is projected to steadily climb to over 8,500 per year by 2024 from an average of about 7,500 per year for the past five biennia. In 2003, retirements spiked to over 12,000 due to benefit changes brought on by legislative reforms. In 2013, PERS experienced more than 9,600 retirements – a spike driven partly by legislative reforms. As of December 31, 2020, almost 70,000 members (30% of all active and inactive members) were currently eligible to retire based on age or years of service.

Member retirements impact all agency activities and services. As more members approach retirement, requests for benefit estimates and retirement information increase. When a member chooses to retire, that triggers a process of data compilation and verification, in partnership with employers, to support the benefit calculation and resulting notice of entitlement which establishes the member benefit. In addition to calculating and processing the pension benefit, members also retire out of the IAP, which requires additional explanation of options, benefits, and processing. The volume of retirement requests and complexity of member account history, combined with legislative changes, drives PERS services and operational demands.

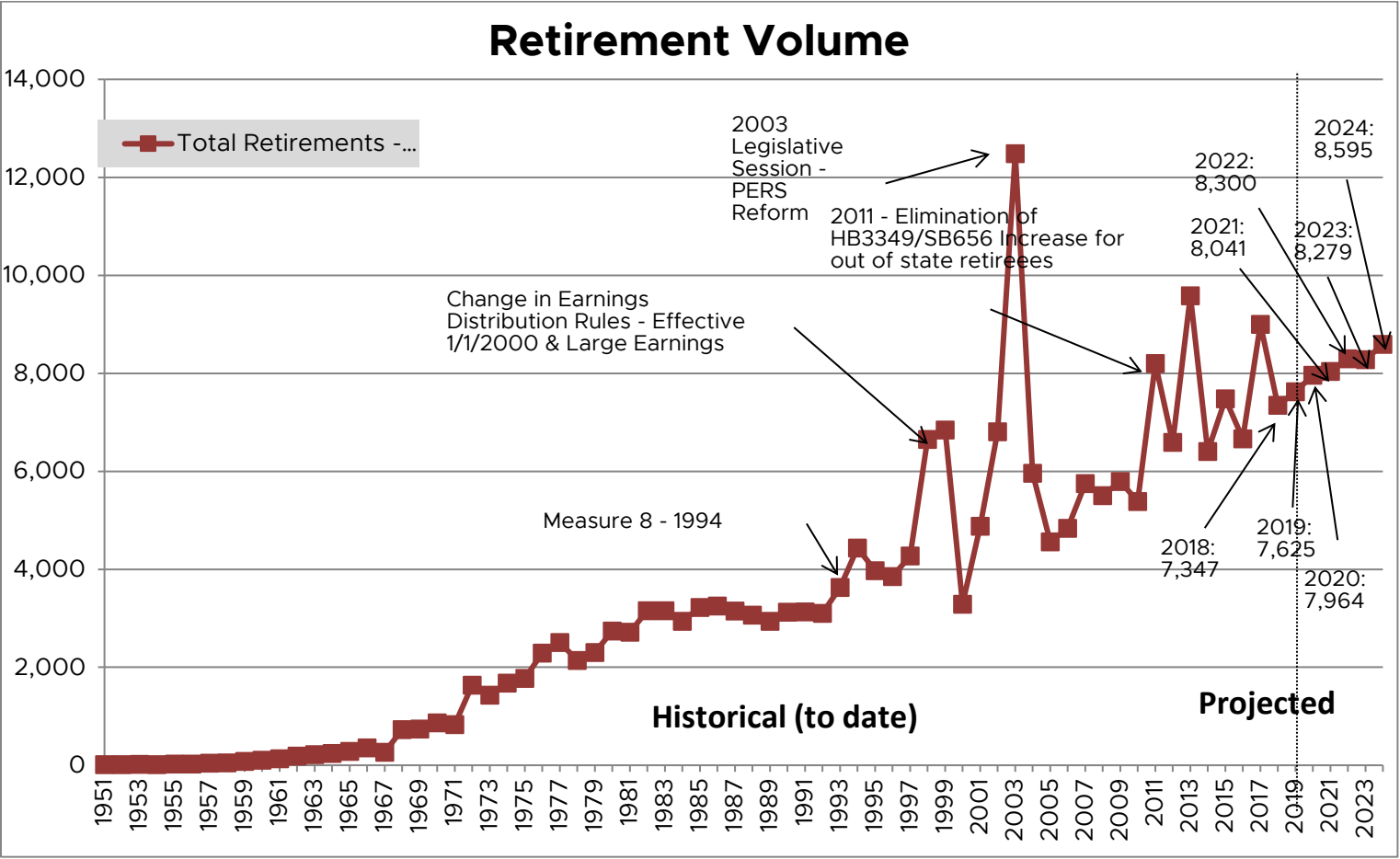
Many retiring members choose to participate in the PERS' Health Insurance Program. Their applications require a determination of eligibility, explanation of benefits, and deduction of premium for coverage. This program of four staff and partnership with a third-party administrator is at times challenged in communicating the expense and variety of health care coverage options available to retirees.

In addition to retiring members leaving public service, PERS accepts demographic data and establishes account information for new public employees. Finally, retired members are living longer, so PERS is experiencing an increased volume in the pension roll (number of retirees and beneficiaries receiving benefits); the complexity of cost-of-living adjustment (COLA) calculations especially after the *Moro* ruling in 2015; changes to tax withholding and reporting; and changes to demographic data including addresses and bank routing information.

**BUDGET NARRATIVE**



# BUDGET NARRATIVE





# BUDGET NARRATIVE

## Complex and Evolving Plan Structures

From 1945 to 2020, the legislature has approved more than 75 PERS plan changes that have impacted different aspects of the plan including retiree benefit structures, eligibility, option selection, and health care premiums. Statutes and administrative rules that govern administration of the system have become increasingly complex over almost 75 years of the program. In 2003, the legislature made broad changes to PERS by establishing the OPSRP Pension program and IAP Programs for all members regardless of tier. The changes mandated in 2003 had a major effect on PERS programs and benefit structures and created multiple special implementation projects, technology and otherwise. At that time, PERS found administration of the plans and infrastructure of the system inadequate to meet reasonable service delivery expectations of stakeholders. The intricacy and volume of changes to PERS statutes since 2003 has also led to litigation from employers and members, increased the volume of contested cases, and caused delays in providing some basic services to members.

Subsequent to the 2003 reforms, the 2005 legislative session brought minor plan changes and refinements, but the 2007 legislative session saw challenges and opportunities for improved services as some elements of the 2003 reforms were modified and further refined. During the 2009 and 2010 legislative sessions, changes continued as legislation created the data verification process and allowed purchases using pre-tax funds. In 2011, a key change prohibited PERS from paying a tax remedy increase if a person is not a resident of Oregon or not subject to Oregon personal income tax for those eligible members who retire on or after January 1, 2012.

A reduced COLA structure was approved by the legislature in 2013, as was the addition of a temporary, annual supplementary payment, and elimination of all tax remedy payments for retirees who do not pay Oregon income taxes because they don't live in Oregon. At the end of April 2015, the Oregon Supreme Court ruled in the *Moro* decision, that most of the 2013 reforms were unconstitutional, requiring the agency to implement a repayment and recalculation project for more than 120,000 benefit recipients.

During the 2018 session, the legislature focused PERS reform effort on creating several employer rate relief programs. In response to recommendations from the Governor's UAL Task Force, the Employer Incentive Fund (EIF) was established to allow participating employers to receive some matching funds if they make a qualifying lump sum payment. Legislation also created a new side account for school district rate relief that will be capitalized by a variety of revenue streams. Finally, the UAL Resolution Program will be in place for employers participating in the EIF program, to learn of ways they may plan to make additional lump sum payments in the future.

Senate Bill 1049 was approved by the 2019 Oregon Legislative Assembly on May 30 and signed by the Governor on June 11, 2019. SB1049 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. These goals will be accomplished through changes to member benefits, existing employer rate reduction programs, and re-amortization of the Tier One and Tier Two UAL.

Different provisions of the measure require the agency to develop short- and long-term plans to adjust the existing technology infrastructure for the retirement system that supports more than 900 public employers and 375,000 members and their beneficiaries. The Implementation of SB1049 is established as a program of five related projects. The five component projects of the SB1049 Implementation Program are:

**Member Redirect:** Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than \$2,500.

**Member Choice:** Effective January 1, 2021, this section of the bill allows members to elect a Target Date Fund (TDF) other than the default TDF based on their year of birth. PERS anticipates providing members the opportunity to make elections once a year during a defined time frame.

## BUDGET NARRATIVE

Work After Retirement: Effective January 1, 2020, this section of the bill allows retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024. It also requires employers to pay employer contributions on retirees' salary during that period. The rate that PERS will charge the employer will be the same as if the retiree remained an active member.

Salary Limits: Effective January 1, 2020, this section of the bill limits the amount of subject salary for all program members to \$195,000 for calendar year 2020. This amount will be indexed annually for inflation based on the CPI. The first adjustment for inflation will occur on January 1, 2021. This is a limit on salary for all plan purposes, including contributions and final average salary, not a salary cap.

Employer Programs: Effective July 1, 2019, these Employer Programs related sections of the bill clarify and expand the requirements for the Employer Incentive Fund; appropriate \$100 million from the General Fund to the Employer Incentive Fund; direct net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allow participating public employers who make larger than \$10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and require all public employers to participate in the Unfunded Actuarial Liability Resolution Program.

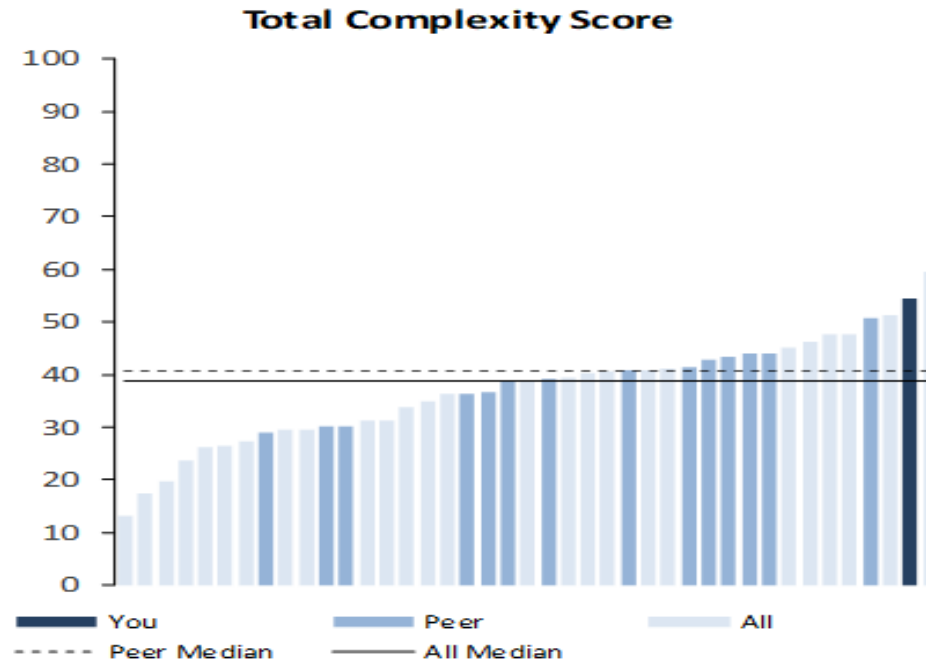
Federal law and regulation changes, along with court decisions, shape and refine the agency priorities and directives, requiring increased flexibility from PERS at the administrative level and throughout its business processes and systems.

# BUDGET NARRATIVE

## Program Administration Complexities

With its legislatively approved staffing and budget resources, PERS provides a variety of retirement services to over 378,000 members and benefit recipients, and 904 public employers. The agency is heavily dependent on the use of various information technology systems and uses third-party administrators for elements of the Retiree Health Insurance, the Individual Account, and Deferred Compensation Programs. Frequent revisions to the Tier One, Tier Two, and OPSRP programs complicate plan administration and frustrate member expectations. Additionally, PERS now administers an age-based Target Date Fund investment model for IAP funds, which requires custom technology solutions to report earnings on member accounts, provide new reporting for business operations, and support modification of files for use by the third-party administrator. The inability to keep pace with these changes across the plans, given the constraints in implementing technology changes or evolving staff organizational models, limits the agency's ability to achieve a core value of service to members.

PERS belongs to an international benchmarking service that benchmarks over 65 pension plans from across the world. When comparing the relative complexity of these systems, PERS is currently the second most complex pension administration system. It is expected that the overall complexity score will further increase for PERS as a result of the complexities associated with implementing the different elements of SB 1049. The accrued complexity is reflected in the accrued technical debt within the PERS ORION administrative system, which needs to begin to be addressed in the upcoming biennium.



# BUDGET NARRATIVE

## Criteria for 2021-23 Budget Development

PERS has evolved towards becoming an aligned, outcome-driven agency. The Fundamentals Map that was developed in the first phase of that implementation outlines the agency mission, shared vision, and core values and operating principles. The agency's core work is measured according to six key goals, and those goals are achieved through performance improvement across various Outcome and Process Measures.

When PERS completed its design of the PERS Outcome Based Management System (POBMS), the next phase in our development was to address whether the organizational structure best supported the system. By creating the POBMS, we instituted cultural norms in how this agency would function. The agency's organizational structure needed to align with those norms so that further refinement and continued support for POBMS could be facilitated.

Aligning the agency's organizational structure by the processes through which we administer our trusts and other services fosters innovation and simplicity. Establishing clear lines of responsibility communicates to everyone a defined pathway to enhancing our service to members and employers, and accountability to stakeholders and each other. As a result, outcomes on key goals will improve as the focus is sharper on where and how we can better deploy our efforts to fulfill our mission and vision.

Using foundational elements of the management system, the agency's planning for the next biennium was based on a strategy to use the budget process to improve agency performance in targeted areas. The proposed Policy Option Packages and organizational structure for the 2021-23 biennium are connected to tactical, incremental strategies to maintain or improve performance of our business objectives.

# BUDGET NARRATIVE

## Initiatives and Accomplishments

### ***Package 102 – Production Data Center***

This policy package is aligned with the PERS 2018-23 Strategic Plan initiative, Member Services and Communications, in the focus area of Quality Delivery Methods by enhancing Online Member Services and modernizing the PERS website to be compatible with common interfaces. In addition, this project will increase Data Reliability, another 2018-23 Strategic Plan initiative, by consolidating IAP data and providing a query process that is more efficient and less complex. Lastly, this project addresses the Strategic Plan initiative for Information Governance, Security, and Technology in two focus areas - Information Governance and Agile Technology System.

#### **Status**

By June 30, 2021, PERS will have implemented a cloud-based Backup Data Center and is on track to migrate to the State Data Center by the end of the biennium.

### ***Package 106 – Risk and Security Management***

As identified in PERS 2018-2023 Strategic Plan and subsequently called out in a Senate Bill 5534 (2017) budget note, PERS was “directed to develop and implement an industry standard Cyber Security Program, including defining the long-term maintenance, operation and funding plans for the program”. Two additional budget notes require PERS to develop and implement a Business Continuity and a Disaster Recovery Programs respectively. Lastly, on February 21, 2018, Governor Brown published a policy (no. 107-001-010) requiring all agencies to develop Continuity of Operations Programs (COOP).

#### **Status**

By the end of the 2017-2019 biennium, PERS implemented industry best practice Information Security Programs and Continuity Management Plans right at the end of the 2017-2019 biennium. In the current biennium, PERS has been working to mature both programs using roadmaps developed by external consultants with work focused on defining the long-term maintenance, operation, and funding plans for the programs.

### ***Package 107 – Deferred Maintenance***

As per SB 1067 (2017), Agencies who own their own building are required to budget for Capital Improvements and Deferred Maintenance. PERS received \$1.2 million to make upgrades to: (1) variable Air Volume Box Replacement, (2) Roof Replacement, (3) Building Exterior Repairs; (4) Heating, Air Conditioning and Ventilation System Replacement.

#### **Status**

By the end of the current biennium, PERS will have made the Capital Improvements identified above.

### **SB 1049 Implementation Program**

*Package 802 – Project Management and Administration*

*Package 803 – Quality Assurance and Testing*

*Package 804 – Information Technology Applications*

*Package 805 – Operational Implementation*

*Package 806 – Contingency Reserve*

Agency Request       Governor's       Legislatively Adopted

2021-23

Budget Page 37

107BF07

## BUDGET NARRATIVE

Senate Bill 1049 was approved by the 2019 Oregon Legislative Assembly on May 30 and signed by the Governor on June 11, 2019. SB1049 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. These goals will be accomplished through changes to member benefits, existing employer rate reduction programs, and re-amortization of the Tier One and Tier Two UAL.

Different provisions of the measure require the agency to develop short- and long-term plans to adjust the existing technology infrastructure for the retirement system that supports more than 900 public employers and 375,000 members and their beneficiaries. The Implementation of SB1049 is established as a program of five related projects. The five component projects of the SB1049 Implementation Program are:

**MEMBER REDIRECT:** Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than \$2,500.

Status: On June 18, 2020, there was an initial implementation to allow for Member Redirect functionality to be in place for the July 1, 2020 effective date. There will be iterative implementations done to add incremental functionality with the final implementation scheduled, at this time, to be complete by December 31, 2021.

**MEMBER CHOICE:** Effective January 1, 2021, this section of the bill allows members to elect a Target Date Fund (TDF) other than the default TDF based on their year of birth. PERS anticipates providing members the opportunity to make elections once a year during a defined time frame.

Status: The majority of system and process changes will be in place to allow for members to elect a TDF other than their default TDF by the January 1, 2021 effective date. There will be iterative implementations done to add incremental functionality with the final implementation scheduled to be complete by May 1, 2021.

**WORK AFTER RETIREMENT:** Effective January 1, 2020, this section of the bill allows retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024. It also requires employers to pay employer contributions on retirees' salary during that period. The rate that PERS will charge the employer will be the same as if the retiree remained an active member.

Status: An initial implementation was put into place for the January 1, 2020 effective date. There will be iterative implementations done to add incremental functionality with the final implementation scheduled, at this time, to be complete by June 2021.

**SALARY LIMITS:** Effective January 1, 2020, this section of the bill limits the amount of subject salary for all program members to \$195,000 for calendar year 2020. This amount will be indexed annually for inflation based on the CPI. The first adjustment for inflation will occur on January 1, 2021. This is a limit on salary for all plan purposes, including contributions and final average salary, not a salary cap.

Status: An initial implementation was put in place for the January 1, 2020 effective date. There will be iterative implementations done to add incremental functionality with the final implementation to be complete by April 2021.

## BUDGET NARRATIVE

**EMPLOYER PROGRAMS:** Effective July 1, 2019, these Employer Programs related sections of the bill clarify and expand the requirements for the Employer Incentive Fund; appropriate \$100 million from the General Fund to the Employer Incentive Fund; direct net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allow participating public employers who make larger than \$10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and require all public employers to participate in the Unfunded Actuarial Liability Resolution Program.

### Status

PERS was able to implement the process to support the Employer Incentive Fund with the \$100 million match fully subscribed, including a waiting list of other employers who wish to participate. The deadline for submitting Employer funds was December 1, 2020. PERS is also building out a tool to support the Unfunded Actuarial Liability Resolution Program with the implementation scheduled prior to December 31, 2020.

# BUDGET NARRATIVE

## Performance Measures

### **2019 Annual Performance Progress Report**

With the combined resources of the agency budget and Policy Option Packages approved in 2017, PERS made significant progress on the objectives set forth in the Key Performance Measures, as well as in the area of business process improvements as measured through the PERS Outcome Based Management System. Indicators of that progress are discussed below.

#### **Timely and Accurate Payment of PERS Benefits**

The Key Performance Measure is to provide 80 percent of initial retirement payments within 45 days of the member's effective retirement date. During FY2019, PERS issued 77% of its pension benefit inceptions within 45 days of the member's effective retirement date, an increase from the 65% performance rate in FY2018. This year's improvement can be tied to how well PERS handled the increased volume during its annual retirement volume spike during the months of July and August (related to many teacher retirements). In the 3<sup>rd</sup> quarter 2018, PERS was able to process 66% of service retirement benefit inceptions within 45 days of the effective retirement date. This is a significant improvement over the 27% rate processed during the same time period the previous year. For this fiscal year, PERS was able to strategically allocate staffing resources to more successfully meet the increased workload demand.

#### **High-Quality Customer Service**

For the FY2019 member survey, PERS received decreased ratings from the 2018 levels in all categories. Members rated PERS between 82% and 88% "good" or "excellent", with 87% of members rating PERS overall service as good or excellent. Members rated PERS highest in Accuracy and Expertise (both 88%) and lowest in Availability of Information (82%).

In the FY2019 employer survey, the results also reflected decreases in every category. Employers rated PERS between 78% and 88% "good" or "excellent," with 87% of employers rating PERS overall service as excellent or good. Employers rated PERS highest in Expertise (88%) and lowest in Availability of Information (78%).

#### **Optimize Effectiveness and Efficiency**

PERS' member to staff ratio increased to 1,071:1 in FY2019, up from 1,048:1 in FY2018. The staffing for FY18 increased by less than 1% from FY18 levels, while the membership levels are up by 2.5% this year. Managing the increasing membership with existing staffing levels has allowed the member to staff ratio to continue to increase for the third year in a row.

For Fiscal Year 2018, CEM Benchmarking, Inc. reported that, because of greater system complexity and a greater number of programs administered, PERS is higher staffed (thus serving fewer members per FTE staff) than many of its peers. However, while PERS is higher staffed for some benefit administration activities, there are also activities that PERS is lower staffed. When compared to its peer average, PERS was heavier staffed per 10,000 members versus its peer average.

*Please see the full 2019 Annual Performance Progress Report in the Special Reports Section of this document for more information.*



# BUDGET NARRATIVE

## Major Information Technology Projects

Much of the work and communication with and throughout PERS is electronic in nature. Employers report data electronically, members are educated and informed about their benefits electronically (through the PERS web site and emails) and may conduct their benefit administration tasks (e.g., sending information change requests) electronically, and PERS databases hold copious volumes of employment history and associated information about members through and after public employment, stretching back the better part of a century. PERS staff uses this data and a variety of tools to calculate benefit estimates, generate payments, and track more than 350,000 active and inactive members or benefit recipients.

The 2003 PERS Reforms drove development of the current technology systems and databases. Since that time, further operational and process efficiencies have been developed based on existing technology; but technology has evolved, and member and employer interactions are becoming more web (and mobile) based. To keep pace with these changes, PERS must have an agile technology platform responsive to its business expectations, a key goal in our 2018-2023 strategic plan.

PERS has evolved into a process-driven organization through implementation of its outcome-based management system (which began development in 2012). We judge the success of agency work and make decisions about changes based on processes and their outcomes, which provides a rational, data driven approach to agency priorities and resource allocation. To build on and refine existing resources, PERS proposes strategic investment in technology during the 2021-23 biennium.

## Modernization Plan

PERS needs to modernize, enhance, and sustain our communication and technological foundation to better align with the needs of our members as we strive to engage them in their career-long retirement planning. To implement industry best practices in line with member expectations, we need to establish a technology platform that is flexible, secure, and aligned with today's service-driven technology standards. Modernization will improve information technology efficiency, responsiveness to business operational changes, and resolve functionality and technical debt deficiencies that affect system administration, performance, maintainability, and sustainability as well as increase overall productivity.

Recent changes to the plans PERS administers continue to add complexity to ORION, specifically SB 1049 from the 2019-21 legislative session (IAP Redirect, IAP Member Choice, Work After Retirement, Salary Limits and Employer Programs). Implementing these significant changes to an already aging and quickly depreciating system, and on an architecture that is not conducive to change, adds more technical debt and further burden on maintaining ORION, which directly affects our ability to provide adequate services to our members and employers.

# BUDGET NARRATIVE

## Program Prioritization for 2021-23

Public Employees Retirement System																				
2021-2023 Biennium																			45900	
Retirement, Death & Disability Program																				
Program/Division Priorities for 2021-2023 Biennium																				
1	2	3	4	5	6	7	10	11	14	15	16	18	19	20	22					
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	OF	NL-OF	TOTAL FUNDS	Pos.	FTE	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Comments on Proposed Changes to CSL Included in Agency Request						
Agcy	Prgm/ Div																			
1	1	PERS	CH 238	Tier One and Tier Two Programs	KPM #1, 2, 3, 4, 6, 7 & 8	4	11,105,880,836	\$ 11,105,880,836			N	C	Article 1	No Changes to CSL -						
1	1	PERS	OPSRP-IAP	Individual Account Program	KPM #1, 2, 3, 4, 6, 7 & 8	4	1,298,603,848	\$ 1,298,603,848			N	C	Article 1	No Changes to CSL -						
1	1	PERS	OPSRP-DB	Pension Program	KPM #1, 2, 3, 4, 6, 7 & 8	4	109,636,842	\$ 109,636,842			N	C	Article 1	No Changes to CSL -						
			OPSRP-IAP	Third Party Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4	5,796,057	\$ 5,796,057			N	S	ORS 238 A	No Changes to CSL -						
			Admin	Central Administration	KPM #1, 2, 3, 4, 6, 7 & 8	4	17,964,692	\$ 17,964,692	51	51.00	Y	S	ORS 237,238, & 238A	Policy Pkg 108, 112						
			FASD	Financial and Admin Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	20,173,063	\$ 20,173,063	34	34.00	Y	S	ORS 237,238, & 238A	Policy Pkg 108						
			ISD	Information Services Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	28,499,389	\$ 28,499,389	77	77.00	Y	S	ORS 237,238, & 238A	Policy Pkg. 102, 103, 104						
			OD	Operations Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	42,993,318	\$ 42,993,318	184	184.00	Y	S	ORS 237,238, & 238A	Policy Pkg 106, 107, 110						
			CARD	Compliance, Audit and Risk Division	KPM #1, 2, 3, 4, 6, 7 & 8	4	8,231,944	\$ 8,231,944	21	21.00	Y	S	ORS 237,238, & 238A	Policy Pkg 103, 105						
							117,862,406	\$ 117,862,406	367	367.00										

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS.

**Document criteria used to prioritize activities:**

PERS administers a single integrated system of retirement, disability and death benefits for employees of public employers throughout Oregon. Business processes, service delivery and support functions for the Retirement, Disability and Death Program are integrated across the divisions (detailed cross references) of the agency. Oregon courts have established that members have a contract right to these benefit programs and, as such, those rights cannot be impaired by law, in accordance with the Oregon Constitution's Article 1. The Retirement, Disability and Death Program is the agency's top priority.

This program frees public employers from the administrative burden of administering individual retirement plans. Economy of scale savings produced. Single plan across the state provides mobility for trained public servants. Provides the Oregon Legislature with the ability to influence public pension policy on a statewide basis.

ORS 237, 238, 238A To ensure the PERS retirement plan remains in compliance with federally mandated pension plan standards, ORS 238.630(3)(g) directs the PERS Board, "Shall adopt rules and take all actions necessary to maintain qualification of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and under regulations adopted pursuant to the Internal Revenue Code. Rules under this paragraph may impose limits on contributions to the system, limits on benefits payable from the system and other limitations or procedures required or imposed under federal law or regulation for the purpose of qualification of the Public Employees Retirement System and Public Employees Retirement Fund under the Internal Revenue Code as a governmental plan and trust."

2019-21

Program 1

107BF23

# BUDGET NARRATIVE

## PROGRAM PRIORITIZATION FOR 2021-2023

<b>Public Employees Retirement System</b>																
<b>2021-2023 Biennium</b>															Agency Number: <b>45900</b>	
<i>PERS Retiree Health Insurance Program</i>																
Program/Division Priorities for 2021-2023 Biennium																
1	2	3	4	5	6	7	10	11	14	15	16	17	18	19	20	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description		Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	OF	NL-OF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Comments on Proposed Changes to CSL included in Agency Request
Agcy	Prgm/ Div															
2	2	PERS	RHIA	Retirement Health Insurance Account	KPM # 2, 3, 6 & 8	4		70,045,713	\$ 70,045,713				N	S	ORS 238.420	No Changes to CSL -
2	2	PERS	RHIPA	Retirement Health Insurance Premium Account	KPM # 2, 3, 6 & 8	4		9,333,606	\$ 9,333,606				N	S	ORS 238.415	No Changes to CSL -
2	2	PERS	SRHIA	Standard Retiree Health Insurance Account	KPM # 2, 3, 6 & 8	4		293,112,748	\$ 293,112,748				N	S	ORS 238.410	No Changes to CSL -
			Admin	Third Party Administration	KPM # 2, 3, 6 & 8	4		89,171,000	\$ 89,171,000				N	S	ORS 237,238, & 238A	No Changes to CSL -
			OD	Operations Division	KPM # 2, 3, 6 & 8	4	2,637,602		\$ 2,637,602	4	4.00		Y	S	ORS 237,238, & 238A	No Changes to CSL -
									\$ -							
									\$ -							
							2,637,602	461,663,067	\$ 464,300,669	4	4.00					

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

**Document criteria used to prioritize activities:**

The PERS Retiree Health Insurance Programs provide health care insurance protection to eligible members. A Medicare health insurance supplement is also provided. Business processes, service delivery and support functions for the Retiree Health Insurance Program are integrated across the divisions (detailed cross references) of the agency. The Health Insurance Program is the agency's second priority.

This program frees public employers from the administrative burden of administering individual retirement plans with specialized health insurance rules. Economy of scale savings produced. Single plan across the state provides mobility for trained public servants. Provides the Oregon Legislature with the ability to influence public employee health insurance policy on a statewide basis.

ORS 238.410, .415, .420 To ensure the Health Insurance plan remains in compliance with federally mandated pension plan standards ORS 238.630(3)(g) directs the PERS Board, "shall adopt rules and take all actions necessary to maintain qualification of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and under regulations adopted pursuant to the Internal Revenue Code. Rules under this paragraph may impose limits on contributions to the system, limits on benefits payable from the system and other limitations or procedures required or imposed under federal law or regulation for the purpose of qualification of the Public Employees Retirement System and Public Employees Retirement Fund under the Internal Revenue Code as a governmental plan and trust."

**2021-23**

**Program 2**

**107BF23**

# BUDGET NARRATIVE

## PROGRAM PRIORITIZATION FOR 2021-2023

Public Employees Retirement System														
2021-2023 Biennium													45900	
Deferred Compensation Program														
Program/Division Priorities for 2021-2023 Biennium														
1	2	3	4	5	6	7	10	14	15	16	18	19	20	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	OF	TOTAL FUNDS	Pos.	FTE	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgrm/ Div.													
3		PERS	OSQP	Deferred Compensation Program - Oregon Savings Growth Plan (OSGP)	KPM # 2, 3, 5, 6 & 8	4	\$ -				S	ORS 243.401 - 243.507	ORS 243.472 - See explanation below	
			OD	Operations Division	KPM # 2, 3, 5, 6 & 8	4	2,773,816	\$ 2,773,816	7	7.00	Y	ORS 243.401 - 243.507		No Changes to CSL -
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							\$ -							
							2,773,816	\$ 2,773,816	7	7.00				

**19. Legal Requirement Code**  
 C - Constitutional  
 D - Debt Service  
 FM - Federal - Mandatory  
 FO - Federal - Optional (once you choose to participate, certain requirements exist)  
 S - Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

ORS 243.401 - 243.507 The Deferred Compensation Program provides an IRS approved plan for deferral of compensation payable to participants and deferral of income taxes on that compensation. This program is fully funded by the Deferred Compensation Fund. Fund dollars come solely from participant contributions. Administrative costs outside the Deferred Compensation Section are recovered from the fund. The Deferred Compensation Program is the agency's third budget priority.

PERS annually processes \$124.3 million in deferred compensation benefits and \$155.7 million in deferred compensation contributions. Statute directs the plan to be run for benefit of members with as low of fees as possible. A supplemental retirement plan, providing this service through PERS assists members in better planning for their financial needs in retirement.

A total of 30,250 members and their dependents directly benefit from this program. A total of 98,001 State and Local employees indirectly benefit from the availability of this program. In addition to the State of Oregon, 286 local government employers also benefit by having PERS provide this supplemental plan for the benefit of their employees, removing the administrative burden from the employer while providing additional retirement services to the employer's staff.

ORS 243.472 Deferred compensation benefit payments, and amounts payable as refunds, shall not for any purpose be deemed expenses of the board and shall not be included in its biennial departmental budget.

2019-21

Program 3

107BF23

# BUDGET NARRATIVE

## PROGRAM PRIORITIZATION FOR 2021-2023

Public Employees Retirement System															
2021-2023 Biennium														Agency Number: 45900	
Social Security Coverage Program															
Program/Division Priorities for 2021-2023 Biennium															
1	2	3	4	5	6	7	10	14	15	16	17	18	19	20	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	OF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div														
4	4	PERS	OD	Operations Division	KPM # 2, 3, 6 & 8	4	557,240	\$ 557,240	1	1.00	N	Y	FM	Fed Reg Title 20, 404.1204	No Changes to CSL -
								\$ -							
								\$ -							
								\$ -							
								\$ -							
								\$ -							
							557,240	\$ 557,240	1	1.00					

**19. Legal Requirement Code**

- Constitutional
- Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

**Document criteria used to prioritize activities:**

**Federal Regulations, Title 20, 404.1204** The Social Security Coverage Program is a federally mandated program to assist public employers who wish to voluntarily join the Social Security Old Age and Survivorship Program. The State is required to maintain a single point of contact for the federal program. PERS is the established state level contact. The program is the agency's fourth budget priority.

**ORS 237.412** This program allows public employers to deal with a local state representative providing a direct channel for information to the federal program administrators. PERS staff allow public employers better opportunity to resolve reporting issues before escalating to federal intervention.

A total of approximately 1,000 public employers are directly benefited by having a venue for making a voluntary election into the Social Security Old Age and Survivorship program, while also having a direct local venue for program clarification.

NOTE: This program is solely funded by an administrative charge to participating employers.

**2021-23**

**Program 4**

**107BF23**



# BUDGET NARRATIVE

## PROGRAM PRIORITIZATION FOR 2021-2023

Public Employees Retirement System															
2021-2023 Biennium														45900	
Agency-Wide Priorities for 2021-2023 Biennium															
1	2	3	4	5	6	7	10	11	14	15	16	18	19	20	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	OF	NL-OF	TOTAL FUNDS	Pos.	FTE	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div														
1	1	PERS		Retirement, Death & Disability Program	KPM #1, 2, 3, 4, 6, 7 & 8	4	117,862,406	12,519,917,583	\$ 12,637,779,989	367	367.00	Y	C	Article 1	Policy Pkg. 102-110, 112
2	2	PERS		PERS Retiree Health Insurance Program	KPM # 2, 3, 6 & 8	4	2,837,602	461,663,067	\$ 464,300,669	4	4.00	Y	S	ORS 238.410, .415, & .420	No Changes to CSL -
3	3	PERS	OSGP	Deferred Compensation Program	KPM # 2, 3, 5, 6 & 8	4	2,773,816		\$ 2,773,816	7	7.00	Y	S	ORS 243.401 - 243.507	No Changes to CSL -
4	4	PERS		Social Security Coverage Program	KPM # 2, 3, 6 & 8	4	557,240		\$ 557,240	1	1.00	Y	FM	Fed Reg Title 20, 404.1204	No Changes to CSL -
				Debt Service	KPM # 2	4	0		\$ -	0	0.00	N	D		No Changes to CSL -
									\$ -						
									\$ -						
									\$ -						
							123,831,063	12,981,580,650	\$ 13,105,411,713	379	379.00				

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Prioritize each program activity for the Agency as a whole

**Document criteria used to prioritize activities:**

See criteria discussion at the Program/Activity priorities level.

2021-23

Agency-Wide

107BF23

## BUDGET NARRATIVE

### 10% Reduction Options (ORS 291.216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
1. Eliminate toll-free telephone line	Eliminates toll-free telephone line, requiring members, employers, and retirees outside of the Portland area to personally incur long-distance charges for contacting PERS by telephone. (Amount based on 160,000 calls averaging 10 minutes per call, at \$.06 per minute)	\$30,000 Other Funds	Toll-free telephone line is provided to facilitate customer service for statewide population of members, employers, and retirees. Eliminating the toll-free number will not change the nature of the service customers receive, but will hamper customer access to that service, challenging this Agency's Key Performance Measure (KPM) #6 - 95% of customers rating service as "good" or "excellent."
2. Eliminate printed newsletter for active members	Eliminates publication and mailing of Agency newsletter to active PERS members	\$37,674 Other Funds	Eliminates a cost-effective communication tool that pushes information to active members in furtherance of this Agency's KPM #6 - Customer Service. The Newsletter would continue to be available on the PERS website for those active members with Internet access.
3. Reduce Facilities Rental and Maintenance	Eliminates or reduces the use of buildings outside of the headquarters building and associated maintenance.	\$306,146 Other Funds	Eliminates rented facilities and consolidates work in to one location.
4. Reduce AG fees	Limits legal sufficiency review to contracts over \$150,000 (per OAR 137-045-0030 requirements) and decreases litigation support.	\$250,863 Other Funds	Decreased legal sufficiency review and DOJ litigation support will increase risk to the Agency. Staff will provide policy direction and contract services without complete resolution of legal issues, or in a less timely manner, resulting in reduced Customer Service (KPM #6), and making achievement of KPM #8 (meeting 100% of Board Best Practice criteria) less likely.



## BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
5. Reduce IT contracting budget and professional services.	Reduces IT contracting budget and professional services for Agency projects.	\$246,349 Other Funds	Decreases the Agency's timeliness and efficiency in implementing IT modifications, such as in response to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), and hindering achievement of KPM #8 - Board Best Practices.,
6. Reduce IT systems and equipment upgrades	Reduces system modifications / upgrades, scheduled replacement of IT hardware, software, and ancillary equipment.	\$864,970 Other Funds	Increases risk of failed network and desktop equipment, and service delays, hindering the Agency's ability to achieve KPM #6 - Customer Service.
7. Reduce outside Professional Services contracts	Reduces contracting budget and professional services for Agency projects.	\$455,583 Other Funds	Decreases the Agency's timeliness and efficiency in implementing modifications, such as response to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), and hindering achievement of KPM #8 - Board Best Practices.,
8. Reduce other services related to collections	Reduces contract costs associated with collecting receivables	\$400,000 Other Funds	Decreases contract costs and banking fees associated with receivables reducing revenue.
9. Reduce office supplies (S&S)	Reduces office supplies support to all divisions and sections.	\$318,633 Other Funds	Challenges the Agency's ability to meet customers and business lines' needs, hindering the Agency's ability to achieve KPM #6 - Customer Service.
10. Reduce expert witness and Independent Medical Exam (IME) support	Reduces professional services expert witness and IME contract budget for disability claim review / determination.	\$77,760 Other Funds	Forces Agency to be more reliant on member's medical evaluations instead of independent reviews, leading to increased potential for fraud or abuse. Inconsistent with KPM #8 - Board Best Practices.

## BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
11. Reduce training and travel agency wide	Eliminates training and travel programs	\$876,063 Other Funds	Reduces consistent and up-to-date training, increasing the risk of inconsistent or inaccurate Agency processes. Impedes progress on KPM #8 - Board Best Practices.
12. Reduce the use of employee overtime, and all other pay differentials	Eliminates the use of any overtime or pay differentials to accomplish related work programs within or above set pay ranges.	\$900,874 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.
13. Proposed 10-day furlough for all employees during a 24-month budget period.	Would require state and union approval to implement a furlough option at the 5% reduction level.	\$1,618,117 Other Funds	Decreases number of workdays in a biennium by 10 for all staff members reducing payroll costs. Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.
<b>5% Reductions</b>			
14. Reduce Project Management support	Eliminates 3 positions responsible for coordination and delivery of project management. (3 position - 3.00 FTE)	\$647,320 Other Funds	Increases time needed to complete work, response time to customers and project management risks, hindering progress on KPM #8 - Board Best Practices.
15. Reduce Contracts and Procurement program support	Eliminates 1 procurement assistant support position. (1 position - 1.00 FTE)	\$218,289 Other Funds	Increases time needed to complete work, response time to customers and contract file audit risks, hindering progress on KPM #8 - Board Best Practices.
16. Eliminate Deputy Director executive support	Eliminates 1 position providing executive support to Deputy Director. (1 position - 1.00 FTE)	\$207,927 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.

## BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
17. Eliminate Fiscal Services Division executive support	Eliminates 1 position providing executive support to Chief Financial Officer, Fiscal Services Division managers and staff. (1 positions – 1.00 FTE)	\$199,871 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 – Customer Service.
18. Reduce fiscal services program support	Eliminates 3 accounting positions supporting general ledger transactions, journal entries for jClarety activity, and reconciliation of employer and member accounts. (3 positions – 3.00 FTE)	\$647,320 Other Funds	Increases time needed to complete work, response time to customers, and file audit risks, hindering progress on KPM #8 - Board Best Practices.
19. Reduce disability program support	Eliminates 1 position supporting disability application processing (1 positions – 1.00 FTE)	\$326,970 Other Funds	Increases risk of application support and development. Hinders the Agency's ability to achieve KPM #1 - Timely Retirement Payments, KPM #6 - Customer Service, and KPM #7 - Timely Benefit Estimates.
20. Reduce technical support for data query	Eliminates 1 position processing and developing queries. (1 position – 1.00 FTE)	\$255,903 Other Funds	Increases time needed for data processing and customer response time, hindering the Agency's ability to achieve KPM #1 - Timely Retirement Payments, KPM #6 - Customer Service, and KPM #7 - Timely Benefit Estimates.
21. Eliminate Operations Division administrative support	Eliminates 2 positions providing administrative support for Operations Division. (2 position – 2.00 FTE)	\$276,151 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.

## BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
22. Reduce Legislative coordinator support and activities	Eliminates 1 position responsible for Legislative coordination regarding Program updates, changes in regulations, and new rules. (1 position – 1.00 FTE)	\$327,477 Other Funds	Eliminates FTE used to support agency wide legislative coordination and communication. Position functions would be spread among Agency staff or directed to another Agency, increasing benefit administration costs counter to KPM #2 - Total Benefit Admin. Costs, and hindering the Agency's ability to achieve KPM #6 - Customer Service.
23. Reduce IT quality assurance and metrics engineering program support	Eliminates 1 QA Project Manager position, and 1 IT metrics engineering position. (2 positions – 2.00 FTE)	\$622,190 Other Funds	Eliminates resources used to improve Agency quality and accountability on operations and projects. Prevents efforts to reduce Agency costs in support of KPM #2 - Total Benefit Costs and impedes progress on KPM #8 - Board Best Practices.
24. Reduce IT systems development support	Eliminates 1 developer position supporting Agency projects. (1 positions – 1.00 FTE)	\$282,197 Other Funds	Decreases Agency timeliness and efficiency in implementing IT modifications, such as response to legislative changes or process improvements, increasing Total Benefit Admin. Costs (KPM #2), hindering achievement of KPM #8 - Board Best Practices.
25. Eliminate Application Support Position for technical releases	Eliminates 1 project manager within the operations technical support. (1 position – 1.00 FTE)	\$231,945 Other Funds	Increase time needed to complete work, and risks associated with decreased level of expertise processing technical releases, hindering the Agency's ability to achieve KPM #6 – Customer Service.

## BUDGET NARRATIVE

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
26. Reduce IT application / software engineering program support	Eliminates 1 position supporting IT applications, and 1 position supporting Agency-wide software configuration engineering. (2 positions – 2.00 FTE)	\$437,117 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.
27. Reduce divorce program support	Eliminates 1 position supporting divorce services program management, productivity enhancements problem resolution / troubleshooting. (1 positions – 1.00 FTE)	\$161,778 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.
28. Reduce benefit estimate and administrative program support	Eliminates 1 position supporting benefit estimates, and 1 position supporting data validation. (2 positions – 2.00 FTE)	\$378,659 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #6 - Customer Service.
29. Reduce business rules coordination program support	Eliminates 1 position providing Agency-wide coordination of business rules. (1 position – 1.00 FTE)	\$265,455 Other Funds	Increases time needed for work completion and response time to the Agency's customers and business lines, hindering the Agency's ability to achieve KPM #8 - Board Best Practices.
30. Reduce Tech Imaging Support for agency	Eliminates 2 positions coordinating technical imaging support. (2 positions – 2.00 FTE)	\$301,336 Other Funds	Eliminates resources used to improve agency quality and accountability prevents efforts to reduce agency costs in support of KPM #2 - Total Benefit Admin. Costs and conform to KPM #8 - Board Best Practices.
31. Reduce employer audit and communications	Eliminates 1 position in employer outreach (1 position – 1.00 FTE)	\$265,455 Other Funds	Increases employer audit and communications waiting time and decrease agency communications to employers. Agency's ability to achieve KPM #6 - Customer Service.
Totals	29 Positions (29.00 FTE)	\$12,396,502 Other Funds	

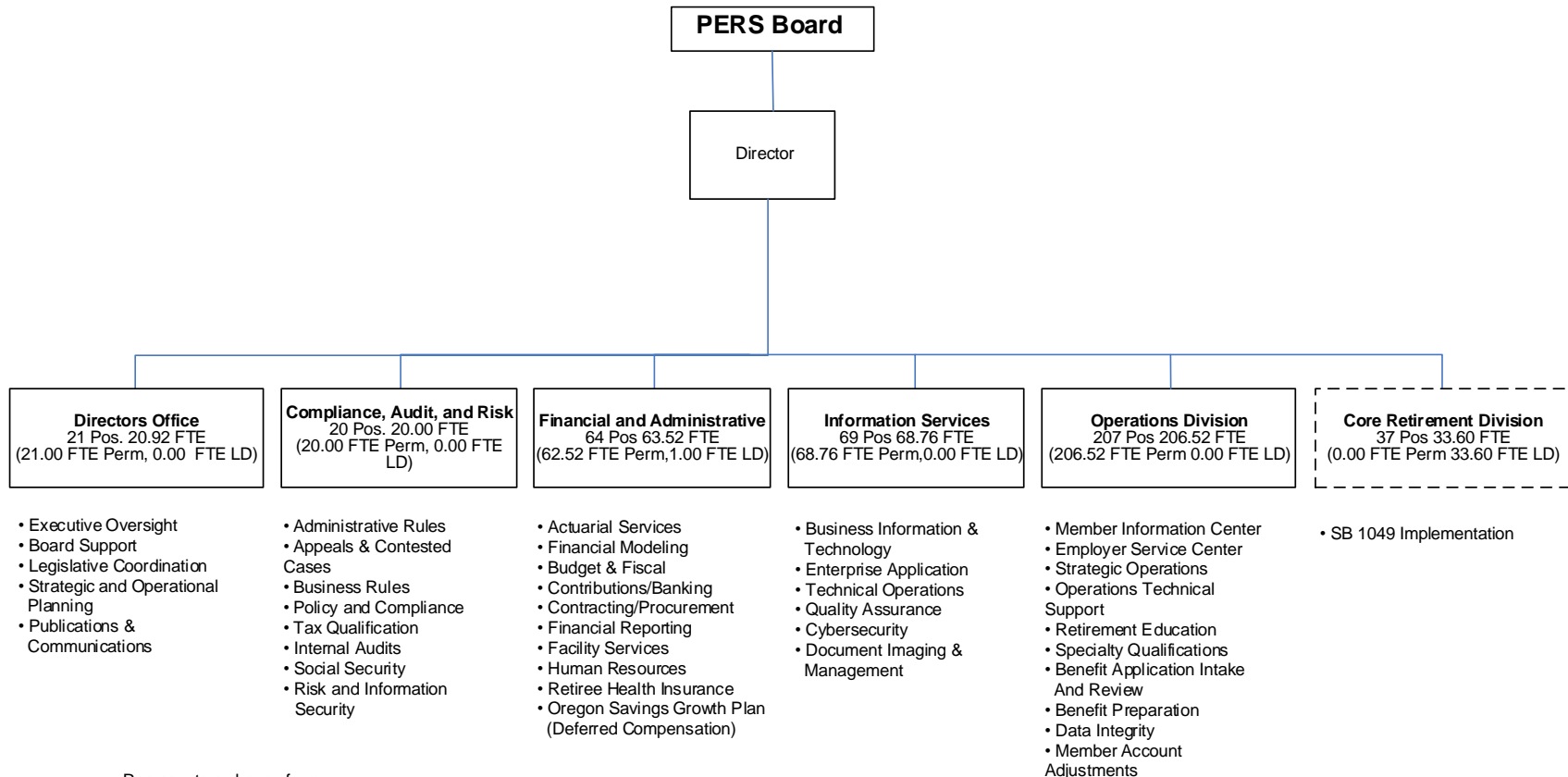
# BUDGET NARRATIVE

## 2019-21 Organization Chart

### Public Employees Retirement System 2019-21 Legislatively Adopted Budget

418 Positions

413.32 FTE

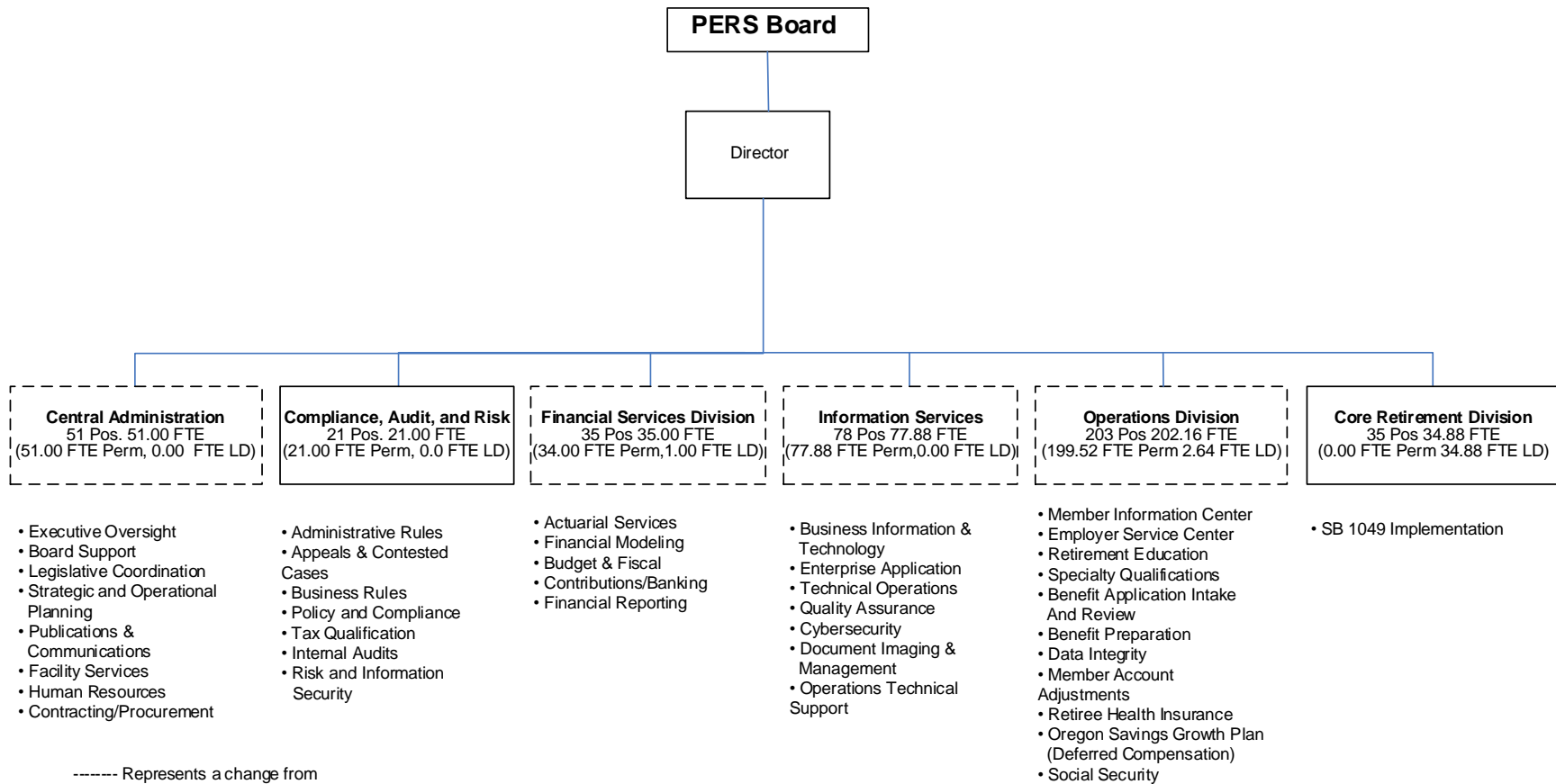


----- Represents a change from the previous biennium  
 \_\_\_\_\_ Denotes no change from prior biennium

# BUDGET NARRATIVE

## 2021-23 Organization Chart

Public Employees Retirement System  
 2021-23 Legislatively Adopted Budget  
 423 Positions  
 421.92 FTE



- Executive Oversight
- Board Support
- Legislative Coordination
- Strategic and Operational Planning
- Publications & Communications
- Facility Services
- Human Resources
- Contracting/Procurement

- Administrative Rules
- Appeals & Contested Cases
- Business Rules
- Policy and Compliance
- Tax Qualification
- Internal Audits
- Risk and Information Security

- Actuarial Services
- Financial Modeling
- Budget & Fiscal
- Contributions/Banking
- Financial Reporting

- Business Information & Technology
- Enterprise Application
- Technical Operations
- Quality Assurance
- Cybersecurity
- Document Imaging & Management
- Operations Technical Support

- Member Information Center
- Employer Service Center
- Retirement Education
- Specialty Qualifications
- Benefit Application Intake And Review
- Benefit Preparation
- Data Integrity
- Member Account Adjustments
- Retiree Health Insurance
- Oregon Savings Growth Plan (Deferred Compensation)
- Social Security

- SB 1049 Implementation

----- Represents a change from the previous biennium  
 \_\_\_\_\_ Denotes no change from prior biennium

Agency Request      Governor's       Legislatively Adopted

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	419	414.32	12,867,883,840	100,000,000	-	263,256,648	-	12,504,627,192	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>419</b>	<b>414.32</b>	<b>12,867,883,840</b>	<b>100,000,000</b>	<b>-</b>	<b>263,256,648</b>	<b>-</b>	<b>12,504,627,192</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(40)	(35.32)	2,165,221	-	-	2,165,221	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	393,525,872	-	-	-	-	393,525,872	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>379</b>	<b>379.00</b>	<b>13,263,574,933</b>	<b>100,000,000</b>	<b>-</b>	<b>265,421,869</b>	<b>-</b>	<b>12,898,153,064</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	374,858	-	-	374,858	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	512,540	-	-	512,540	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>887,398</b>	<b>-</b>	<b>-</b>	<b>887,398</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(260,215,608)	(100,000,000)	-	(148,676,137)	-	(11,539,471)	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(260,215,608)</b>	<b>(100,000,000)</b>	<b>-</b>	<b>(148,676,137)</b>	<b>-</b>	<b>(11,539,471)</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,158,906	-	-	1,158,906	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	5,039,027	-	-	5,039,027	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	6,197,933	-	-	6,197,933	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>379</b>	<b>379.00</b>	<b>13,010,444,656</b>	<b>-</b>	<b>-</b>	<b>123,831,063</b>	<b>-</b>	<b>12,886,613,593</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	379	379.00	13,010,444,656	-	-	123,831,063	-	12,886,613,593	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	379	379.00	13,010,444,656	-	-	123,831,063	-	12,886,613,593	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	40,039	-	-	40,039	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	40,039	-	-	40,039	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	(295,563)	-	-	(295,563)	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	825,003	-	1	825,002	-	-	-
810 - Statewide Adjustments	-	-	(3,588,447)	-	-	(3,588,447)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	16,792,238	-	16,792,238	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	35	34.88	22,814,797	-	-	22,814,797	-	-	-
102 - Modernization	-	-	800,000	-	-	800,000	-	-	-
103 - Information Security	1	0.88	940,731	-	-	940,731	-	-	-
104 - Senior Systems Admin TOS	-	-	17,033	-	-	17,033	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	2	1.76	278,924	-	-	278,924	-	-	-
107 - Q/NQ	3	2.64	436,606	-	-	436,606	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	1	1.00	180,819	-	-	180,819	-	-	-
110 - Education Team	2	1.76	287,661	-	-	287,661	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	425,000	-	-	425,000	-	-	-
<b>Subtotal Policy Packages</b>	<b>44</b>	<b>42.92</b>	<b>39,914,802</b>	<b>-</b>	<b>16,792,239</b>	<b>23,122,563</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>423</b>	<b>421.92</b>	<b>13,050,399,497</b>	<b>-</b>	<b>16,792,239</b>	<b>146,993,665</b>	<b>-</b>	<b>12,886,613,593</b>	<b>-</b>
Percentage Change From 2019-21 Leg Approved Budget	0.95%	1.83%	1.42%	-100.00%	-	-44.16%	-	3.05%	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Public Employees Retirement System, Oregon  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	11.61%	11.32%	0.31%	-	-	18.71%	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Non-Limited Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	12,504,627,192	-	-	-	-	12,504,627,192	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>12,504,627,192</b>	-	-	-	-	<b>12,504,627,192</b>	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	393,525,872	-	-	-	-	393,525,872	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>12,898,153,064</b>	-	-	-	-	<b>12,898,153,064</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(11,539,471)	-	-	-	-	(11,539,471)	-
<b>Subtotal</b>	-	-	<b>(11,539,471)</b>	-	-	-	-	<b>(11,539,471)</b>	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	<b>12,886,613,593</b>	-	-	-	-	<b>12,886,613,593</b>	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Non-Limited Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	12,886,613,593	-	-	-	-	12,886,613,593	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	12,886,613,593	-	-	-	-	12,886,613,593	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Non-Limited Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<hr/>									
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	12,886,613,593	-	-	-	-	12,886,613,593	-

Percentage Change From 2019-21 Leg Approved Budget      -      -      3.05%      -      -      -      -      3.05%      -

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Non-Limited Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Tier One and Tier Two Pension Programs  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-010-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	10,272,591,713	-	-	-	-	10,272,591,713	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>10,272,591,713</b>	-	-	-	-	<b>10,272,591,713</b>	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	844,828,594	-	-	-	-	844,828,594	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>11,117,420,307</b>	-	-	-	-	<b>11,117,420,307</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(11,539,471)	-	-	-	-	(11,539,471)	-
<b>Subtotal</b>	-	-	<b>(11,539,471)</b>	-	-	-	-	<b>(11,539,471)</b>	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	<b>11,105,880,836</b>	-	-	-	-	<b>11,105,880,836</b>	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Tier One and Tier Two Pension Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	11,105,880,836	-	-	-	-	11,105,880,836	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	11,105,880,836	-	-	-	-	11,105,880,836	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Tier One and Tier Two Pension Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	11,105,880,836	-	-	-	-	11,105,880,836	-

Percentage Change From 2019-21 Leg Approved Budget      -      -      8.11%      -      -      -      -      8.11%      -

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Tier One and Tier Two Pension Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Retirement Health Insurance Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	733,481,352	-	-	-	-	733,481,352	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>733,481,352</b>	-	-	-	-	<b>733,481,352</b>	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(360,989,285)	-	-	-	-	(360,989,285)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>372,492,067</b>	-	-	-	-	<b>372,492,067</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	<b>372,492,067</b>	-	-	-	-	<b>372,492,067</b>	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Retirement Health Insurance Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	372,492,067	-	-	-	-	372,492,067	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	372,492,067	-	-	-	-	372,492,067	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Retirement Health Insurance Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<hr/>									
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	372,492,067	-	-	-	-	372,492,067	-
<hr/>									
Percentage Change From 2019-21 Leg Approved Budget	-	-	-49.22%	-	-	-	-	-49.22%	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Retirement Health Insurance Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-02-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Oregon Public Service Retirement Pension Pgm  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	75,188,960	-	-	-	-	75,188,960	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>75,188,960</b>	-	-	-	-	<b>75,188,960</b>	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment									
Base Nonlimited Adjustment									
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>109,636,842</b>	-	-	-	-	<b>109,636,842</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	<b>109,636,842</b>	-	-	-	-	<b>109,636,842</b>	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Oregon Public Service Retirement Pension Pgm  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	109,636,842	-	-	-	-	109,636,842	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	109,636,842	-	-	-	-	109,636,842	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Oregon Public Service Retirement Pension Pgm  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<hr/>									
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	109,636,842	-	-	-	-	109,636,842	-

Percentage Change From 2019-21 Leg Approved Budget      -      -      45.82%      -      -      -      -      45.82%      -

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Oregon Public Service Retirement Pension Pgm  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-03-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Individual Account Program (IAP)  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-010-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	1,423,365,167	-	-	-	-	1,423,365,167	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>1,423,365,167</b>	-	-	-	-	<b>1,423,365,167</b>	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(124,761,319)	-	-	-	-	(124,761,319)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>1,298,603,848</b>	-	-	-	-	<b>1,298,603,848</b>	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	<b>1,298,603,848</b>	-	-	-	-	<b>1,298,603,848</b>	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Individual Account Program (IAP)  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-010-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	1,298,603,848	-	-	-	-	1,298,603,848	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	1,298,603,848	-	-	-	-	1,298,603,848	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Individual Account Program (IAP)  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-010-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	-	-	-	-	-	-	-
<hr/>									
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	1,298,603,848	-	-	-	-	1,298,603,848	-

Percentage Change From 2019-21 Leg Approved Budget      -      -      -8.77%      -      -      -      -      -8.77%      -

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Individual Account Program (IAP)  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-010-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Employer Resolution Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>200,000,000</b>	<b>100,000,000</b>	-	<b>100,000,000</b>	-	-	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>200,000,000</b>	<b>100,000,000</b>	-	<b>100,000,000</b>	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(200,000,000)	(100,000,000)	-	(100,000,000)	-	-	-
<b>Subtotal</b>	-	-	<b>(200,000,000)</b>	<b>(100,000,000)</b>	-	<b>(100,000,000)</b>	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Employer Resolution Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Employer Resolution Programs  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-200-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	3	-	1	2	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	16,792,238	-	16,792,238	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>16,792,241</b>	-	<b>16,792,239</b>	<b>2</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	<b>16,792,241</b>	-	<b>16,792,239</b>	<b>2</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	-	-	-91.60%	-100.00%	-	-100.00%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Employer Resolution Programs  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Employer Incentive Fund  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-200-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	200,000,000	100,000,000	-	100,000,000	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	<b>200,000,000</b>	<b>100,000,000</b>	-	<b>100,000,000</b>	-	-	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	<b>200,000,000</b>	<b>100,000,000</b>	-	<b>100,000,000</b>	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(200,000,000)	(100,000,000)	-	(100,000,000)	-	-	-
<b>Subtotal</b>	-	-	<b>(200,000,000)</b>	<b>(100,000,000)</b>	-	<b>(100,000,000)</b>	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Employer Incentive Fund  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Employer Incentive Fund  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-200-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	2	-	1	1	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	16,792,238	-	16,792,238	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>16,792,240</b>	-	<b>16,792,239</b>	<b>1</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	<b>16,792,240</b>	-	<b>16,792,239</b>	<b>1</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	-	-	-91.60%	-100.00%	-	-100.00%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Employer Incentive Fund  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 School Districts Unfunded Liability Fund  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 School Districts Unfunded Liability Fund  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 School Districts Unfunded Liability Fund  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	1	-	-	1	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>1</b>	-	-	<b>1</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	-	-	<b>1</b>	-	-	<b>1</b>	-	-	-

Percentage Change From 2019-21 Leg Approved Budget

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 School Districts Unfunded Liability Fund  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-200-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Limited - Operations  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	382	380.72	124,196,934	-	-	124,196,934	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>382</b>	<b>380.72</b>	<b>124,196,934</b>	<b>-</b>	<b>-</b>	<b>124,196,934</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(3)	(1.72)	7,790,801	-	-	7,790,801	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>379</b>	<b>379.00</b>	<b>131,987,735</b>	<b>-</b>	<b>-</b>	<b>131,987,735</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	374,858	-	-	374,858	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	512,540	-	-	512,540	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>887,398</b>	<b>-</b>	<b>-</b>	<b>887,398</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(15,242,003)	-	-	(15,242,003)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(15,242,003)</b>	<b>-</b>	<b>-</b>	<b>(15,242,003)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,158,906	-	-	1,158,906	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	5,039,027	-	-	5,039,027	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Limited - Operations  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	6,197,933	-	-	6,197,933	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>379</b>	<b>379.00</b>	<b>123,831,063</b>	<b>-</b>	<b>-</b>	<b>123,831,063</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Limited - Operations  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	379	379.00	123,831,063	-	-	123,831,063	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	379	379.00	123,831,063	-	-	123,831,063	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	40,039	-	-	40,039	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	40,039	-	-	40,039	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	(295,563)	-	-	(295,563)	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Limited - Operations  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	825,000	-	-	825,000	-	-	-
810 - Statewide Adjustments	-	-	(3,588,447)	-	-	(3,588,447)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	1	0.88	940,731	-	-	940,731	-	-	-
104 - Senior Systems Admin TOS	-	-	17,033	-	-	17,033	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	2	1.76	278,924	-	-	278,924	-	-	-
107 - Q/NQ	3	2.64	436,606	-	-	436,606	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	1	1.00	180,819	-	-	180,819	-	-	-
110 - Education Team	2	1.76	287,661	-	-	287,661	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	425,000	-	-	425,000	-	-	-
<b>Subtotal Policy Packages</b>	<b>9</b>	<b>8.04</b>	<b>(492,236)</b>	-	-	<b>(492,236)</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>388</b>	<b>387.04</b>	<b>123,378,866</b>	-	-	<b>123,378,866</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	1.57%	1.66%	-0.66%	-	-	-0.66%	-	-	-

10/20/21  
7:40 AM



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Limited - Operations  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	2.37%	2.12%	-0.37%	-	-	-0.37%	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	21	20.92	5,527,774	-	-	5,527,774	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>21</b>	<b>20.92</b>	<b>5,527,774</b>	<b>-</b>	<b>-</b>	<b>5,527,774</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	0.08	657,053	-	-	657,053	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>21</b>	<b>21.00</b>	<b>6,184,827</b>	<b>-</b>	<b>-</b>	<b>6,184,827</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	10,177	-	-	10,177	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	81,293	-	-	81,293	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>91,470</b>	<b>-</b>	<b>-</b>	<b>91,470</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	28,949	-	-	28,949	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	3,124	-	-	3,124	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	32,073	-	-	32,073	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	30	30.00	11,656,322	-	-	11,656,322	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>51</b>	<b>51.00</b>	<b>17,964,692</b>	<b>-</b>	<b>-</b>	<b>17,964,692</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	<b>51</b>	<b>51.00</b>	<b>17,964,692</b>	-	-	<b>17,964,692</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	<b>51</b>	<b>51.00</b>	<b>17,964,692</b>	-	-	<b>17,964,692</b>	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(210,200)	-	-	(210,200)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	425,000	-	-	425,000	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>214,800</b>	-	-	<b>214,800</b>	-	-	-
<hr/>									
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>51</b>	<b>51.00</b>	<b>18,179,492</b>	-	-	<b>18,179,492</b>	-	-	-
<hr/>									
Percentage Change From 2019-21 Leg Approved Budget	142.86%	143.79%	228.88%	-	-	228.88%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Central Administration  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	1.20%	-	-	1.20%	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Financial & Admin Services Division (FASD)  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	64	63.52	44,827,511	-	-	44,827,511	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>64</b>	<b>63.52</b>	<b>44,827,511</b>	<b>-</b>	<b>-</b>	<b>44,827,511</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(2)	(1.52)	1,097,099	-	-	1,097,099	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>62</b>	<b>62.00</b>	<b>45,924,610</b>	<b>-</b>	<b>-</b>	<b>45,924,610</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	65,370	-	-	65,370	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	89,254	-	-	89,254	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>154,624</b>	<b>-</b>	<b>-</b>	<b>154,624</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(12,888,394)	-	-	(12,888,394)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(12,888,394)</b>	<b>-</b>	<b>-</b>	<b>(12,888,394)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	444,508	-	-	444,508	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	5,195,903	-	-	5,195,903	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Financial & Admin Services Division (FASD)  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	5,640,411	-	-	5,640,411	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(28)	(28.00)	(13,246,771)	-	-	(13,246,771)	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>34</b>	<b>34.00</b>	<b>25,584,480</b>	-	-	<b>25,584,480</b>	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Financial & Admin Services Division (FASD)  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	<b>34</b>	<b>34.00</b>	<b>25,584,480</b>	-	-	<b>25,584,480</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	<b>34</b>	<b>34.00</b>	<b>25,584,480</b>	-	-	<b>25,584,480</b>	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	40,039	-	-	40,039	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	<b>40,039</b>	-	-	<b>40,039</b>	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	(295,563)	-	-	(295,563)	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Financial & Admin Services Division (FASD)  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(3,306,098)	-	-	(3,306,098)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	1	1.00	180,819	-	-	180,819	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>1</b>	<b>1.00</b>	<b>(3,420,842)</b>	-	-	<b>(3,420,842)</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>35</b>	<b>35.00</b>	<b>22,203,677</b>	-	-	<b>22,203,677</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	-45.31%	-44.90%	-50.47%	-	-	-50.47%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Financial & Admin Services Division (FASD)  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-03-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	2.94%	2.94%	-13.21%	-	-	-13.21%	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	70	69.76	26,080,183	-	-	26,080,183	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>70</b>	<b>69.76</b>	<b>26,080,183</b>	<b>-</b>	<b>-</b>	<b>26,080,183</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(0.76)	1,785,264	-	-	1,785,264	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>69</b>	<b>69.00</b>	<b>27,865,447</b>	<b>-</b>	<b>-</b>	<b>27,865,447</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	79,592	-	-	79,592	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	116,489	-	-	116,489	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>196,081</b>	<b>-</b>	<b>-</b>	<b>196,081</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,715,318)	-	-	(1,715,318)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(1,715,318)</b>	<b>-</b>	<b>-</b>	<b>(1,715,318)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	384,895	-	-	384,895	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>384,895</b>	<b>-</b>	<b>-</b>	<b>384,895</b>	<b>-</b>	<b>-</b>	<b>-</b>

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	8	8.00	1,768,284	-	-	1,768,284	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>77</b>	<b>77.00</b>	<b>28,499,389</b>	<b>-</b>	<b>-</b>	<b>28,499,389</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	<b>77</b>	<b>77.00</b>	<b>28,499,389</b>	-	-	<b>28,499,389</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	<b>77</b>	<b>77.00</b>	<b>28,499,389</b>	-	-	<b>28,499,389</b>	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	825,000	-	-	825,000	-	-	-
810 - Statewide Adjustments	-	-	7,730	-	-	7,730	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	1	0.88	86,227	-	-	86,227	-	-	-
104 - Senior Systems Admin TOS	-	-	17,033	-	-	17,033	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>1</b>	<b>0.88</b>	<b>935,990</b>	-	-	<b>935,990</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>78</b>	<b>77.88</b>	<b>29,435,379</b>	-	-	<b>29,435,379</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	11.43%	11.64%	12.86%	-	-	12.86%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Information Services Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	1.30%	1.14%	3.28%	-	-	3.28%	-	-	-



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Operations Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	207	206.52	39,297,301	-	-	39,297,301	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>207</b>	<b>206.52</b>	<b>39,297,301</b>	<b>-</b>	<b>-</b>	<b>39,297,301</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	0.48	3,594,094	-	-	3,594,094	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>207</b>	<b>207.00</b>	<b>42,891,395</b>	<b>-</b>	<b>-</b>	<b>42,891,395</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	201,975	-	-	201,975	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	172,029	-	-	172,029	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>374,004</b>	<b>-</b>	<b>-</b>	<b>374,004</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	65,155	-	-	65,155	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>65,155</b>	<b>-</b>	<b>-</b>	<b>65,155</b>	<b>-</b>	<b>-</b>	<b>-</b>

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Operations Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(11)	(11.00)	(337,236)	-	-	(337,236)	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>196</b>	<b>196.00</b>	<b>42,993,318</b>	<b>-</b>	<b>-</b>	<b>42,993,318</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Operations Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	196	196.00	42,993,318	-	-	42,993,318	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	196	196.00	42,993,318	-	-	42,993,318	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
Operations Division  
2021-23 Biennium

Leg. Adopted Budget  
Cross Reference Number: 45900-500-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(11,469)	-	-	(11,469)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	2	1.76	278,924	-	-	278,924	-	-	-
107 - Q/NQ	3	2.64	436,606	-	-	436,606	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	2	1.76	287,661	-	-	287,661	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>7</b>	<b>6.16</b>	<b>991,722</b>	-	-	<b>991,722</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>203</b>	<b>202.16</b>	<b>43,985,040</b>	-	-	<b>43,985,040</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	-1.93%	-2.11%	11.93%	-	-	11.93%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Operations Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	3.57%	3.14%	2.31%	-	-	2.31%	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Compliance, Audit, and Risk Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-09-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	20	20.00	8,464,165	-	-	8,464,165	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>20</b>	<b>20.00</b>	<b>8,464,165</b>	<b>-</b>	<b>-</b>	<b>8,464,165</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	657,291	-	-	657,291	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>20</b>	<b>20.00</b>	<b>9,121,456</b>	<b>-</b>	<b>-</b>	<b>9,121,456</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	17,744	-	-	17,744	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	53,475	-	-	53,475	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>71,219</b>	<b>-</b>	<b>-</b>	<b>71,219</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(638,291)	-	-	(638,291)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(638,291)</b>	<b>-</b>	<b>-</b>	<b>(638,291)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	235,399	-	-	235,399	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	(160,000)	-	-	(160,000)	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Compliance, Audit, and Risk Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-09-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	75,399	-	-	75,399	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	1	1.00	159,401	-	-	159,401	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>21</b>	<b>21.00</b>	<b>8,789,184</b>	<b>-</b>	<b>-</b>	<b>8,789,184</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Compliance, Audit, and Risk Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-09-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	21	21.00	8,789,184	-	-	8,789,184	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	21	21.00	8,789,184	-	-	8,789,184	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM



# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Compliance, Audit, and Risk Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-09-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	(68,410)	-	-	(68,410)	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	-	-	-	-	-	-	-	-	-
102 - Modernization	-	-	-	-	-	-	-	-	-
103 - Information Security	-	-	854,504	-	-	854,504	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	-	-	<b>786,094</b>	-	-	<b>786,094</b>	-	-	-
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>21</b>	<b>21.00</b>	<b>9,575,278</b>	-	-	<b>9,575,278</b>	-	-	-
Percentage Change From 2019-21 Leg Approved Budget	5.00%	5.00%	13.13%	-	-	13.13%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Compliance, Audit, and Risk Division  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-500-09-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	8.94%	-	-	8.94%	-	-	-

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Core Retirement System Applications  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-900-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2019-21 Leg Adopted Budget	37	33.60	39,059,714	-	-	39,059,714	-	-	-
2019-21 Emergency Boards	-	-	-	-	-	-	-	-	-
<b>2019-21 Leg Approved Budget</b>	<b>37</b>	<b>33.60</b>	<b>39,059,714</b>	<b>-</b>	<b>-</b>	<b>39,059,714</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021-23 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(37)	(33.60)	(5,625,580)	-	-	(5,625,580)	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2021-23 Base Budget</b>	<b>-</b>	<b>-</b>	<b>33,434,134</b>	<b>-</b>	<b>-</b>	<b>33,434,134</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(33,434,134)	-	-	(33,434,134)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(33,434,134)</b>	<b>-</b>	<b>-</b>	<b>(33,434,134)</b>	<b>-</b>	<b>-</b>	<b>-</b>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2021-23 Current Service Level</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Core Retirement System Applications  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-900-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2021-23 Current Service Level</b>	-	-	-	-	-	-	-	-	-
080 - E-Boards									
080 - March 2020 Eboard	-	-	-	-	-	-	-	-	-
081 - April 2020 Eboard	-	-	-	-	-	-	-	-	-
082 - May 2020 Eboard	-	-	-	-	-	-	-	-	-
083 - June 2020 Eboard	-	-	-	-	-	-	-	-	-
084 - June 2020 Special Session	-	-	-	-	-	-	-	-	-
087 - August 2020 Special Session	-	-	-	-	-	-	-	-	-
089 - Post-September 2020 Leg. Actions	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	-	-	-	-	-	-	-	-	-
Policy Packages									
088 - September 2020 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Elimination of S&S Inflation	-	-	-	-	-	-	-	-	-
092 - Personal Services Adjustments	-	-	-	-	-	-	-	-	-
093 - Transfers to General Fund	-	-	-	-	-	-	-	-	-
094 - Revenue Solutions	-	-	-	-	-	-	-	-	-
096 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
097 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
099 - Microsoft 365 Consolidation	-	-	-	-	-	-	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Core Retirement System Applications  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-900-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
801 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
810 - Statewide Adjustments	-	-	-	-	-	-	-	-	-
811 - Budget Reconciliation Adjustments	-	-	-	-	-	-	-	-	-
813 - Policy Bills	-	-	-	-	-	-	-	-	-
816 - Capital Construction	-	-	-	-	-	-	-	-	-
850 - Program Change Bill	-	-	-	-	-	-	-	-	-
101 - SB1049	35	34.88	22,814,797	-	-	22,814,797	-	-	-
102 - Modernization	-	-	800,000	-	-	800,000	-	-	-
103 - Information Security	-	-	-	-	-	-	-	-	-
104 - Senior Systems Admin TOS	-	-	-	-	-	-	-	-	-
105 - Enterprise Risk Mgmt	-	-	-	-	-	-	-	-	-
106 - Specialty Qualifications	-	-	-	-	-	-	-	-	-
107 - Q/NQ	-	-	-	-	-	-	-	-	-
108 - Communications	-	-	-	-	-	-	-	-	-
109 - S/E Recovery	-	-	-	-	-	-	-	-	-
110 - Education Team	-	-	-	-	-	-	-	-	-
111 - Facilities Staffing	-	-	-	-	-	-	-	-	-
112 - Deferred Maintenance	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>35</b>	<b>34.88</b>	<b>23,614,797</b>	<b>-</b>	<b>-</b>	<b>23,614,797</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 2021-23 Leg. Adopted Budget</b>	<b>35</b>	<b>34.88</b>	<b>23,614,797</b>	<b>-</b>	<b>-</b>	<b>23,614,797</b>	<b>-</b>	<b>-</b>	<b>-</b>
Percentage Change From 2019-21 Leg Approved Budget	-5.41%	3.81%	-39.54%	-	-	-39.54%	-	-	-

10/20/21  
7:40 AM

# BUDGET NARRATIVE

## Summary of 2021-23 Biennium Budget

Public Employees Retirement System, Oregon  
 Core Retirement System Applications  
 2021-23 Biennium

Leg. Adopted Budget  
 Cross Reference Number: 45900-900-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2021-23 Current Service Level	-	-	-	-	-	-	-	-	-

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Agencywide Program Unit Summary  
2021-23 Biennium

Version: Z - 01 - Leg. Adopted Budget

Summary Cross Reference Number	Cross Reference Description	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
010-01-00-00000	<b>Tier One and Tier Two Pension Programs</b>						
	Other Funds	9,487,995,709	10,272,591,713	10,272,591,713	11,105,880,836	11,105,880,836	11,105,880,836
010-02-00-00000	<b>Retirement Health Insurance Programs</b>						
	Other Funds	330,481,613	733,481,352	733,481,352	372,492,067	372,492,067	372,492,067
010-03-00-00000	<b>Oregon Public Service Retirement Pension Pgm</b>						
	Other Funds	66,405,659	75,188,960	75,188,960	109,636,842	109,636,842	109,636,842
010-04-00-00000	<b>Individual Account Program (IAP)</b>						
	Other Funds	1,043,591,128	1,423,365,167	1,423,365,167	1,298,603,848	1,298,603,848	1,298,603,848
200-01-00-00000	<b>Employer Incentive Fund</b>						
	General Fund	-	100,000,000	100,000,000	-	-	-
	Lottery Funds	-	-	-	-	19,337,052	16,792,239
	Other Funds	-	100,000,000	100,000,000	-	-	1
	All Funds	-	200,000,000	200,000,000	-	19,337,052	16,792,240
200-02-00-00000	<b>School Districts Unfunded Liability Fund</b>						
	Other Funds	-	-	-	-	33,251,000	1
500-01-00-00000	<b>Central Administration</b>						
	Other Funds	4,063,956	5,527,774	5,527,774	18,943,004	13,475,035	18,179,492
500-03-00-00000	<b>Financial &amp; Admin Services Division (FASD)</b>						
	Other Funds	22,649,318	44,827,511	44,827,511	25,765,299	25,190,580	22,203,677

2021-23 Biennium

Agencywide Program Unit Summary - BPR010

# BUDGET NARRATIVE

**Public Employees Retirement System, Oregon**

**Agency Number: 45900**

Agencywide Program Unit Summary  
2021-23 Biennium

Version: Z - 01 - Leg. Adopted Budget

Summary Cross Reference Number	Cross Reference Description	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
500-04-00-00000	<b>Information Services Division</b>						
	Other Funds	26,246,241	26,080,183	26,080,183	38,597,353	37,783,305	29,435,379
500-08-00-00000	<b>Operations Division</b>						
	Other Funds	35,205,007	39,297,301	39,297,301	44,008,882	43,037,908	43,985,040
500-09-00-00000	<b>Compliance, Audit, and Risk Division</b>						
	Other Funds	7,056,121	8,464,165	8,464,165	10,843,709	9,733,450	9,575,278
900-00-00-00000	<b>Core Retirement System Applications</b>						
	Other Funds	-	39,059,714	39,059,714	121,664	22,477,797	23,614,797
<b>TOTAL AGENCY</b>							
	General Fund	-	100,000,000	100,000,000	-	-	-
	Lottery Funds	-	-	-	-	19,337,052	16,792,239
	Other Funds	11,023,694,752	12,767,883,840	12,767,883,840	13,024,693,504	13,071,582,668	13,033,607,258
	All Funds	11,023,694,752	12,867,883,840	12,867,883,840	13,024,693,504	13,090,899,720	13,050,399,497

2021-23 Biennium

Agencywide Program Unit Summary - BPR010



# BUDGET NARRATIVE

## Revenues

### Revenue Forecast Discussion

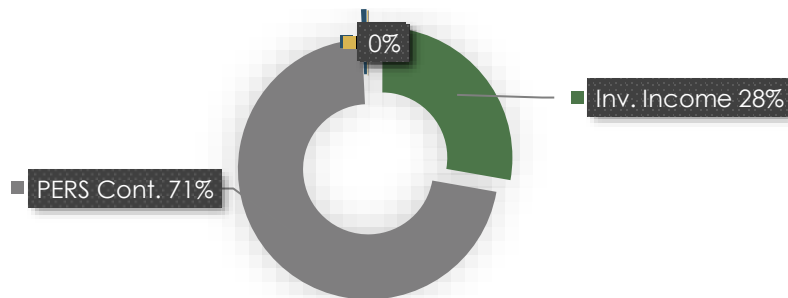
PERS provides administrative support to a number of programs and related retirement activities. Every program account and activity has dedicated revenue sources authorized by statute. Revenue streams for several of the programs and activities are combined for revenue projection purposes because the revenue sources are similar. Revenues for the Public Employees Retirement Fund (PERF) (ORS 238), Oregon Public Service Retirement Plan (OPSRP) (ORS 238A), Benefit Equalization Fund (BEF) (ORS 238.485), Retirement Health Insurance Account (RHIA) (ORS 238.420), and Retirement Health Insurance Premium Account (RHIPA) (ORS 238.415) are combined. The Deferred Compensation Program (State) (ORS 243) and the Standard Retiree Health Insurance Account (SRHIA) (ORS 238.410(7)) have different funding sources and are discussed separately.

PERS expects adequate revenues for all programs and activities during the 2021-23 biennium.

### Source of Funds

Revenue sources include investment earnings, contributions, and fees from employers and public employees (members). Primary revenue sources for SRHIA are investment earnings and insurance premiums from retirees or a spouse or dependent of a deceased retired member. PERS derives revenues to fund administrative activities for the Deferred Compensation Program primarily through a participant fee. All revenue is Other Funds and no matching funds are required.

Category	Amount Received
Charges For Agency Services	\$2,108,608
Investment Income	\$1,237,603,364
PERS Contributions	\$3,188,458,696
Insurance Premiums	\$30,379,203
Other Revenue	\$4,591,155
<b>Total Fiscal 2020</b>	<b>\$4,463,141,026</b>



# BUDGET NARRATIVE

## **Defined Benefit and Post Employment Health Care Revenue**

Oregon PERS has two defined benefit pension programs (Chapter 238, also known as Tier One/Tier Two, and Oregon Public Service Retirement Program (OPSRP), and two post-employment health care programs (Retiree Health Insurance Account (RHIA) and Retiree Health Insurance Premium Account (RHIPA)). All members serving in active public employment since January 1, 2004, also participate in the Individual Account Program (IAP). Revenues for these programs, which currently make up 97 percent of PERS' revenues, are to be used solely for the benefit of the PERS members as described in ORS 238.660 (2) and ORS 238A.025.

## **Investment Earnings**

Historically, investment earnings have provided the largest single source of system revenues. If investment earnings less administrative expenses are below the assumed earnings rate at the end of the calendar year, the contribution accounts of those who established membership in the system before January 1, 1996, and alternate payees of those members, will be credited the assumed rate and the difference made up from the Tier One Rate Guarantee Reserve. Any earnings in excess of the assumed earnings rate shall first be deposited in that reserve until the reserve is fully funded with amounts determined by the PERS Board based on advice from the PERS' actuary. Both earnings and losses are distributed to members' accounts that have variable annuity accounts (ORS 238.260) and/or Tier Two members' regular accounts for those who became members, and their alternate payees, on or after January 1, 1996. The Board may draw out of interest and investment income an amount to remain in the Fund and constitute one or more reserve accounts (ORS 238.670). Each member's Individual Account, as described in ORS 238A.350, is adjusted annually in accordance with rules adopted by the Board to reflect any net earnings or losses less administrative costs of maintaining the program. Investment earnings, after adjustment for administrative costs, are also credited to the OPSRP and Chapter 238 employer and retiree (Benefits In Force) reserves.

## **Employee/Employer Contributions**

Beginning January 1, 2004, all employee (or member) contributions, except for contributions by judge members, were prospectively placed in the OPSRP Individual Account Program (IAP). Employee contributions prior to January 1, 2004, were credited to members' accounts as directed by ORS 238.250 and 238.260. The employee contribution rate for PERS is six percent of PERS-covered salary (Judge Members rate is seven percent).

Employer contributions are credited to the individual employer's accounts or to the account of the pool in which the employer participates. A portion of employer Chapter 238 Program contributions is credited to the RHIA and RHIPA post-employment health care programs in accordance with ORS 238.415 and ORS 238.420. Employer contribution rates effective July 2019 are based on the December 31, 2017 actuarial valuation. Advisory employer contribution rates effective July 2021 are based on the December 31, 2019 actuarial valuation. Final employer contribution rates effective July 2021 will be based on the December 31, 2019 actuarial valuation and were adopted at the Board's meeting on October 2, 2020.

## BUDGET NARRATIVE

Employer rates, as a percent of PERS-covered salary, effective July 1, 2019, and 2021 (advisory) are:

<b>PERS Chapter 238 Program</b>	<b>7/1/2019*</b>	<b>7/1/2021*</b>
State Agencies	22.27%	23.04%
State and Local Government Rate Pool	27.19%	27.95%
School Districts Pool	32.03%	28.28%
Political Subdivisions (non-pooled)	24.81%	26.80%
Judiciary	21.46%	24.94%
<b>OPSRP Chapter 238A Program</b>		
General Service Pool (all employers)	10.05%	9.76%
Police and Fire Pool (all employers)	14.78%	14.13%

\*The rates listed are gross employer rates except for State Agencies. Certain schools, community colleges, and political subdivisions have made Unfunded Actuarial Liability (UAL) lump-sum payments. Their contribution rates have been reduced and are lower than the rates shown above. The rates shown above for State Agencies do include the reduction from the state's UAL lump-sum payment. Rates shown for the State and Local Government Rate Pool and non-pooled Political Subdivisions are the average rate for those groups.

### **Benefit Equalization Fund (BEF) and Social Security Program**

The revenues for the administration of the Benefit Equalization Fund (BEF) and the Social Security Program are derived from fees assessed to those employers receiving services from these programs. Administrative fees are reviewed and adjusted annually based on expected numbers of participating employers and projected administrative expenses. Currently, the employers of the Benefit Equalization Fund are charged \$330 per month per participant (retirees receiving benefits in excess of IRS limits) and a one-time initial setup fee of \$900 per participant. Employers of the Social Security Program are charged an annual administration fee of \$0.70 per employee or \$15 minimum, whichever is higher.

### **Standard Retiree Health Insurance Account Revenue**

Revenues for the Standard Retiree Health Insurance Account (SRHIA) are received from plan participants and used by the Board only to pay the cost of health insurance coverage and to pay the administrative costs incurred by the Board in administering health insurance coverage for eligible persons as defined in 238.410(b). ORS 238.410 established SRHIA as a public entity risk pool. SRHIA is both a risk sharing and insurance purchasing pool. The Board contracts for health insurance on behalf of retired members. Members and their dependents are eligible for PERS healthcare coverage if the member is receiving a retirement allowance or benefit under the System and meets all other eligibility criteria. A surviving spouse or dependent of a PERS retiree is eligible to participate if he or she was covered under the health plan at the time of the retiree's death.

The PERS' Retiree Health Insurance Program contracts with a variety of medical health insurance carriers and two dental plan carriers for both Medicare and non-Medicare plans. Rates vary depending on the plan option selected by the participants. PERS has contracted with various carriers on an insurance purchasing basis and remits premiums collected from participating members to the carriers. PERS

## BUDGET NARRATIVE

contracts with Moda Health on a Minimum Premium Funding arrangement (risk sharing plan). Stop loss and other administrative fees are included in the total premium remitted to Moda.

### Deferred Compensation Program

PERS may assess a charge to the participants not to exceed 2 percent on amounts deferred, both contributions and investment earnings, to cover costs incurred for administering the program. The annual participant fee is currently .07 percent (.0007) of participant assets held in the trust. At this time, PERS does not anticipate a fee increase in the 2021-23 biennium. All administrative revenue is Other Funds, and no matching funds are required.

ORS 243.411 requires that all earnings of the Deferred Compensation Fund must be credited to the fund and moneys in the fund may be used solely for the purposes of implementing and administering the Deferred Compensation Program.

### Basis for 2021-23 Revenue Estimates

Projected investment income is based on taking into consideration several factors- capital markets modeling, prolonged periods of economic growth, and the actuarial assumed future earnings rate of 7.20 percent annually. Using trend analysis of employer and employee contributions, and separately analyzing employer prepayments funding the Unfunded Actuarial Liability (UAL), PERS projected future total contributions based on a system-wide rate average. PERS separated the 6 percent employee contribution into the OPSRP Individual Account Program (IAP) from these total projected contributions beginning January 2004. An 8 percent turnover rate, one of PERS' actuarial assumptions, was used to project the number of participants establishing membership in the system on or after August 29, 2003. Projections for future growth in the three health insurance accounts (SRHIA, RHIA, and RHIPA) were also based on using trend analysis.

## BUDGET NARRATIVE

Public Employees Retirement System Revenues by Source (in millions)				
Fiscal Year	Member Contributions & Insurance Premiums	Employer Contributions *	Net Investment Income or (Loss) and Other Income	Total
2004	459.9	3,209.9	7,205.7	10,875.5
2005	458.3	855.5	5,756.7	7,070.5
2006	512.8	824.3	7,083.3	8,420.4
2007	542.2	640.9	10,939.7	12,122.8
2008	581.4	792.7	(2,869.3)	(1,495.2)
2009	619.8	680.5	(13,509.9)	(12,209.6)
2010	646.5	457.1	7,705.7	8,809.3
2011	699.3	447.7	11,715.6	12,862.6
2012	719.4	879.9	455.3	2,054.6
2013	723.0	884.9	7,621.2	9,229.2
2014	741.0	969.6	10,921.1	12,631.7
2015	769.2	1,183.8	2,657.3	4,610.3
2016	749.3	1,032.9	494.9	2,277.1
2017	747.4	1,083.9	8,668.0	10,499.3
2018	772.7	1,451.4	7,074.2	9,298.3
2019	742.4	1,783.8	4,615.7	7,141.9
2020	751.8	2,316.6	1,176.9	4,245.3

\* Employer contributions for fiscal years 2000 and thereafter include employer prepayments of unfunded liabilities.

Source of Information: Oregon Public Employees Retirement System, an Agency of the State of Oregon, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

# BUDGET NARRATIVE

## Other Charges for Services

ORS 237.420 allows PERS to set a rate to cover the costs of administering the Social Security Program. That rate is currently 70 cents per employee per year or \$15, whichever is higher. A total of \$427,750 Other Funds Limited is projected for the 2021-23 biennium.

Employers are invoiced a fee consisting of a \$900 initial set-up charge and a \$330 monthly ongoing administrative fee per participant to fund the administrative costs of the Benefit Equalization Fund (BEF). A total of \$805,742 Other Funds Limited is projected for the 2021-23 biennium.

ORS 238.465(9) charges both the member and the alternate payee an administrative expense in an amount not more than \$300 in total for related costs of obtaining data or making calculations that are necessary by a court-ordered divorce judgment, order, or agreement. PERS estimates a total of \$155,000 Other Funds Limited and \$77,082 Other Funds Non-Limited in the 2021-23 biennium.

ORS 238.610 allows the PERS Board, by rule, to establish procedures for recovering administrative costs from members for services provided in estimating retirement benefit amounts and processing payments if the board determines that the services requested by an individual member result in extraordinary costs to the system. Effective January 1, 2004, PERS established a new charge to the member of \$60 per additional estimate to cover administrative costs of providing members additional retirement benefit estimates after the two allowed at no cost. PERS estimates a total of \$1,000 Other Funds Limited in benefit estimate service charges in the 2021-23 biennium.

PERS collects fees for various other services provided. PERS estimates a total of \$3,500 Other Funds Limited in the 2021-23 biennium based on historical trend analysis.

Projected revenue for the Deferred Compensation Program in the 2021-23 biennium is based on historical data. The participant fee will remain the same and the amount collected is not anticipated to vary significantly from historical patterns. The Local Government Deferred Compensation (ORS 243.474-243.478) and State Deferred Compensation Programs are projected as a single amount, although the revenue sources associated with the Local Government Deferred Compensation Program is insignificant as compared to the State Deferred Compensation program. The total projected revenue is \$3,300,000 in the 2021-23 biennium.

## Other Revenue

ORS 238.705 allows PERS to charge employers that are delinquent in remitting contributions one percent per month on the total amount of contributions due. Employers that are delinquent in providing annual reports, or supplying annual employee information, are charged a penalty of the lesser of \$2,000 or 1 percent of the total annual contributions for each month they are late. PERS has temporarily shut off the penalty charges when PERS discovered an error in jClarety program.

Other revenue also consists of prior period reductions of expense, surplus sales, MICR errors, total of checks that have been outstanding for over 2 years and are no longer negotiable, prior period adjustments and other revenue. PERS projects revenue from these sources of \$50,000 Other Funds Limited in the 2021-23 biennium.

PERS estimates a total of \$83,002,020 Other Funds Non-Limited in insurance premium revenue during the 2021-23 biennium. The revenue activity that was previously reported as member contributions is now reported as insurance premium revenue, which is classified as Other Charges for Services at the budget account level.

## BUDGET NARRATIVE

### Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2017-19 Actual	2019-21 Legislatively Adopted	2019-21* Estimated	2021-23		
						Agency Request	Governor's Recommend	Legislatively Adopted
<b>Limited Other Funds:</b>								
Charges for Services	Limited Other	Charges for Services	4,118,672	4,175,500	3,874,500	4,175,500	4,175,500	4,175,500
Interest and Investment Earnings	Limited Other	Interest Income	184,199	29,150	29,150	29,150	29,150	29,150
Other	Limited Other	Other Revenues	273,364	50,000	50,000	50,000	50,000	50,000
<b>Non-limited Other Funds:</b>								
Charges for Services	Non-limited Other	Charges for Services	221,747,184	532,320,468	321,794,628	83,002,020	83,002,020	83,002,020
Interest and Investment Earnings	Non-limited Other	Interest Income	10,667,948,884	10,173,698,727	12,393,564,357	9,649,269,440	9,649,269,440	9,649,269,440
Donations and Contributions	Non-limited Other	Retirement System Contribution	4,663,216,438	4,577,453,266	3,742,943,806	6,136,283,319	6,136,283,319	6,136,283,319
Other	Non-limited Other	Other Revenues	108,928,284	98,339,441		67,853,750	67,853,750	67,853,750

2021-23

107BF07

\* All 2019-21 estimated revenue amounts were calculated using unaudited 2020 fiscal year experience through March to arrive at the estimate for the biennium.

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900

Cross Reference Number: 45900-000-00-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Lottery Funds</b>						
Transfer In Other	-	-	-	-	-	1
Tsfr From Administrative Svcs	-	-	-	19,337,052	19,337,052	12,665,769
<b>Total Lottery Funds</b>	-	-	-	<b>\$19,337,052</b>	<b>\$19,337,052</b>	<b>\$12,665,770</b>
<b>Other Funds</b>						
Charges for Services	4,118,672	4,175,500	4,175,500	4,175,500	4,175,500	4,175,500
Interest Income	184,199	29,150	29,150	29,150	29,150	29,150
Other Revenues	273,364	50,000	50,000	50,000	50,000	50,000
Transfer In - Intrafund	90,217,460	159,734,452	159,734,452	134,608,704	157,086,502	143,522,456
Transfer In Other	-	-	-	-	-	2
Transfer from General Fund	-	100,000,000	100,000,000	-	-	-
Tsfr From Lands, Dept of State	11,539,471	-	-	-	-	-
<b>Total Other Funds</b>	<b>\$106,333,166</b>	<b>\$263,989,102</b>	<b>\$263,989,102</b>	<b>\$138,863,354</b>	<b>\$161,341,152</b>	<b>\$147,777,108</b>
<b>Nonlimited Other Funds</b>						
Charges for Services	89,840	107,718	107,718	104,510	104,510	104,510
Interest Income	10,667,948,884	10,173,698,727	10,173,698,727	9,649,269,440	9,649,269,440	9,649,269,440
Retirement System Contribution	4,663,216,438	4,577,453,266	4,577,453,266	6,136,283,319	6,136,283,319	6,136,283,319
Insurance Premiums	221,747,184	532,320,468	532,320,468	83,002,020	83,002,020	83,002,020
Other Revenues	108,928,284	98,289,441	98,289,441	67,803,750	67,803,750	67,803,750
Tsfr From Revenue, Dept of	-	-	-	-	33,251,000	-
Transfer Out - Intrafund	(90,217,460)	(159,734,452)	(159,734,452)	(134,608,704)	(157,086,502)	(143,522,456)
<b>Total Nonlimited Other Funds</b>	<b>\$15,571,713,170</b>	<b>\$15,222,135,168</b>	<b>\$15,222,135,168</b>	<b>\$15,801,854,335</b>	<b>\$15,812,627,537</b>	<b>\$15,792,940,583</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

\_\_\_ Agency Request      \_\_\_ Governor's      X Legislatively Adopted

Budget Page 136

2021-23

**107BF07**



# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-010-00-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	89,840	107,718	107,718	104,510	104,510	104,510
Interest Income	10,667,948,884	10,173,698,727	10,173,698,727	9,649,269,440	9,649,269,440	9,649,269,440
Retirement System Contribution	4,663,216,438	4,577,453,266	4,577,453,266	6,136,283,319	6,136,283,319	6,136,283,319
Insurance Premiums	221,747,184	532,320,468	532,320,468	83,002,020	83,002,020	83,002,020
Other Revenues	108,928,284	98,289,441	98,289,441	67,803,750	67,803,750	67,803,750
Transfer Out - Intrafund	(90,217,460)	(159,734,452)	(159,734,452)	(134,608,704)	(157,086,502)	(143,522,456)
<b>Total Nonlimited Other Funds</b>	<b>\$15,571,713,170</b>	<b>\$15,222,135,168</b>	<b>\$15,222,135,168</b>	<b>\$15,801,854,335</b>	<b>\$15,779,376,537</b>	<b>\$15,792,940,583</b>

2021-23 Biennium

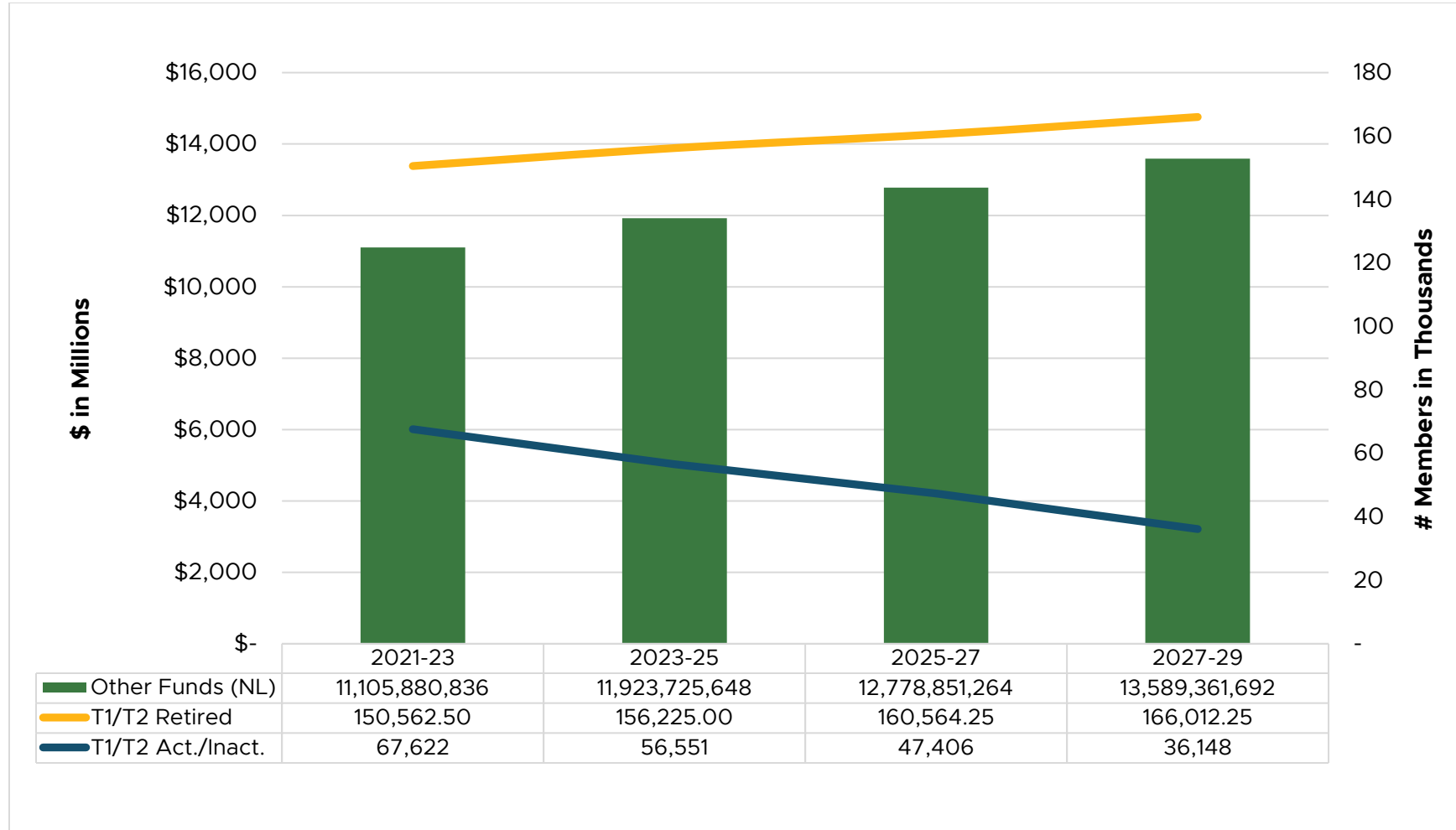
Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## Program Units

### Tier One and Tier Two Program Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Kevin Olineck, 503.603.7695



# BUDGET NARRATIVE

## Executive Summary

The Tier One and Tier Two Program represents administration of active and inactive member accounts and benefit payments to retired members of these legacy plans, defined in ORS Chapter 238, that are now closed to new members. Benefit payments include retirement allowances, account withdrawals, death and disability benefits, and health insurance premium pass-through and subsidy account disbursements. Administration of the programs includes receiving contributions on behalf of active Tier One and Tier Two members, providing information and services to members, and processing retirements of Tier One and Tier Two members. All such funds are held in trust for the exclusive benefit of the plans' members. These plans were closed to new members as of December 31, 1995, for Tier One and August 28, 2003, for Tier Two.

## Program Funding Request

PERS requests \$11,105,880,836 Non-Limited Other Funds expenditure authority in 2021-23 for the anticipated Tier One and Tier Two Program benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2029 are:

<i>Biennium</i>	<i>Estimated Benefit Payments</i>
2021-23	\$11,105,880,836
2023-25	\$11,923,725,648
2025-27	\$12,778,851,264
2027-29	\$13,589,361,692

**Performance Achievement:** Requested Non-Limited Other Funds support the agency mission to administer public employee benefit trusts to pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures, quarterly reporting of internal core operating and supporting business process measures, and monthly reporting of member transaction volumes and processing timeliness.

## Program Description

The Tier One and Tier Two Program administers public employee benefit trusts for approximately 72,000 active and inactive (non-retired) members and approximately 154,000 retired members. Tier One membership was closed to new public employees hired on or after January 1, 1996, and Tier Two was closed to new public employees hired on or after August 28, 2003. New public employees now join the Oregon Public Service Retirement Plan (OPSRP), a separate program. Benefits paid through the Tier One and Tier Two trusts include account withdrawal, retirement benefits, death, and disability benefits to members, their beneficiaries, or alternate payees.

Even though membership in Tier One and Tier Two is closed to new employees, administration of and workload associated with benefit payments will increase over the next decade as these members age into retirement. As of December 31, 2020, more than 38,000 Tier One and Tier Two members are eligible to retire based on age or years of service.

Since OPSRP was created in August 2003, membership in the program has grown to over 50% of the total active and inactive population of PERS. From a cost perspective, however, that shift only affects the "normal cost" of benefits: the incremental cost each year of new benefits accrued by active members. PERS costs are rising not because of this "normal cost" factor but rather because of the Unfunded Actuarial Liability (UAL) that emerged when the PERS Fund lost 27% of its value during the 2008 recession (and subsequent investment performance that was slightly below projections). The impact of that loss, as reflected in the System Valuation as of December 31, 2019, is a UAL of \$24.6 billion (excluding pre-paid employer contributions deposited in side accounts).

Agency Request       Governor's       Legislatively Adopted

Budget Page 139

## BUDGET NARRATIVE

The cost shift to OPSRP will not be fully realized until membership and associated liabilities with of the Tier One and Tier Two Program is reduced more significantly and membership and associated liabilities of the OPSRP program becomes predominant. That tipping point is decades away. PERS was created in March 1945, and Tier One members joined the program until 1996. Tier Two members joined the program from 1996 to 2003. The life cycle of closed programs like Tier One and Tier Two extend another 50 years after its closure, as late entrants complete their full career and receive their retirement benefit for years after retirement. Consequently, Tier One member benefit payments (funded through this program) are not expected to peak until closer to the 2027-29 biennium. Even after that peak, the decline will be gradual.

This program is funded through public employee benefit trusts that are subject to federal and state laws and rules governing tax-qualified government retirement plans. One fundamental provision of those trusts is that the contributions (both from employers and members) and their associated investment earnings can only be used for the exclusive benefit of those members to fund their benefit payments. Consequently, the funds expended through this program can only be used to support the services and benefits provided within the program.

### Program Justification

This program is still a major defined benefit component of the public employee retirement plan, which covers all state agencies, schools, and over 90% of eligible local government employees.

Benefits from the program are delivered through the lowest-cost administrative structure. The fundamental advantages of a multi-employer defined benefit plan are institutional investment of the fund, which enhances returns to members and reduces investment expenses; risk sharing pools, which spread the impact of actuarial experience over a broad base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which enhances professionalism and improves economies of scale. Those advantages allow member and employer contributions into the system to provide the maximum positive economic impact to local economies when retiree benefits are spent in local communities.

A 2019 Economic Impact Study of PERS shows that in 2019, the \$4.11 billion in annual benefit payments to Oregonians multiplied to \$4.33 billion in economic value when the financial impact of dollars spent in local communities is considered. The benefit payments sustain an estimated 33,402 Oregon jobs and add approximately \$1.29 billion in wages. Additionally, Oregon collected an estimated \$234.9 million in income taxes on PERS retiree benefits in 2019.

# BUDGET NARRATIVE

## Program Performance

Fiscal Year	Total Active/Inactive Members	Total Retired Members	Tier One/Tier Two Program Expenditures (Non-Limited)	Fund Balance
2011	132,453	118,105	\$3,259,682,742	\$55,794,848,695
2012	125,502	121,455	\$3,362,832,935	\$54,285,029,854
2013	114,901	127,114	\$3,607,005,495	\$58,478,913,732
2014	108,800	131,417	\$3,894,677,855	\$65,401,492,664
2015	101,209	134,004	\$3,979,388,084	\$64,923,626,094
2016	96,988	135,775	\$4,247,029,515	\$62,082,059,102
2017	85,912	141,884	\$4,405,790,663	\$66,371,703,247
2018	84,202	145,863	\$4,694,345,457	\$69,327,500,445
2019	78,043	143,744	\$4,819,792,761	\$70,203,720,619
2020	71,681	153,622	\$5,116,869,822	\$68,319,296,993

The table above shows the distribution of PERS Tier One and Tier Two membership as “Active/Inactive Members” (those members either currently in PERS covered employment or who have left public employment but are still entitled to a benefit) and “Retired Members” (those having elected to receive their benefit). As more members of the population move into receiving benefits, the “Program Expenditures” shows the growth in the number and amount of Tier One/Tier Two benefit payments distributed. Even with this growth, the agency’s overall administrative “Costs per Member” have been historically lower in the last several years as operational efficiencies, including the development and deployment of new technology systems, have enabled PERS to increase distributions (and the related member services) while decreasing the incremental administrative costs.

## Enabling Legislation/Program Authorization

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- The Tier One and Tier Two Plans are authorized by Oregon Revised Statutes (ORS) 237.600 to 237.980, 238.005 to 238.492, and 238.600 to 238.750.
- Oregon Administrative Rules Chapter 459

The benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these benefits as public contracts with the members, which can only be altered under very limited circumstances.

## Funding Streams

This program is funded entirely from member and employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). In accordance with ORS 238.660(2), funds in the PERF can only be used for the exclusive benefit of the members. ORS 238.661 further provides that moneys in the PERF are continuously appropriated to the

Agency Request       Governor’s       Legislatively Adopted

Budget Page 141

## BUDGET NARRATIVE

Public Employees Retirement Board for the purpose of implementing plan requirements. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited.

### **Significant Proposed Program Changes from 2019-21**

Requested Non-Limited Other Funds represent an increase of \$844,828,594 above the 2019-21 budget of \$10,261,052,242 and reflect the Agency’s 2021-23 anticipated benefit payment requirements for Tier One and Tier Two benefit recipients.

### **Tier One and Tier Two Programs**

#### **Budget Overview**

The Tier One and Tier Two programs include employer and member contributions and investment earnings related to Tier One and Tier Two members and employer accounts and reflect the retirement payments made to Tier One and Tier Two retirees and beneficiaries. As of January 1, 2004, all member contributions have been directed to the Individual Account Program (IAP).

This program unit is entirely made up of Other Funds, Non-limited.

#### **Base Budget Adjustments**

Changes have been made to both revenues and expenditures to reflect updated projections. The non-limited adjustment reflects an anticipated increase in the number of retirements when compared to the 2019-21 biennium.

Tier One & Tier Two Non-limited Other Funds	2017-19 Actual Expenditures	2019-21 Legislatively Approved Budget	2019-21 Estimates	2021-23 Legislatively Adopted Budget
Professional Services				
Agency Program Related S and S	1,398,553			
Distribution to Individuals	9,486,597,156	10,261,052,242	10,259,953,467	11,105,880,836
Total Expenditures	9,487,995,709	10,261,052,242	10,259,953,467	11,105,880,836

## BUDGET NARRATIVE

### Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2017-19 Actuals	2019-21 Legislatively Adopted	2019-21* Estimated Revenue	2021-23		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services	Non-limited Other	Charges for Services	6,721	7,676	10,000	6,581	6,581	6,581
Interest and Investment Earnings	Non-limited Other	Interest Income	8,601,477,605	8,312,462,190	8,611,497,868	7,040,943,346	7,040,943,346	7,040,943,346
Donations and Contributions	Non-limited Other	Retirement System Contribution	1,878,696,483	1,242,260,546	3,805,801,158	2,535,487,678	2,535,487,678	2,535,487,678
Other	Non-limited Other	Other Revenues	43,277,228		61,500,000			

2021-23

107BF07

\* All 2019-21 estimated revenue amounts were calculated using unaudited 2020 fiscal year experience through March to arrive at the estimate for the biennium.

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-010-01-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	6,721	7,676	7,676	6,581	6,581	6,581
Interest Income	8,601,477,605	8,312,462,190	8,312,462,190	7,040,943,346	7,040,943,346	7,040,943,346
Retirement System Contribution	1,878,696,483	1,242,260,546	1,242,260,546	2,535,487,678	2,535,487,678	2,535,487,678
Other Revenues	43,277,228	-	-	-	-	-
Transfer Out - Intrafund	(54,547,359)	(115,303,827)	(115,303,827)	(80,170,535)	(93,849,242)	(82,221,179)
<b>Total Nonlimited Other Funds</b>	<b>\$10,468,910,678</b>	<b>\$9,439,426,585</b>	<b>\$9,439,426,585</b>	<b>\$9,496,267,070</b>	<b>\$9,482,588,363</b>	<b>\$9,494,216,426</b>

2021-23 Biennium

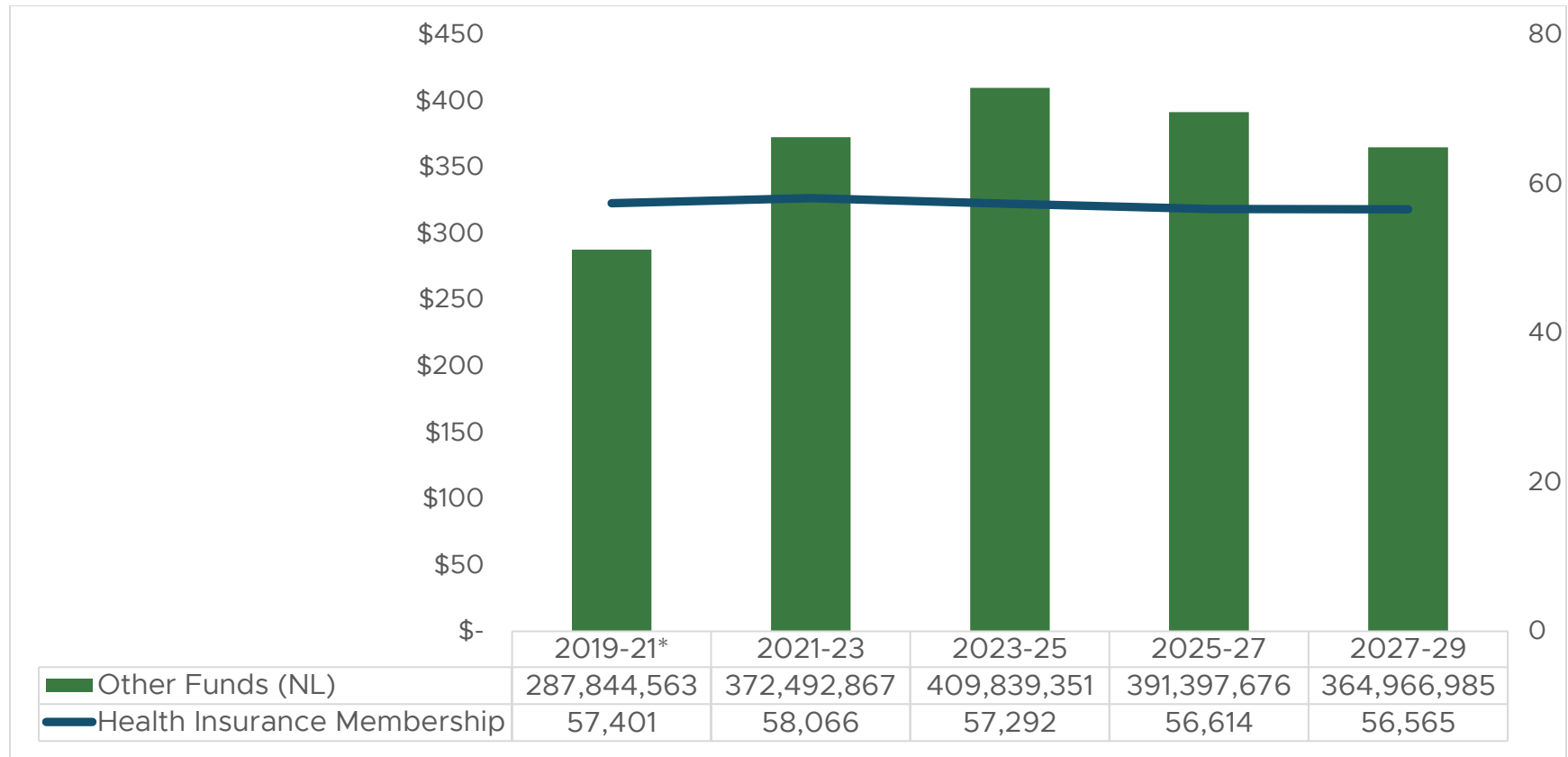
Detail of LF, OF, and FF Revenues - BPR012



# BUDGET NARRATIVE

## Retirement Health Insurance Programs Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Kevin Olineck, 503.603.7695



# BUDGET NARRATIVE

## Executive Summary

The PERS Health Insurance Program (PHIP) offers health insurance coverage for all eligible Oregon PERS retirees and their eligible spouses and dependents. The program covers about 60,000 health plan members. PHIP provides PERS retirees with benefits that provide high quality, comprehensive coverage at the most cost-effective rates possible that will also meet retirees' benefit needs. Core values of the program include maintaining the stability of premiums, coverage, and carriers.

## Program Funding Request

PERS requests \$372,492,867 Non-Limited Other Funds expenditure authority in 2021-23 for the anticipated Health Insurance Program expenditures. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2029 are:

<i>Biennium</i>	<i>Estimated Benefit Payments</i>
2021-23	\$372,492,867
2023-25	\$409,839,351
2025-27	\$391,397,676
2027-29	\$364,966,985

**Performance Achievement:** Requested Non-Limited Other Funds support the program mission and purpose to provide comprehensive medical and dental insurance plan options and long-term care insurance to PERS retirees who qualify for the program at the most cost-effective rates possible that will also meet retirees' benefit needs. Performance achievement is measured through the stability of carriers for the benefit of the program and the stability of health care benefits for the benefit of the program.

## Program Description

PERS has been a plan sponsor of retiree health plans since the late 1950s. At the time, PERS offered a simple hospital indemnity plan which paid a hospitalized patient about \$15 per day. During the next 20 years, the benefits were improved, and a basic plan was added to cover out-of-hospital expenses. Cost of the plans was fully paid by participants when health plans were added. In the early 1970s, PERS added a Medicare supplement plan.

From its inception until July 1988, PERS plans were fully paid by participants, there was no contribution from PERS. At that time, legislation was implemented to provide a subsidy payment from PERS toward a Medicare supplement for PERS Tier One and Tier Two retirees who retired with eight or more years of service and enrolled in a PERS-sponsored plan. This subsidy is called the Retirement Health Insurance Account (RHIA) and is funded by all PERS employers. In 1991, the legislature approved a subsidy for Tier One and Tier Two state retirees under age 65. That subsidy, implemented in 1993, is the Retiree Health Insurance Premium Account (RHIPA) and is funded by the state of Oregon only.

The RHIA subsidy is a \$60 contribution that is available to Medicare entitled (enrolled in Medicare Parts A and B) retirees that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time or are receiving a PERS disability retirement allowance computed as if they had eight or more years of service.

The RHIPA subsidy is a contribution available to non-Medicare retirees who retire from a state agency, that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time or is receiving a PERS

Agency Request       Governor's       Legislatively Adopted

Budget Page 146

2021-23

107BF07

## BUDGET NARRATIVE

disability retirement allowance computed as if they had eight or more years of service. A retiree who is eligible for Medicare is no longer eligible for RHIPA and must move to a Medicare plan.

### Program Justification

In spite of inflationary trends and the pressures associated with lower Centers for Medicare and Medicaid Services (CMS) medical reimbursements and higher healthcare reform taxes and fees, for the 2019 plan renewal, PHIP was able to provide PERS retirees with participating carriers and plans that provide balance between costs and benefits. This was achieved through a thoughtful approach, scrutinized and analyzed to provide the least impact possible to members while maintaining program stability and accountability.

### Program Performance

Fiscal Year	SRHIA Members	RHIA Members	RHIPA Members	Annual Expenditures Total	Fund Balance (all programs)
2011	54,710	40,851	1,126	\$173,378,577	\$317,239,404
2012	56,113	42,018	1,149	\$216,601,828	\$351,481,711
2013	57,489	43,061	1,251	\$232,638,530	\$399,840,146
2014	58,760	44,087	1,264	\$240,446,560	\$465,361,997
2015	59,803	44,880	1,274	\$286,009,877	\$486,457,542
2016	59,983	45,060	1,238	\$254,516,317	\$499,291,853
2017	59,664	44,967	1,177	\$190,806,541	\$591,331,805
2018	59,190	44,890	1,066	\$197,768,756	\$684,486,989
2019	58,113	44,368	842	\$132,951,222	\$765,258,459
2020	57,401	43,827	794	\$60,715,407	\$763,997,275

PHIP is a voluntary insurance plan where an eligible member pays their own premiums (less the small subsidies from RHIA and RHIPA if eligible) for the plan of their choice. In addition to health plan premiums, PERS retirees also cover the cost of program administration; the premium rates that members pay are inclusive of these costs. We are fortunate to partner with insurers that have been able to maximize funding available from the CMS as well as meeting key targets in quality ratings. As has historically been the case, the PHIP insurers also continue to manage the highest need participants to maximize benefits and care delivered while minimizing expenditures.

Stability has been possible as a result of the PERS Board's approach, maintaining dependable health plan vendors and the long-term relationships that have benefited PHIP enrollees. This is achieved through a thoughtful approach facilitating a balance between cost and benefit.

### Enabling Legislation/Program Authorization

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- PHIP is authorized by ORS 238.410 to 238.420.
  - SRHIA – Standard Retiree Health Insurance Account authorized under ORS 238.410
  - RHIPA – Retiree Health Insurance Premium Account authorized under ORS 238.415

\_\_\_ Agency Request      \_\_\_ Governor's       Legislatively Adopted

## BUDGET NARRATIVE

- RHIA – Retirement Health Insurance Account authorized under ORS 238.420
- Oregon Administrative Rules Chapter 459

The statutorily provided financial benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these financial benefits as public contracts with the members, which can only be altered under very limited circumstances.

ORS 238.410(7) further provides: pursuant to section 401(h) of the Internal Revenue Code, the Standard Retiree Health Insurance Account is established within the Public Employees Retirement Fund, separate and distinct from the General Fund. All payments made by eligible persons for health insurance coverage provided under this section shall be held in the account. Interest earned by the account shall be credited to the account. All moneys in the account are continuously appropriated to the Public Employee Retirement Board and may be used by the Board only to pay the cost of health insurance coverage under this section and to pay the administrative cost incurred by the board under this section. Expenditures under this program are categorized for state budget purposes as Other Funds Non-limited.

### **Funding Streams**

The majority of the revenue for the SRHIA program, over \$30 million per year, comes from member paid insurance premiums with additional revenues provided from federal sources like the Centers for Medicare and Medicaid Services (CMS) and resulting investment returns.

The RHIA and RHIPA programs are funded from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF).

### **Significant Proposed Program Changes from 2019-21**

Requested Non-Limited Other Funds represent a decrease of \$360,989,285 from the 2019-21 budget of \$733,481,352 and reflects the Agency's 2019-21 anticipated premium payment requirements for eligible Tier One, Tier Two and OPSRP benefit recipients.

# BUDGET NARRATIVE

## Retirement Health Insurance Programs

### Budget Overview

The PERS Health Insurance Program (PHIP) offers health insurance coverage for all eligible Oregon PERS retirees, their eligible spouses and dependents. The program covers about 60,000 health plan members. The Retiree Health Insurance Account (RHIA) provides for a \$60 health insurance subsidy for eligible retired members who are Medicare eligible, and the Retiree Health Insurance Premium Account (RHIPA) provides for an insurance premium subsidy for eligible non-Medicare retirees who retire from a state agency. Oregon Public Service Retirement Plan (OPSRP) members are not eligible for receiving subsidies.

Employer contributions and investment earnings fund the subsidies above. PHIP is a voluntary insurance plan where an eligible Tier One & Tier Two member pays most if not all of their own premiums for the plan of their choice. OPSRP members pay all of their own premiums. In addition to health plan premiums, PERS retirees also cover the cost of program administration; the premium rates that members pay are inclusive of these costs.

This program unit is made up entirely of Other Funds, Non-limited.

### Base Budget Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections. The contracted services expenditure for the administration of health care programs has been updated based on the projected number of participants and inflation. The estimates column was calculated using unaudited fiscal 2020 actuals through March.

Retirement Health Insurance Programs Non-limited Other Funds	2017-19 Actual Expenditures	2019-21 Legislatively Approved Budget	2019-21 Estimates	2021-23 Legislatively Adopted Budget
Professional Services – Health Insurance Administration	27,461,847	89,171,000	24,132,772	89,171,000
Distribution to Non-Gov Units Premium Payments	303,019,766	644,000,000	263,711,791	283,321,067
<b>Total Expenditures</b>	<b>330,481,613</b>	<b>733,481,352</b>	<b>287,844,563</b>	<b>372,492,067</b>

## BUDGET NARRATIVE

### Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2017-19 Actuals	2019-21 Legislatively Adopted	2019-21* Estimated Revenue	2021-23		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Non-limited Other Funds:</b> Charges for Services	Non-limited Other	Charges for Services	221,747,184	532,320,468	145,229,309	83,002,020	83,002,020	83,002,020
Interest and Investment Earnings	Non-limited Other	Interest Income	86,947,953	88,801,949	88,484,047	103,471,190	103,471,190	103,471,190
Donations and Contributions	Non-limited Other	Retirement System Contribution	127,063,297	135,897,458	133,376,349	139,415,954	139,415,954	139,415,954
Other	Non-limited Other	Other Revenues	(72,797)		106,293,074	98,289,441	98,289,441	98,289,441

2021-23

107BF07

\*All 2019-21 estimated revenue amounts were calculated using unaudited 2020 fiscal year experience through March to arrive at the estimate for the biennium.

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-010-02-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Nonlimited Other Funds</b>						
Interest Income	86,947,953	88,801,949	88,801,949	103,471,190	103,471,190	103,471,190
Retirement System Contribution	127,063,297	135,897,458	135,897,458	139,415,954	139,415,954	139,415,954
Insurance Premiums	221,747,184	532,320,468	532,320,468	83,002,020	83,002,020	83,002,020
Other Revenues	65,537,190	98,289,441	98,289,441	67,803,750	67,803,750	67,803,750
Transfer Out - Intrafund	(2,761,901)	(2,501,030)	(2,501,030)	(2,866,948)	(2,866,948)	(3,581,836)
<b>Total Nonlimited Other Funds</b>	<b>\$498,533,723</b>	<b>\$852,808,286</b>	<b>\$852,808,286</b>	<b>\$390,825,966</b>	<b>\$390,825,966</b>	<b>\$390,111,078</b>

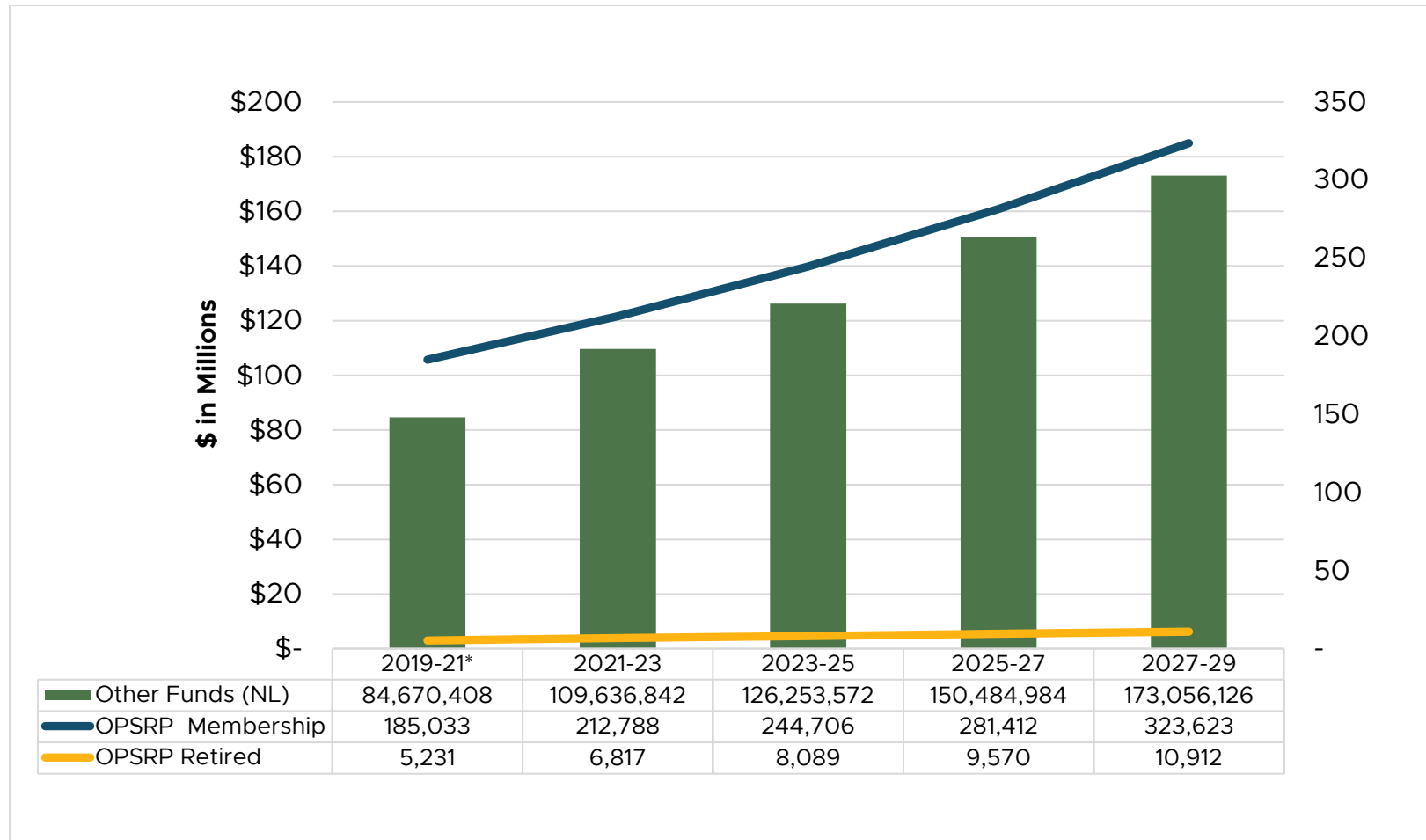
2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## Oregon Public Service Retirement Pension Program Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Kevin Olineck, 503.603.7695





# BUDGET NARRATIVE

## Executive Summary

The Oregon Public Service Retirement Plan (OPSRP) program serves public employees who began public employment after August 28, 2003. OPSRP is a hybrid retirement plan, designed to provide a reduced benefit compared to the Tier One and Tier Two retirement plans. The hybrid plan has two components: the OPSRP Pension Program, funded by employer contributions, and the Individual Account Program (IAP), funded by member contributions.

## Program Funding Request

PERS requests \$109,636,842 Non-Limited Other Funds expenditure authority in 2021-23 for anticipated OPSRP benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2029 are:

<i>Biennium</i>	<i>Estimated Payments</i>
2021-23	\$109,636,842
2023-25	\$126,253,572
2025-27	\$150,484,984
2027-29	\$173,056,126

## Performance Achievement:

Requested Non-Limited Other Funds support the agency mission to administer the public employee benefit trusts to pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures, quarterly reporting of internal core operating and supporting business process measures, and monthly reporting of member transaction volumes and processing timeliness.

## Program Description

The two components of OPSRP were established as part of the 2003 PERS reform package to reduce the retirement benefit costs for public employees who began public service after creation of the program. All PERS-participating employers were required to enroll any new qualifying employees in the OPSRP Pension and Individual Account Program after that date. PERS administers the benefit trusts associated with these programs on behalf of those participating employers.

The OPSRP Pension program is a defined benefit program that provides a retirement benefit based on a formula: (years of service) x (final average salary) x (statutory multiplier.) OPSRP provides a lower benefit than Tier One and Tier Two by reducing the statutory multiplier (1.5% for General Service employment, 1.8% for police officers and firefighters) and increasing the normal retirement age (age 65 for General Service employees, age 60 for police officers and firefighters).

The types of benefits paid through the OPSRP Pension program include withdrawal, retirement, death, and disability benefits. This program now has over 160,000 active and inactive members, more than the Tier One and Tier Two plans combined. Costs for the OPSRP Pension program are paid solely through employer contributions and their related investment earnings. All PERS employers participate in a single OPSRP employer pool, so costs are distributed across all employers based on their proportional share of subject salary that they pay the members in the program. Because this program provides a lower level of benefits, its “normal” cost is less than that for Tier One and Tier Two Programs, whose formula-based benefits are calculated with higher statutory multipliers.

## BUDGET NARRATIVE

OPSRP is funded through public employee benefit trusts that are subject to federal and state laws and rules governing tax-qualified government retirement plans. One fundamental provision of those trusts is that the contributions (both from employers and members) and their associated investment earnings can only be used for the exclusive benefit of those members to fund their benefit payments. Consequently, the funds expended through this program can only be used to support the services and benefits provided within the program.

### **Program Justification**

The OPSRP Pension program is a major component of the public employee retirement plan, which covers all state agencies, schools and over 90% of eligible local government employees. PERS administers this program for eligible public employees and their employers. This combined administration allows investment in operational efficiencies (such as web-based reporting, customer service and benefit processing) that would not be feasible if individual agencies provided their own benefit plans.

Benefits from the program are delivered through the lowest-cost administrative structure. The fundamental advantages of a multi-employer defined benefit plan are institutional investment of the fund, which enhances returns to members and reduces investment expenses; risk sharing pools, which spread the impact of actuarial experience over a broad base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which enhances professionalism and improves economies of scale. Those advantages allow member and employer contributions into the system to provide the maximum positive economic impact to local economies when retiree benefits are spent in local communities.

### **Program Performance**

<b>Fiscal Year</b>	<b>Total OPSRP Pension Members</b>	<b>Total Retired OPSRP Pension Members</b>	<b>Total OPSRP Program Expenditures</b>	<b>Fund Balance (in billions)</b>
2011	146,263	115	\$6,995,839	\$796,132,876
2012	142,954	582	\$12,793,725	\$1,004,281,746
2013	111,484	1,003	\$10,893,632	\$1,369,657,238
2014	121,006	1,533	\$13,970,287	\$1,887,120,164
2015	131,515	2,294	\$16,924,865	\$2,256,143,351
2016	148,775	2,874	\$21,382,026	\$2,689,147,489
2017	156,782	4,116	\$27,332,350	\$3,517,299,896
2018	141,882	4,454	\$35,304,018	\$4,578,716,832
2019	152,712	5,642	\$45,572,801	\$5,569,134,357
2020	160,466	6,570	\$56,765,555	\$6,536,885,139

## BUDGET NARRATIVE

The table shows how quickly the change in the workforce has populated this lower-cost pension program in a relatively short time. A significant percentage of Oregon's active public employee workforce has been employed under this new retirement plan with lower, more predictable costs. Additionally, the table shows the exponential growth in expenditures and retirements processed related to the OPSRP Pension as part of 2003 PERS reform.

### **Enabling Legislation/Program Authorization**

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- OPSRP is authorized by ORS 238A.005 thru 238A.250, and 238A.450 thru 238A.475.
- Oregon Administrative Rules Chapter 459

The benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these benefits as public contracts with the members. Unlike the Tier One and Tier Two programs, the legislature expressly reserved the right to alter the provisions of the OPSRP program for services performed after the effective date of any such change (ORS 238A.470).

### **Funding Streams**

This program is funded entirely from employer contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). In accordance with ORS 238.660(2), incorporated into the OPSRP Program by ORS 238A.050(2), funds in the PERF can only be expended for the exclusive benefit of the members. ORS 238.661 (also incorporated by ORS 238A.050(2)) further provides that moneys in the PERF are continuously appropriated to the Public Employees Retirement Board for the purpose of implementing plan requirements. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited.

### **Significant Proposed Program Changes from 2019-21**

Requested Non-Limited Other Funds represent an increase of \$34,447,882 over the 2019-21 budget of \$75,188,960 and reflect the Agency's 2021-23 anticipated benefit payment requirements for OPSRP benefit recipients.

# BUDGET NARRATIVE

## Oregon Public Service Retirement Pension Program

### Budget Overview

The 2003 Legislature created the Oregon Public Service Retirement Plan (OPSRP) via passage of House Bill 2020 (2003). OPSRP is a hybrid retirement program with two components: the Pension Program and the Individual Account Program (IAP). The OPSRP Pension Program is funded solely by employer contributions and investment earnings. Generally, the program is designed to provide a benefit that approximates 45 percent of a member’s final average salary for a 30-year public service career (general services).

Employers participating in PERS as of August 28, 2003, must participate in OPSRP. If an employer had a class of employees not participating in PERS as of August 28, 2003, it need not offer OPSRP membership to those employees. As of June 30, 2020, there were approximately 160,000 members in the OPSRP Pension Program.

This program unit is made up entirely of Other Funds, Non-limited.

### Base Budget Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections based on trend analysis and using moving four-year averages. The 2019-21 expenditure estimates column were calculated using unaudited fiscal year 2020 actuals through March.

Oregon Public Service Retirement Pension Non-limited Other Funds	2017-19 Actual Expenditures	2019-21 Legislatively Approved Budget	2019-21 Estimated Expenditures	2021-23 Legislatively Adopted Budget
Agency Program Related S and S – Write off of Uncollectable Receivables				
Distribution to Individuals	66,405,659	75,188,960	84,670,408	109,636,842
Total Expenditures	66,405,659	75,188,960	84,670,408	109,636,842

## BUDGET NARRATIVE

### Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Estimated Revenue*	2021-23		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services – Alt Payee Admin Fee	Non- limited Other	Charges for Services	5,320	7,535	7,787	10,378	10,378	10,378
Interest and Investment Earnings	Non- limited Other	Interest Income	897,179,601	643,611,470	1,109,805,908	1,588,471,681	1,588,471,681	1,588,471,681
Donations and Contributions	Non- limited Other	Retirement System Contribution	1,377,084,786	1,810,593,441	1,597,508,170	2,011,088,859	2,011,088,859	2,011,088,859
Other	Non- limited Other	Other Revenues						

2021-23

107BF07

\* All 2019-21 estimated revenue amounts were calculated using unaudited 2020 fiscal year experience through March to arrive at the estimate for the biennium.

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-010-03-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	5,320	7,535	7,535	10,378	10,378	10,378
Interest Income	897,179,601	643,611,470	643,611,470	1,588,471,981	1,588,471,981	1,588,471,981
Retirement System Contribution	1,377,084,786	1,810,593,441	1,810,593,441	2,011,088,859	2,011,088,859	2,011,088,859
Other Revenues	56,933	-	-	-	-	-
Transfer Out - Intrafund	(13,724,341)	(18,048,878)	(18,048,878)	(22,053,162)	(25,815,876)	(32,397,147)
<b>Total Nonlimited Other Funds</b>	<b>\$2,260,602,299</b>	<b>\$2,436,163,568</b>	<b>\$2,436,163,568</b>	<b>\$3,577,518,056</b>	<b>\$3,573,755,342</b>	<b>\$3,567,174,071</b>

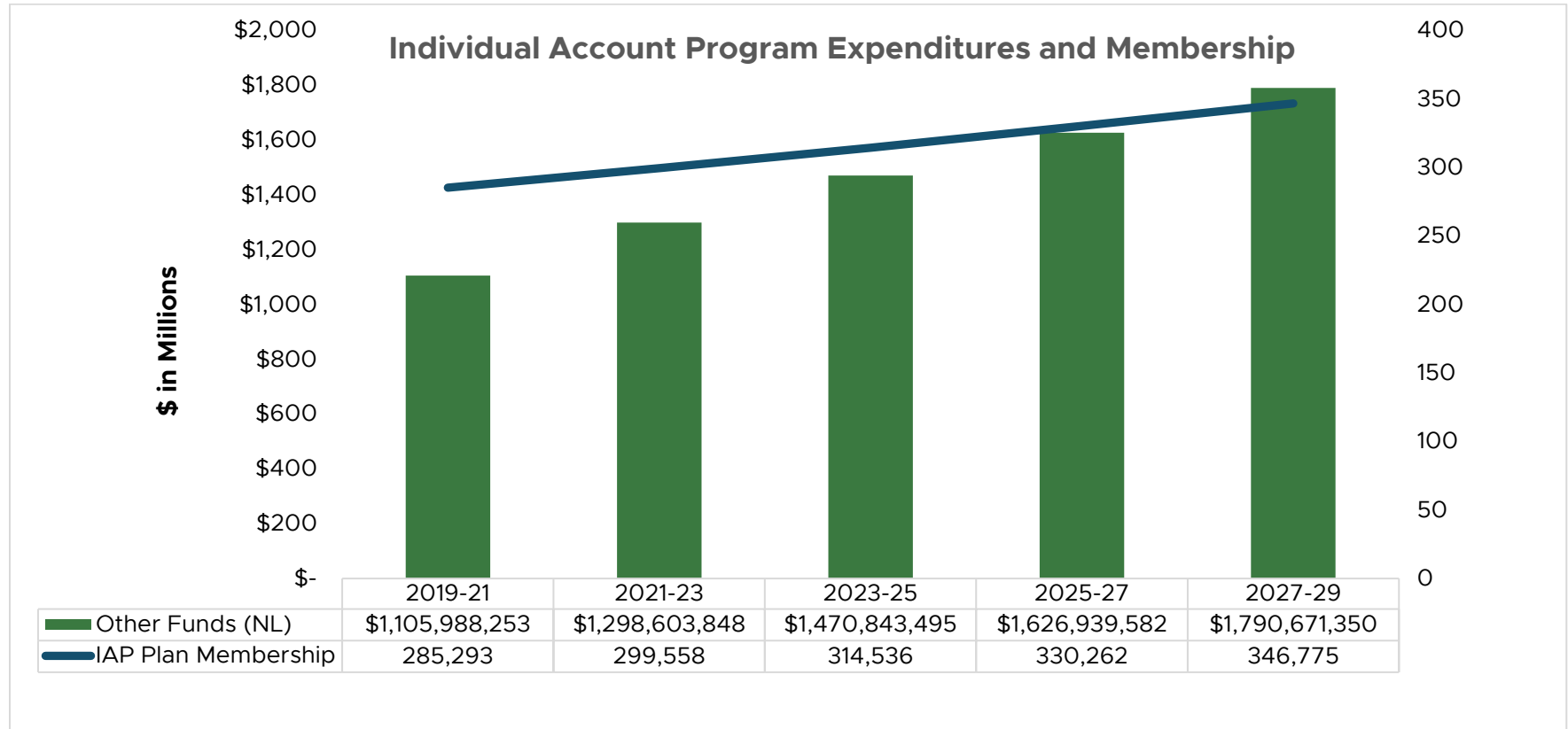
2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## Individual Account Program Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Kevin Olineck, 503.603.7695



# BUDGET NARRATIVE

## **Executive Summary**

The Individual Account Program (IAP) consists of two components: members in the Oregon Public Service Retirement Plan (OPSRP) program, which serves employees who began their public service after August 28, 2003, and members in Tier One and Tier Two programs. Tier One and Tier Two member contributions made on or after January 1, 2004, have also been deposited in the IAP.

## **Program Funding Request**

PERS requests \$1,298,603,848 Non-Limited Other Funds expenditure authority in 2021-23 for anticipated IAP benefit payments. Estimated Non-Limited Other Funds needed for anticipated benefit payments through 2029 are:

<i>Biennium</i>	<i>Estimated Payments</i>
2021-23	\$1,298,603,848
2023-25	\$1,470,843,495
2025-27	\$1,626,939,582
2027-29	\$1,790,671,350

## **Performance Achievement:**

Requested Non-Limited Other Funds support the agency mission to administer the public employee benefit trusts to pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures, quarterly reporting of internal core operating and supporting business process measures, and monthly reporting of member transaction volumes and processing timeliness.

## **Program Description**

The IAP program was established as part of the 2003 PERS reform package to reduce the retirement benefit costs for public employees who began public service after creation of the program. All PERS-participating employers were required to enroll any new qualifying employees in the OPSRP Pension and Individual Account Program after that date. PERS administers the benefit trusts associated with these programs on behalf of those participating employers. As of January 1, 2004, all Tier One and Tier Two member contributions have also been directed to the IAP.

The IAP is funded by members contributing six percent of their salary (either through a pre-tax payroll deduction or through an employer “pick-up”). These contributions are invested on members’ behalf as part of the overall PERS Fund, and investment earnings or losses are credited to their accounts. Unlike Tier One member regular accounts, IAP accounts do not have a guaranteed minimum earnings rate.

The IAP is an account-based benefit that is paid in a lump sum upon withdrawal, or in several optional forms of payments at retirement, including a single lump sum or periodic installments at different frequency over various durations. In the 2003 PERS reform legislation, all active Tier One and Tier Two members had their contributions diverted to new IAP accounts, instead of their regular or variable accounts, to restrict the growth in their benefit amounts. Consequently, the IAP now has the largest number of members of all PERS retirement programs. IAP costs are paid wholly out of earnings on member contributions. When earnings are insufficient to pay those costs, member account balances are reduced to recover those costs.



## BUDGET NARRATIVE

This program is funded through public employee benefit trusts that are subject to federal and state laws and rules governing tax-qualified government retirement plans. One fundamental provision of those trusts is that the contributions (both from employers and members) and their associated investment earnings can only be used for the exclusive benefit of those members. Consequently, the funds expended through this program can only be used to support the services and benefits provided within the program.

### Program Justification

The IAP program is a major component of the public employee retirement plan, which covers all state agencies, schools and over 90% of eligible local government employees. PERS administers this program for eligible public employees and their employers. This combined administration allows investment in operational efficiencies (such as web-based reporting, customer service and benefit processing) that would not be feasible if individual agencies provided their own benefit plans.

Benefits from the program are delivered through the lowest-cost administrative structure. The fundamental advantages of a multi-employer defined benefit plan are institutional investment of the fund, which enhances returns to members and reduces investment expenses; risk sharing pools, which spread the impact of actuarial experience over a broad base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which enhances professionalism and improves economies of scale. Those advantages allow member and employer contributions into the system to provide the maximum positive economic impact to local economies when retiree benefits are spent in local communities.

### Program Performance

<b>Fiscal Year</b>	<b>Total IAP Membership</b>	<b>Total Retired IAP Members</b>	<b>Total IAP Expenditures</b>	<b>Total IAP Fund Balance</b>
2011	238,062	N/A	\$140,781,090	\$4,036,836,648
2012	240,637	2,641	\$232,427,742	\$4,292,119,800
2013	240,697	3,308	\$248,420,382	\$5,289,845,478
2014	244,256	4,269	\$337,470,781	\$6,457,117,266
2015	251,417	5,018	\$327,544,351	\$6,969,939,788
2016	260,164	5,810	\$373,027,099	\$7,239,871,924
2017	262,832	6,833	\$426,600,112	\$8,366,909,935
2018	269,812	7,375	\$559,176,111	\$9,292,531,398
2019	275,716	7,710	\$503,027,830	\$9,911,994,999
2020	285,293	8,210	\$623,430,876	\$10,242,385,753

The table shows how combining the legacy Tier One and Tier Two members into the IAP program created a large base to support that program's associated administrative costs. Total IAP Membership reflects how this element of member benefits, where the member bears the entire risk of investment losses, is an increasingly significant aspect of the total retirement benefit package. IAP Retirements Processed shows how adding two new benefit programs (OPSRP Pension and IAP) as part of 2003 PERS reform has generated a significant number of additional retirement transactions in a short period of time as all members now are retiring with both a pension

## BUDGET NARRATIVE

benefit and an IAP benefit. The same holds true for withdrawals of members who have worked after the January 1, 2004, effective date of the IAP.

### **Enabling Legislation/Program Authorization**

The program is governed by the following Oregon Revised Statutes and Administrative Rules:

- IAP is authorized by ORS 238A.300 thru 238A.435
- Oregon Administrative Rules Chapter 459

The benefits provided under the program are protected by provisions in the U.S. and Oregon Constitutions regarding contracts. Courts have construed these benefits as public contracts with the members. Unlike the Tier One and Tier Two Program, the legislature expressly reserved the right to alter the provisions of the OPSRP program, including the IAP, for services performed after the effective date of any such change (ORS 238A.470).

### **Funding Streams**

This program is funded entirely from member contributions and the return on investment of those contributions, which are held in the Public Employee Retirement Fund (PERF). In accordance with ORS 238.660(2), incorporated into the OPSRP Program by ORS 238A.050(2), funds in the PERF can only be expended for the exclusive benefit of the members. ORS 238.661 (also incorporated by ORS 238A.050(2)) further provides that moneys in the PERF are continuously appropriated to the Public Employees Retirement Board for the purpose of implementing plan requirements. Expenditures under this program are categorized for state budget purposes as Other Funds – Non-limited.

### **Significant Proposed Program Changes from 2019-21**

Requested Non-Limited Other Funds represent a decrease of \$124,761,319 below the 2019-21 budget of \$1,423,365,167 and reflects the Agency's 2021-23 anticipated benefit payments or withdrawals for IAP benefit recipients.

### **Individual Account Program**

#### **Budget Overview**

The 2003 Legislature created the Oregon Public Service Retirement Plan (OPSRP) via passage of House Bill 2020 (2003). OPSRP is a hybrid retirement program with two components: the Pension program and the Individual Account Program (IAP). The OPSRP Pension Program is funded solely by employer contributions and investment earnings. The IAP has no guaranteed payment or return. Members make contributions; employers may or may not make additional contributions. When a member retires, he/she receives the contributions plus any accrued earnings (or losses). The IAP requires PERS members to contribute an amount equal to six percent of salary to an IAP account. At retirement, members will receive the balance of this account, including accrued earnings while the account is active, either as a lump-sum or in installments over a specified period of their choice.

Beginning January 1, 2004, Tier One and Tier Two Program member contributions also go into the IAP. Tier One and Tier Two members retain their existing PERS accounts, but member contributions after that date are deposited in the member's IAP, not into the member's Tier One or Tier Two accounts.

This program includes OPSRP and Tier One & Tier Two member contributions into the IAP, account withdrawals and distributions to Tier One, Tier Two, and OPSRP members. The program also outlines the fund transfer from plan assets to the operations program unit to pay for program administrative activities.

Agency Request       Governor's       Legislatively Adopted

2021-23

Budget Page 162

107BF07

## BUDGET NARRATIVE

This program unit is made up entirely of Other Funds, Non-limited.

### Base Budget Adjustments

Changes have been made to both revenues and expenditures to reflect updated projections based on trend analysis and using moving four-year averages. The 2019-21 expenditure estimates column below was calculated using unaudited fiscal year 2020 actuals through March. Contracted services for third party administration of the IAP Program have been updated based on the projected number of participants and inflation.

Individual Account Program Non-limited Other Funds	2017-19 Actual Expenditures	2019-21 Legislatively Approved Budget	2019-21 Estimated Expenditures	2021-23 Legislatively Adopted Budget
Third Party Administration	4,875,893	5,816,860	5,443,512	5,796,057
Distribution to Individuals	1,038,715,235	1,417,548,307	1,100,544,741	1,292,807,791
Total Expenditures	1,043,591,128	1,423,365,167	1,105,988,253	1,298,603,848

## BUDGET NARRATIVE

### Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Estimated Revenue*	2021-23		
						Agency Request	Governor's Recommend	Legislatively Adopted
<b>Non-limited Other Funds:</b>								
Charges for Services	Non-limited Other	Charges for Services	77,799	92,507	81,413	87,551	87,551	87,551
Interest and Investment Earnings	Non-limited Other	Interest Income	1,082,343,725	1,128,823,118	931,799,571	916,382,923	916,382,923	916,382,923
Donations and Contributions	Non-limited Other	Retirement System Contribution	1,280,371,872	1,388,701,821	1,361,044,504	1,450,290,828	1,450,290,828	1,450,290,828
Other	Non-limited Other	Other Revenues	56,933					

2021-23

107BF07

\* All 2019-21 estimated revenue amounts were calculated using unaudited 2020 fiscal year experience through March to arrive at the estimate for the biennium.

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-010-04-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Nonlimited Other Funds</b>						
Charges for Services	77,799	92,507	92,507	87,551	87,551	87,551
Interest Income	1,082,343,725	1,128,823,118	1,128,823,118	916,382,923	916,382,923	916,382,923
Retirement System Contribution	1,280,371,872	1,388,701,821	1,388,701,821	1,450,290,828	1,450,290,828	1,450,290,828
Other Revenues	56,933	-	-	-	-	-
Transfer Out - Intrafund	(19,183,859)	(23,880,717)	(23,880,717)	(29,518,059)	(34,554,436)	(25,322,294)
<b>Total Nonlimited Other Funds</b>	<b>\$2,343,666,470</b>	<b>\$2,493,736,729</b>	<b>\$2,493,736,729</b>	<b>\$2,337,243,243</b>	<b>\$2,332,206,866</b>	<b>\$2,341,439,008</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

Agency Request    
  Governor's    
  Legislatively Adopted

Budget Page 165

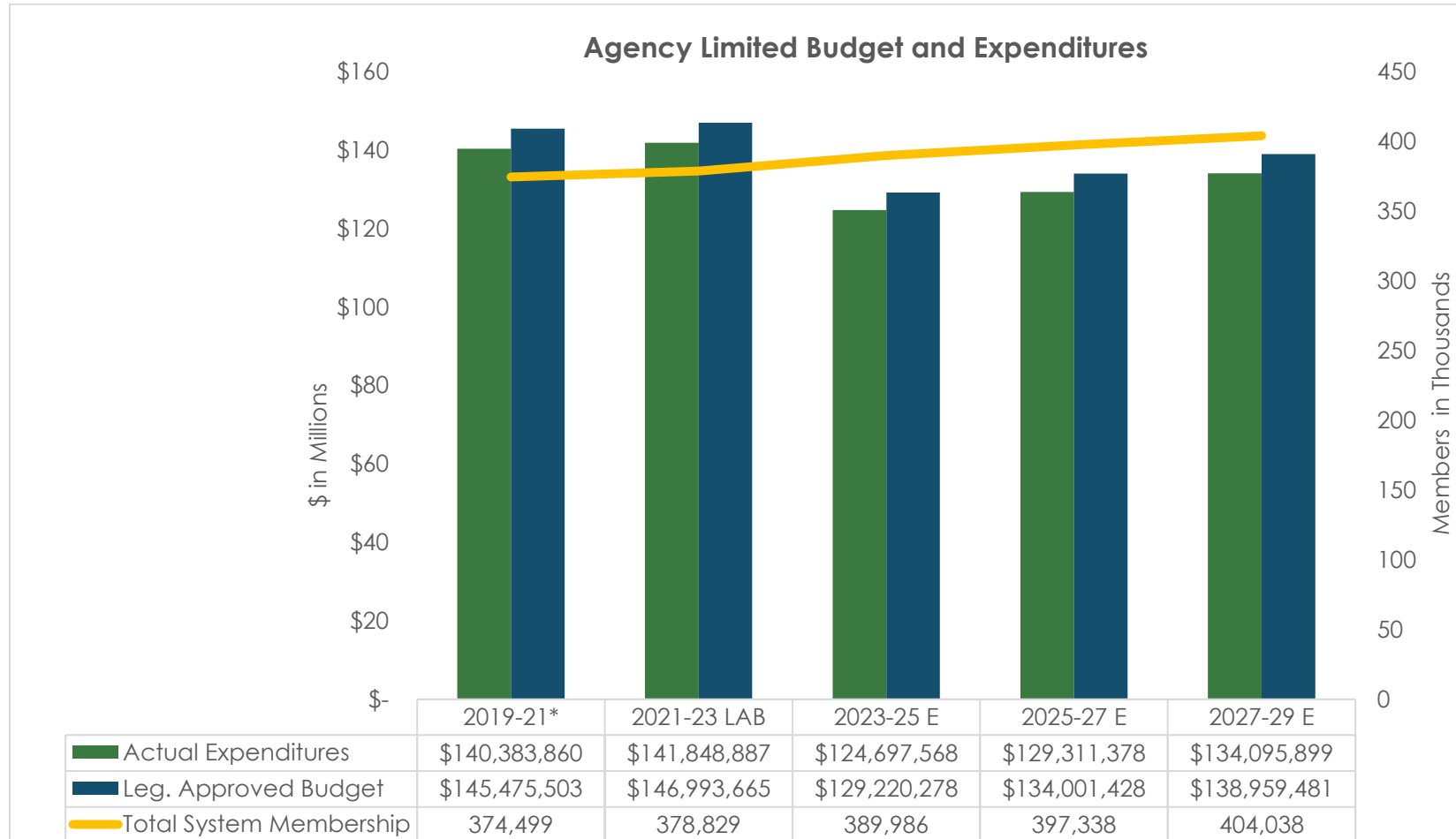
2021-23

**107BF07**

# BUDGET NARRATIVE

## Operations Executive Summary

Primary Outcome Area: Improving Government  
 Secondary Outcome Area: (None)  
 Program Contact: Kevin Olineck, 503.603.7695



# BUDGET NARRATIVE

## **Executive Summary**

The Operations Program reflects the costs of the Public Employees Retirement System’s (PERS) administration of public employee benefit trusts that provide benefit services to employees of over 900 public employers throughout Oregon. Those services include retirement, disability, and death benefits, as well as a deferred compensation program and a retiree health insurance program. PERS also administers the state’s obligations under the federal Social Security program. Centralizing these benefit administration services through PERS produces economies of scale that reduce costs, enhance customer service, and support process efficiencies. The Operations Program does not include Debt Service.

## **Program Funding Request**

PERS requests \$146,993,665 Limited Other Funds in 2021-23 for the Agency’s operating budget.

Based on DAS / BAM-issued assumptions, the estimated Limited Other Funds needed for PERS’ operating budget through 2029 are:

<i>Biennium</i>	<i>Estimated Expenditures</i>
2021-23	\$146,993,665
2023-25	\$129,220,278
2025-27	\$134,001,428
2027-29	\$138,959,481

## **Performance Achievement:**

Requested Limited Other Funds support the Agency’s mission to administer public employee benefit trusts that pay the right person the right benefit at the right time. Performance achievement is measured through legislatively mandated Key Performance Measures and quarterly reporting of internal core operating and supporting business process measures.

## **Program Description**

The Operations Program budget provides the Other Fund financial resources for PERS to administer public employee benefit trusts that provide services for over 900 public employers in Oregon, serving over 378,000 members (Tier One, Tier Two, OPSRP, and IAP) and their beneficiaries or alternate payees. The budget also supports administration of a tax-qualified deferred compensation plan (the Oregon Savings Growth Plan) and several retiree health insurance premium trusts. PERS also fulfills the state’s role in administering the federal Social Security program with local government employers.

The budget in the Operations Program reflects only a fraction of the agency’s total expenditures. In fact, PERS services the largest “payroll” in the state, processing in excess of \$5.2 billion in benefit payments every year (the equivalent of some one-third of the total public employment payroll in Oregon). Using those benefit payments as a measure of the impact PERS has on Oregon’s citizens and economy, this agency clearly constitutes one of the major components of the government sector in all of Oregon.

## BUDGET NARRATIVE

The drive toward efficiency and service improvement has resulted in the number of staff remaining stable even though budget limitation has increased due to consistent legislative changes to the program. The improvements in agency operations were achieved through restructuring processes and leveraging new technologies, such as the agency's Oregon Retirement Information On-line Network (ORION). These improvements have allowed PERS to administer the significant programs added in the 2003 PERS reforms (OPSRP Pension and IAP), and more recently SB 1049. Just as importantly, service metrics as measured by the agency's Key Performance Measures have generally improved over this same time even as the agency has integrated new programs over a relatively flat and stable staffing plan.

Demands for the agency's services will continue to grow for the next several biennia as an ever-greater percentage of the public work force passes into retirement age. The agency's approved 2019-21 budget is predicated on processing about 7,500-8,000 retirements per year. That average will increase markedly over the next several biennia. There are already some 66,000 PERS members currently eligible to retire, with more members becoming eligible every year. PERS' strategic imperative is to enhance efficiencies and improve processes to handle this rapidly increasing benefit administration workload, rather than increase headcount to maintain service levels.

Supporting the focus on process improvements and service enhancements, however, requires a new paradigm in the agency's structure and management systems. The 2021-23 Governor's Budget is predicated on a fundamental framework that defines the agency's core operating and supporting processes. Through those processes, PERS delivers member services with a highly efficient, automated payment system. That level of process efficiency and technology leveraging often obscures the agency's operational scope. The metrics show that PERS is responsible for timely, accurate, and proficient distribution of 70% of the Other Funds expenditures in Oregon. Easily one in three Oregonians has some connection to a PERS member, reflecting the agency's widespread impact within this state. But the agency's position classifications are still viewed through a prism of the number of FTE in the agency, not by the statewide impact or total value of the services our Operations budget provides. This perception constrains the level of professional skills we are able to attract and retain to further develop our operations and manage our staff as financial services professionals.

### **Program Justification**

This program combines the administration of defined benefit retirement plans and other benefit trusts for all state agencies and schools, as well as over 90% of local government employees. PERS administers these programs to provide assistance and service to all these public employers and employees. This combined administration allows investment in operational efficiencies (such as web-based employer reporting, customer service, and benefit processing) that would not be economically feasible for individual agencies.

As a combined benefit plan administrator, these public employers' benefit plans are provided within the lowest-cost framework. The fundamental advantages of a multi-employer defined benefit plan are institutional fund investment, which enhances return and reduces investment expenses; risk sharing pools, which spread actuarial experience costs over a broader base; benefit portability, which allows members to transfer among participating employers without impacting benefit accruals; and unified administration, which allows for enhanced professionalism and economies of scale. Those advantages allow member and employer contributions to provide the maximum positive economic impact to state and local economies when the benefits are spent by recipients in their community.



# BUDGET NARRATIVE

## Program Performance

Fiscal Year	Total Members Served	Annual Admin. Cost per Member	% Initial Service Retirements Paid in 45 Days	Member Satisfaction Rating - Overall
2011	352,826	115	40%	94%
2012	353,998	125	33%	83%
2013	354,502	127	70%	88%
2014	362,756	120	61%	92%
2015	369,022	133	74%	92%
2016	367,412	150	60%	92%
2017	368,694	155	79%	89%
2018	367,853	145	65%	91%
2019	374,499	144	77%	87%
2020	378,829	172	62%	89%

## Enabling Legislation/Program Authorization

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

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

## Funding Streams

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 7 basis points (0.07%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

# BUDGET NARRATIVE

## **Significant Proposed Program Changes from 2019-21**

Requested Limited Other Funds reflect an increase of \$34,336,203 above the 2019-21 operating budget of \$112,657,462 and will continue to enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology and financial management.

## **Operations**

### **Budget Overview**

As previously stated, PERS administers a number of retirement related programs for more than 900 public employers in Oregon, including all state agencies, all public school districts, and the majority of local government entities. The five-member Public Employee Retirement Board (PERB) provides governance administrative oversight for all PERS programs.

PERS operations employ a common pyramid-style organizational structure. The agency is functionally separated into five divisions to reduce overlap and clearly designate responsibilities. Within the divisions, sections exist that focus upon specific activities in agency and program support. The major areas of activity are employer reporting, customer service, retirement benefits, withdrawals, death benefits, disability benefits, sponsorship of group health insurance plans, Deferred Compensation (Oregon Savings Growth Plan), and Social Security coverage.

PERS orders its divisions as follows: Central Administration, Financial Services Division (FSD), Information Services Division (ISD), Operations Division (OD) and Compliance, Audit and Risk Division (CARD).

## BUDGET NARRATIVE

### Base Budget Adjustments

The 2021-23 Other Funds Limitation base budget was increased by \$1,541,425 Other Funds due to administrative E-Board actions and salary adjustments. The base budget was not adjusted for estimated costs of merit increases or cost of living adjustments.

Division	Base Budget	Essential Packages	Current Service Level	Policy Packages	Legislatively Adopted Budget
Central Administration	\$6,184,827	\$11,779,865	\$17,964,692	\$214,800	\$18,179,492
Financial Services	\$34,385,138	(\$8,800,658)	\$25,584,480	(\$3,380,803)	\$22,203,677
Information Services	\$27,865,447	\$633,942	\$28,499,389	\$935,990	\$29,435,379
Operations	\$42,891,395	\$101,923	\$42,993,318	\$991,722	\$43,985,040
Compliance, Audit & Risk	\$8,971,456	(\$182,272)	\$8,789,184	\$786,094	\$9,575,278
Core Retirement (SB1049)				\$22,814,797	\$23,614,797
Totals	\$120,298,263	\$3,532,800	\$123,831,063	\$27,867,012	\$146,993,665

# BUDGET NARRATIVE

## Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Estimated Revenue*	2021-23		
						Agency Request	Governor's Recommended	Legislatively Adopted
<b>Operations Other Funds:</b>								
Charges for Services – Admin Fees	Limited Other Funds	Charges for Services	4,118,672	4,175,500	4,724,926	4,175,500	4,175,500	4,175,500
Interest Earnings	Limited Other Funds	Interest Income	184,199	29,150	926,632	29,150	29,150	29,150
Other	Limited Other Funds	Other Revenues	273,364	50,000		50,000	50,000	50,000

2021-23

107BF07

\* All 2019-21 estimated revenue amounts were calculated using unaudited 2020 fiscal year experience through March to arrive at the estimate for the biennium.

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-00-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Other Funds</b>						
Charges for Services	4,118,672	4,175,500	4,175,500	4,175,500	4,175,500	4,175,500
Interest Income	184,199	29,150	29,150	29,150	29,150	29,150
Other Revenues	273,364	50,000	50,000	50,000	50,000	50,000
Transfer In - Intrafund	90,217,460	120,674,738	120,674,738	134,487,040	134,487,040	119,907,659
Tsfr From Lands, Dept of State	11,539,471	-	-	-	-	-
<b>Total Other Funds</b>	<b>\$106,333,166</b>	<b>\$124,929,388</b>	<b>\$124,929,388</b>	<b>\$138,741,690</b>	<b>\$138,741,690</b>	<b>\$124,162,309</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

## BUDGET NARRATIVE

### Package 010 Non-PICS Personal Services/Vacancy Factor

#### Package Description

This package contains a total increase of \$887,398 Other Funds. The increase is due primarily to the net increase of \$374,858 for vacancy savings and \$435,351 increase in pension bond contributions. This package includes standard inflation of 4.3 percent on personal service expenses such as temporary employees, overtime, shift and other differentials, and unemployment compensation; this accounts for \$77,189 including other payroll expenses. There is an increase of \$30,261 for mass transit taxes applying the 2021-23 rate of .006%. The following table shows the increases in limitation by division.

SCR	Division Title	Amount
500-01	Central Administration	91,470
500-03	Financial Services Division	154,624
500-04	Information Services Division	196,081
500-08	Operations Division	374,004
500-09	Compliance, Audit and Risk Division	71,219
	<b>Total</b>	<b>\$887,398</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	7,871	-	-	-	7,871
Overtime Payments	-	-	18,334	-	-	-	18,334
Shift Differential	-	-	102	-	-	-	102
All Other Differential	-	-	10,831	-	-	-	10,831
Public Employees' Retire Cont	-	-	5,014	-	-	-	5,014
Pension Obligation Bond	-	-	435,351	-	-	-	435,351
Social Security Taxes	-	-	2,841	-	-	-	2,841
Unemployment Assessments	-	-	1,935	-	-	-	1,935
Mass Transit Tax	-	-	30,261	-	-	-	30,261
Vacancy Savings	-	-	374,858	-	-	-	374,858
<b>Total Personal Services</b>	-	-	<b>\$887,398</b>	-	-	-	<b>\$887,398</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	887,398	-	-	-	887,398
<b>Total Expenditures</b>	-	-	<b>\$887,398</b>	-	-	-	<b>\$887,398</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(887,398)	-	-	-	(887,398)
<b>Total Ending Balance</b>	-	-	<b>(\$887,398)</b>	-	-	-	<b>(\$887,398)</b>

## BUDGET NARRATIVE

### Package 022 Phase-out Program and One-time Costs

#### Package Description

Total reductions of (\$48,675,596) in limited Other Funds include scheduled one-time costs and phase-outs for projects approved during the last legislative session. Reductions of (\$200,000,000) in General Funds and reductions of (\$11,539,471) in Non-limited Other Funds are related to one-time costs in support of the Employer Incentive Fund (EIF) to help fund the start-up of that program. The detail of the total reductions are as follows:

Package by SCR	Total Phase-Out	Financial Services 500-03	Information Services 500-04	CARD 500-09	Core Retirement System Applications 900-00	Non-Limited Other Funds 010-01	General Fund Appropriation 200-01
Pkg. 102 Data Center Migration	(1,715,318)		(1,715,318)				
Pkg. 103 FSD Strategic Fulfillment	(187,367)	(187,367)					
Pkg. 106 Risk and Security Management	(638,291)			(638,291)			
Pkg. 107 Deferred Maintenance	(1,161,555)	(1,161,555)					
Pkg. 801 School Districts Unfunded Liability (SDULF)	(23,078,943)	(11,539,472)				(11,539,471)	
Pkg. 802 Project Management and Administration	(2,500,000)				(2,500,000)		
Pkg. 803 Quality Assurance and Testing	(2,500,000)				(2,500,000)		
Pkg. 804 IT Applications	(25,992,000)				(25,992,000)		
Pkg. 805 Operational Implementation Personnel	(1,942,134)				(1,942,134)		
Pkg. 806 Contingency Reserve	(500,000)				(500,000)		
Pkg. 813 General Fund Appropriation	(200,000,000)						(200,000,000)
<b>Total one-time costs and phase-outs</b>	<b>(260,215,068)</b>	(12,888,393)	(1,715,318)	(638,291)	(33,553,378)	(11,539,471)	(200,000,000)



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	(11,539,472)	-	-	-	(11,539,472)
<b>Total Revenues</b>	-	-	<b>(\$11,539,472)</b>	-	-	-	<b>(\$11,539,472)</b>
<b>Personal Services</b>							
Mass Transit Tax	-	-	(650)	-	-	-	(650)
<b>Total Personal Services</b>	-	-	<b>(\$650)</b>	-	-	-	<b>(\$650)</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(1,000)	-	-	-	(1,000)
Employee Training	-	-	(49,388)	-	-	-	(49,388)
Office Expenses	-	-	(20,000)	-	-	-	(20,000)
Telecommunications	-	-	(177,318)	-	-	-	(177,318)
Data Processing	-	-	(300,000)	-	-	-	(300,000)
IT Professional Services	-	-	(190,000)	-	-	-	(190,000)
Dues and Subscriptions	-	-	(75,000)	-	-	-	(75,000)
Facilities Maintenance	-	-	(1,161,555)	-	-	-	(1,161,555)
Other Services and Supplies	-	-	(175,620)	-	-	-	(175,620)
Expendable Prop 250 - 5000	-	-	(4,000)	-	-	-	(4,000)
IT Expendable Property	-	-	(16,000)	-	-	-	(16,000)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$2,169,881)</b>	-	-	-	<b>(\$2,169,881)</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	(852,000)	-	-	-	(852,000)

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Hardware	-	-	(680,000)	-	-	-	(680,000)
<b>Total Capital Outlay</b>	-	-	<b>(\$1,532,000)</b>	-	-	-	<b>(\$1,532,000)</b>
<b>Special Payments</b>							
Other Special Payments	-	-	(11,539,472)	-	-	-	(11,539,472)
<b>Total Special Payments</b>	-	-	<b>(\$11,539,472)</b>	-	-	-	<b>(\$11,539,472)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(15,242,003)	-	-	-	(15,242,003)
<b>Total Expenditures</b>	-	-	<b>(\$15,242,003)</b>	-	-	-	<b>(\$15,242,003)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	3,702,531	-	-	-	3,702,531
<b>Total Ending Balance</b>	-	-	<b>\$3,702,531</b>	-	-	-	<b>\$3,702,531</b>

## BUDGET NARRATIVE

### Package 031 Standard Inflation

#### Package Description

The total cost of goods and services increases by \$6,197,933 Other Funds. The Department of Administrative Services (DAS) Price List of Goods and Services and the biennial standard inflation factor of 4.3 percent are the basis for calculating cost increases in services, supplies, and capital outlay. State Government Service Charges were increased by \$5,039,027 primarily due to an increase in the ETS assessment for technology services.

The DAS Price List includes assessment charges by DAS and the Secretary of State as well as costs for central services and other selected items. Treasury charges are based on a user fee price list and are part of State Government Service Charges.

This increase in DAS Price List of Goods and Services is attributable to one major factor:

- DAS Enterprise Technology Services introduced the Statewide Fixed Investment Costs Assessment for the State Data Center in the 2015-17 biennium. A new pricing methodology was introduced for the 17-19 biennium and continues in the 21-23 biennium under the Enterprise Information Office (EIS). EIS has increased the assessment to \$9,587,541 for the Chief Information Office; an increase of \$3,511,085 over the 19-21 biennium.
- The annual audit of PERS' Comprehensive Annual Financial Report (CAFR) is performed by an outside firm with oversight by the Secretary of State Audits Division. The total cost in the current biennium was split between the oversight cost budgeted in State Government Service Charges and the annual audit of the CAFR budgeted in Professional Services. The Secretary of State Audits Division estimated a total cost of \$1,040,000 for both services and this amount is budgeted in State Government Service Charges in 2021-23. The additional cost of auditing PERS' compliance with the two new Pension Accounting and Financial Reporting in accordance with generally accepted accounting principles (GAAP) is included in this amount.

The following is a summary showing the total increase (decrease) by division:

SCR	Division Title	Amount
500-01	Central Administration	32,073
500-03	Financial Services Division	5,640,411
500-04	Information Services Division	384,895
500-08	Operations Division	65,155
500-09	Compliance, Audit and Risk Division	75,399
	<b>Total</b>	<b>\$6,197,933</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	9,581	-	-	-	9,581
Out of State Travel	-	-	298	-	-	-	298
Employee Training	-	-	31,084	-	-	-	31,084
Office Expenses	-	-	74,648	-	-	-	74,648
Telecommunications	-	-	24,920	-	-	-	24,920
State Gov. Service Charges	-	-	5,039,027	-	-	-	5,039,027
Data Processing	-	-	128,985	-	-	-	128,985
Publicity and Publications	-	-	10,510	-	-	-	10,510
Professional Services	-	-	261,113	-	-	-	261,113
IT Professional Services	-	-	120,384	-	-	-	120,384
Attorney General	-	-	250,863	-	-	-	250,863
Dispute Resolution Services	-	-	13,288	-	-	-	13,288
Employee Recruitment and Develop	-	-	2,592	-	-	-	2,592
Dues and Subscriptions	-	-	47,810	-	-	-	47,810
Facilities Rental and Taxes	-	-	33,876	-	-	-	33,876
Fuels and Utilities	-	-	13,307	-	-	-	13,307
Facilities Maintenance	-	-	54,785	-	-	-	54,785
Other Services and Supplies	-	-	20,733	-	-	-	20,733
Expendable Prop 250 - 5000	-	-	5,362	-	-	-	5,362
IT Expendable Property	-	-	27,190	-	-	-	27,190
<b>Total Services &amp; Supplies</b>	-	-	<b>\$6,170,356</b>	-	-	-	<b>\$6,170,356</b>
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	1,597	-	-	-	1,597
Telecommunications Equipment	-	-	3,247	-	-	-	3,247

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       X  Legislatively Adopted

Budget Page 180

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Software	-	-	3,980	-	-	-	3,980
Data Processing Hardware	-	-	18,753	-	-	-	18,753
<b>Total Capital Outlay</b>	-	-	<b>\$27,577</b>	-	-	-	<b>\$27,577</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	6,197,933	-	-	-	6,197,933
<b>Total Expenditures</b>	-	-	<b>\$6,197,933</b>	-	-	-	<b>\$6,197,933</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(6,197,933)	-	-	-	(6,197,933)
<b>Total Ending Balance</b>	-	-	<b>(\$6,197,933)</b>	-	-	-	<b>(\$6,197,933)</b>

# BUDGET NARRATIVE

## Package 060 Technical Adjustments

### Package Description

PERS received approval for a one-time technical adjustment in order to align the operating budget with the Centers of Excellence reorganization. This is intended to enhance the operational capability of the agency, through restructuring, by bringing together complimentary business areas and work streams that will benefit from greater alignment, integration and focus on our priorities. The concepts of Centers of Excellence and enterprise and stakeholder focus were three of the primary guiding principles used to evaluate and inform the proposed structure.

As a fiduciary of public trusts, it is incumbent upon the agency to fulfill its mission in the most cost-effective and efficient manner possible with an eye not only to its current state but also with a view to the future. The structure of an organization is one of the principal means of ensuring the agency provides services in a cost-effective and efficient manner. This change is self-balancing and does not create a decrease or increase in expenditure limitation.

SCR	Division Title	FTE	Amount
500-01	Central Administration	30.00	11,656,322
500-03	Financial Services Division	(28.00)	(13,246,771)
500-04	Information Services Division	8.00	1,768,284
500-08	Operations Division	(11.00)	(337,236)
500-09	Compliance, Audit and Risk Division	1.00	159,401
	<b>Total</b>	<b>0.00</b>	<b>\$0</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Employees Retirement System, Oregon**  
**Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Limited - Operations**  
**Cross Reference Number: 45900-500-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Temporary Appointments	-	-	-	-	-	-	-
Overtime Payments	-	-	-	-	-	-	-
All Other Differential	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	1	-	-	-	1
Pension Obligation Bond	-	-	-	-	-	-	-
Social Security Taxes	-	-	(1)	-	-	-	(1)
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Mass Transit Tax	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	-	-	-	-	-
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
State Gov. Service Charges	-	-	-	-	-	-	-
Publicity and Publications	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Attorney General	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Dues and Subscriptions	-	-	-	-	-	-	-
Facilities Rental and Taxes	-	-	-	-	-	-	-
Fuels and Utilities	-	-	-	-	-	-	-
Facilities Maintenance	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	-	-	-	-	-
<b>Total Capital Outlay</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 060 - Technical Adjustments

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							-
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Total FTE</b>							
Total FTE							-
<b>Total FTE</b>	-	-	-	-	-	-	-

## BUDGET NARRATIVE

### Package 087 August 2020 Emergency Board Actions

Package Description

As added by the Chief Financial Office

This package increases Other Funds expenditure limitation by \$40,039 to account for the 2021-23 rollup costs of the upward reclassification of a permanent full-time Operations and Policy Analyst 3 position (salary range 30) to a permanent full-time Principal Executive Manager F position (salary range 35X). This reclassification moved an Actuarial Services Coordinator position to an Associate Actuary position to manage the Actuarial Services Unit, with direction to hire the position as a certified Associate Actuary.

SCR	Division Title	FTE	Amount
500-03	Financial Services Division	0.00	40,039
	<b>Total</b>	<b>0.00</b>	<b>\$40,039</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 087 - August 2020 Special Session

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	32,088	-	-	-	32,088
Public Employees' Retire Cont	-	-	5,496	-	-	-	5,496
Social Security Taxes	-	-	2,455	-	-	-	2,455
<b>Total Personal Services</b>	-	-	<b>\$40,039</b>	-	-	-	<b>\$40,039</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	40,039	-	-	-	40,039
<b>Total Expenditures</b>	-	-	<b>\$40,039</b>	-	-	-	<b>\$40,039</b>
<b>Ending Balance</b>							
Ending Balance:	-	-	(40,039)	-	-	-	(40,039)
<b>Total Ending Balance</b>	-	-	<b>(\$40,039)</b>	-	-	-	<b>(\$40,039)</b>

## BUDGET NARRATIVE

### Package 099 Statewide Microsoft 365 Consolidation

Package Description

As added by the Chief Financial Office

Microsoft 365 is being consolidated within the Office of the State Information Office at the E5 level of service. This cost is built into the State Government Service Charge for every agency as a cost increase for the 21-23 biennium. This package makes a corresponding reduction to the agency base budget in an amount equivalent to what agencies should be paying in the current 2019-21 biennium for Microsoft 365 at the E3 level of service.

SCR	Division Title	FTE	Amount
500-03	Financial Services Division	0.00	(295,563)
	<b>Total</b>	<b>0.00</b>	<b>(\$295,563)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 099 - Microsoft 365 Consolidation

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
State Gov. Service Charges	-	-	(295,563)	-	-	-	(295,563)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$295,563)</b>	-	-	-	<b>(\$295,563)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(295,563)	-	-	-	(295,563)
<b>Total Expenditures</b>	-	-	<b>(\$295,563)</b>	-	-	-	<b>(\$295,563)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	295,563	-	-	-	295,563
<b>Total Ending Balance</b>	-	-	<b>\$295,563</b>	-	-	-	<b>\$295,563</b>

# BUDGET NARRATIVE

## Package 101 SB 1049 Implementation

### Package Description

**Purpose:** PERS requests \$22,814,797 Other Funds limitation. This business case supports the request for funding necessary to continue development of the Member Redirect component of the SB 1049 legislation. Failure to complete the Member Redirect project or any other SB 1049 related project will result in substantial manual processes both within the PERS system and between the agency and the state employers. This outcome would pose significant risks associated with manually administering benefit calculations and Member Annual Statements. Additionally, it would adversely impact relationships between PERS, members and employers, and undermine our credibility and the trust of the citizens of Oregon.

- Personal Services \$ 6,003,697
- Services and Supplies \$ 16,756,100
- Capital Outlay \$ 55,000
  
- Package Total \$ 22,814,797

### Purpose and How Achieved:

The changes mandated by the SB 1049 legislation requires significant enhancements to PERS daily operations. These modifications are reflected in the maintenance of account balances, calculating benefits, communicating with stakeholders, and managing the associated accounting and financial reporting requirements. As stated in the executive summary, approval of this business case will allow PERS to complete all the specific statutory requirements of SB 1049, as well as making modifications that will integrate these changes into the full range of PERS processing.

The complexity of SB 1049 required the agency to develop not only short- and long-term plans to adjust the existing technology infrastructure, but to develop new functionality to manage PERS data needs going forward.

The **SB 1049 Implementation Program** was compartmentalized into five projects to implement the distinct sections of the legislation. Listed below is a summary of the high-level scope for the program by project.

1. **Member Redirect:** This section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than \$2,500.

The Short-term solution was completed on 6/18/20. Long-term scheduling is expected to be baselined by July 10, 2020, and the project is expected to be complete prior to June 30, 2021.

2. **Member Choice:** This section of the bill allows members to elect a Target Date Fund (TDF) other than the default TDF (which is based on their year of birth.) PERS is to provide members the opportunity to make elections once a year during a defined window.

The Short-term solution will be deployed on 8/20/2020. Long-term scheduling is expected to be baselined by July 10, 2020, and the project is expected to be complete prior to June 30, 2021.

## BUDGET NARRATIVE

3. **Work After Retirement:** This section of the bill lifts current restrictions on retiree allowable work hours, Retirees will be permitted to work unlimited hours for PERS participating employers in calendar years 2020-2024. SB 1049 legislation states that while this mandate is in effect, employers will pay contributions on retirees' salary. Employer contribution rates for retiree salaries will be the same as if the retiree were an active member.

The Short-term solution was deployed on 12/19/2019. This project is due to be completed on 6/11/2021.

4. **Salary Limit:** This section of the bill limits the amount of subject salary for all program members to \$195,000 for calendar year 2020. This amount will be indexed annually for inflation based on the CPI. The first adjustment for inflation will occur on January 1, 2021. This is not a salary cap, but a limit on salary for all Plan purposes, including contributions and final average salary.

The Short-term solution was deployed on 12/24/2019. This project is due to be completed on 4/15/2021.

5. **Employer Programs:**

Sections of the bill related to Employer Programs clarify and expand the requirements for the Employer Incentive Fund:

- Appropriate \$100 million from the General Fund to the Employer Incentive Fund
- Direct net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund
- Allow participating public employers who make larger than \$10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment, and
- Require all public employers to participate in the Unfunded Actuarial Liability Resolution Program.

The EIF applications will be closed on 12/1/2020. The Employer Rate Projection Tool (ERPT) will be analyzed in July 2020, to determine development and testing needs, and a new schedule built by mid-August 2020 and the project is expected to be complete prior to June 30, 2021.

Within the current biennium, PERS will have successfully accomplished a majority of this comprehensive SB 1049 legislation on budget. In order to satisfy and ensure full integration of this legislation, PERS must request funding to complete all projects within the SB 1049 Program.

### Implementation Approach

The implementation work of SB 1049 has been managed as a program with five component projects. Four of the five projects are expected to be concluded at the end of the 2019-21 biennium. The fifth project, Member Redirect, has the most complexity and requires the most new programming for PERS.

To successfully develop and implement the five component projects, PERS has used a combination of existing staff, new staff, and contracted resources to address increasing workload due to new requirements for communication, calculation, or evaluation.

PERS has been successful in minimizing impacts to regular operations by using a team fully dedicated to SB 1049. Temporary staff have been hired to backfill staff who are subject matter experts and considered critical project resources. In total, approximately 80 staff were needed to do the work required for this Program. Member Redirect has 15 full-time and an additional 25 part-time project resources that are a combination of regular PERS staff and contracted resources. The need for the resources currently dedicated to Member Redirect will continue until the project is brought to a successful conclusion.

## BUDGET NARRATIVE

The following assumptions, constraints and dependencies are consistent throughout the program and directly affect Member Redirect.

### Assumptions:

- Partnership with external stakeholders will continue, permitting expedient contracting and procurement activities.
- EIS Program and Project Oversight processes and approvals will continue to be received expediently for SB 1049 Implementation Program and the Member Redirect component project.
- SB 1049 Implementation Program and Member Redirect will remain ranked as the agency's top priorities in the project portfolio and other lower priority work will be deferred as necessary.
- PERS does not receive additional legislative instruction.
- Project Management Body of Knowledge (PMBOK) processes and methodologies will be utilized throughout the execution of the program.
- Resources currently allocated to SB 1049 Implementation Program and Member Redirect will continue as needed.

### Constraints:

- ORION system architecture

### Dependencies

- As-Is System Architecture (ORION) and level of documentation

### Alternative 1: Do Not Continue Member Redirect beyond the 2019-2021 Biennium

This alternative will be to review the current scope for Member Redirect and determine a cut off that will end the project 6/30/2021.

Based on the current schedule, the following functionality for Member Redirect will be accomplished as of 6/30/2021:

The Short-Term Release completed by 6/30/2020:

- Work Package 1
  - EPSA Setup
  - IAP Redirect/Batch Job
  - General Ledger Setup
  - Voluntary Contributions

### Pros:

- Basic programming has been set up.
- Additional funds are not required



## BUDGET NARRATIVE

### Cons:

- A great deal of processing will have to be done via manual processes and “work arounds” for both staff and employers.
- Risks associated with doing benefit calculations in a non-automated fashion will significantly increase the risk profile of the agency.
- Member frustration and confusion that Annual Statements will not reflect EPSA or voluntary contribution balances, leading to confusion regarding member balances.
- Employer frustration that expected functionality is unavailable, causing increased workloads. Manual tracking of financials is subject to error.
- PERS’ ability to provide accurate balance information to members and employers will be hampered due to a lack of automated computing and reporting.
- Frustration experienced by Voya (IAP TPA) due to a potential lack of accurate financial information transferred.
- Increased risk of error in reconciling account balances by both PERS and Voya.

### Budget:

Additional budget is not needed for this alternative. Current funding will allow PERS to implement only the specific statutory requirements, without integrating them into the full range of pension benefit processing.

### Alternative 2: Approve Funding Request for Member Redirect

As mentioned above, the complexity of the changes required for Member Redirect has had the project team focused on ensuring that the planning has been thorough and fulfills the needs of business and the statutory requirements.

The full complement of planned functionality for Member Redirect and complete integration of this and the other SB 1049 projects within the PERS system require more effort than would be needed for the iterative and incremental changes included the statute. For Member Redirect, some features that cannot be included in the current time frame include: EPSA Earnings Calculations, updating EPSA minimum salary requirements, voluntary contribution maintenance, divorce benefit splits, and EPSA beneficiary processing. The entire list of Member Redirect features which cannot be completed by the current due date is available on request.

While every effort has been made to anticipate contingencies, consideration must be given to unforeseen events or issues. With this in mind, PERS is also requesting contingency funds in order to address potential impediments.

### Pros:

- The full complement of automated processing for Member Redirect will be up and running.
- Staff processing time and accuracy will be improved.
- Automated processes implemented will significantly reduce related administrative risks.
- EPSA and voluntary contribution balances will be accurate and reflected on Member Annual Statements.
- Member, employer, and the public expectations, based on the published legislative mandate, will be fully satisfied.
- The full range of feature integration for all projects will be successfully concluded and incorporated into PERS processing.
- The agency will be poised to successfully administer the full intent of the legislative mandate after implementation.

## BUDGET NARRATIVE

**Cons:**

- The project extends beyond the end of the 2019/21 biennium.

**Staffing Impact:**

Position #	Classification	Status	FTE
• 2104902	X0872 OPERATIONS & POLICY ANALYST 3	LD	1.00
• 2104903	X0872 OPERATIONS & POLICY ANALYST 3	LD	1.00
• 2104904	X0872 OPERATIONS & POLICY ANALYST 3	LD	1.00
• 2104905	X0872 OPERATIONS & POLICY ANALYST 3	LD	1.00
• 2104906	C0438 PROCUREMENT & CONTRACT SPEC 3	LD	1.00
• 2104907	C0104 OFFICE SPECIALIST 2	LD	1.00
• 2104908	C1484 INFO SYSTEMS SPECIALIST 4	LD	1.00
• 2104909	C1487 INFO SYSTEMS SPECIALIST 7	LD	1.00
• 2104910	C1487 INFO SYSTEMS SPECIALIST 7	LD	1.00
• 2104911	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104912	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104913	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104914	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104915	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104916	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104917	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104918	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104919	C0841 RETIREMENT COUNSELOR 1	LD	1.00
• 2104920	C0842 RETIREMENT COUNSELOR 2	LD	1.00
• 2104921	C0842 RETIREMENT COUNSELOR 2	LD	1.00
• 2104922	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
• 2104923	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
• 2104924	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
• 2104925	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
• 2104926	C0871 OPERATIONS & POLICY ANALYST 2	LD	1.00
• 2104927	C0871 OPERATIONS & POLICY ANALYST 2	LD	1.00
• 2104928	C0871 OPERATIONS & POLICY ANALYST 2	LD	1.00
• 2104929	C1484 INFO SYSTEMS SPECIALIST 4	LD	1.00
• 2104930	C1484 INFO SYSTEMS SPECIALIST 4	LD	1.00
• 2104931	C0860 PROGRAM ANALYST 1	LD	1.00
• 2104932	C0104 OFFICE SPECIALIST 2	LD	1.00

## BUDGET NARRATIVE

• 2104933	C5247 COMPLIANCE SPECIALIST 2	LD	1.00
• 2104934	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
• 2104935	C0870 OPERATIONS & POLICY ANALYST 1	LD	1.00
• 2104936	C25112 ELECTRONIC PUB DESIGN 3	LD	.88

### 2021-23 Fiscal Impact:

The anticipated impact to 2021-23 is estimated to be approximately \$6,003,697 for Personal and Services and \$16,756,100 for Services and Supplies.

### Quantifying Results:

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

### Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 101 - SB1049

Cross Reference Name: Core Retirement System Applications  
Cross Reference Number: 45900-900-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Telecommunications Equipment	-	-	10,400	-	-	-	10,400
Data Processing Software	-	-	39,000	-	-	-	39,000
Data Processing Hardware	-	-	5,600	-	-	-	5,600
<b>Total Capital Outlay</b>	-	-	<b>\$55,000</b>	-	-	-	<b>\$55,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	22,814,797	-	-	-	22,814,797
<b>Total Expenditures</b>	-	-	<b>\$22,814,797</b>	-	-	-	<b>\$22,814,797</b>
<b>Ending Balance</b>							
Ending Balance:	-	-	(22,814,797)	-	-	-	(22,814,797)
<b>Total Ending Balance</b>	-	-	<b>(\$22,814,797)</b>	-	-	-	<b>(\$22,814,797)</b>
<b>Total Positions</b>							
Total Positions							35
<b>Total Positions</b>	-	-	-	-	-	-	<b>35</b>
<b>Total FTE</b>							
Total FTE							34.88
<b>Total FTE</b>	-	-	-	-	-	-	<b>34.88</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## Package 102 System Modernization

**Purpose:** PERS requests \$800,000 Other Funds limitation in the Information Services Division. PERS needs to modernize, enhance, and sustain our communication and technological foundation to better align with the needs of our members as we strive to engage them in their career-long retirement planning. To implement industry best practices in line with member expectations, we need to establish a technology platform that is flexible, secure, and aligned with today’s service-driven technology standards. Modernization will improve information technology efficiency, responsiveness to business operational changes, and resolve functionality and technical debt deficiencies that affect system administration, performance, maintainability, and sustainability as well as increase overall productivity. The Oregon Retirement Information On-line Network (ORION) is a system comprised of integrated component systems and diverse applications that support the PERS mission and the agency’s business users within the PERS enterprise computing and communications network.

- Personal Services           \$0
- Services and Supplies:   \$800,000
- Capital Outlay           \$0
  
- Total Request               \$800,000

### Purpose and How Achieved:

Recent changes to the plans PERS administers continue to add complexity to ORION, specifically SB 1049 from the 2019-21 legislative session (IAP Redirect, IAP Member Choice, Work After Retirement, Salary Limits and Employer Programs). Implementing these significant changes to an already aging and quickly depreciating system, and on an architecture that is not conducive to change, adds more technical debt and further burden on maintaining ORION, which directly affects our ability to provide adequate services to our members and employers.

The Agency addressed legislative changes to PERS and added complexity in a letter to Senate President Courtney on February 20, 2019, as a result of testimony before the Capital Construction subcommittee. Simply put, there is a risk that any future changes to the plan that aren’t given the appropriate time and resources for implementation could negatively impact the agency and its ability to function in a cost-effective, efficient, and risk-mitigated fashion.

### Scope

- 1) Envisioning, Architecture Assessment, and Planning

This business case is a proposal to initiate and conduct envisioning, architecture assessment, and planning activities for ORION Modernization:

Envisioning is the collaboration with business and IT to identify pain points and issues, opportunities, and risks of the current state of ORION. This activity will result in an ORION Modernization Vision Document that will layout the high-level scope of ORION Modernization. We would engage with a Public Pension IT Strategist to lead this activity.

## BUDGET NARRATIVE

Assessing the current as-is ORION enterprise architecture, both the system and its interactions with the business, and based on the Vision Document, map-out the blueprint and roadmap for the future solutions for ORION Modernization. We would engage with Public Pension Enterprise Architect consulting firms to lead this activity.

Planning is establishing a high-level plan for execution, which includes sequencing and prioritization of solutions according to the Vision Document and the system dependencies according to the architecture. The high-level plan will also identify all the projects under an ORION Modernization Program and be the catalyst for further budget requests during the subsequent short session in February 2022. To be effective, the ORION Modernization Program needs envisioning, architecture assessment, and planning to achieve the following: Improve the agency's ability to effectively, efficiently, and economically leverage technology across divisions and sections (SP3 of PERS outcome-based management system fundamental map.

Increase the agency's capability to collect, process, and make available quality data and information to drive and support agency-wide mission and objective (PERS five-year strategic plan 2018-2023).

Identify government and pension management industry standards and best practices to produce target architecture that support the agency's mission. These target architecture standards and practices will be transparent, and in alignment with business models and segments.

Reduce complexity of applications and systems by designing ORION into a single platform using discreet business & IT services, and in turn, effectively managing changes with better predictability and faster turnaround to meet time-sensitive business needs and legislative mandates. Also, by reducing complexity, ORION will be able to scale with much more flexibility when retirement "ebbs and flows" occur, along with technology changes and member demographics.

### 2) Member Services and Communications

PERS' outdated technology, inefficient paper processes, manual workarounds due to missing technical functionality, and its lack of customer relationship management (CRM) capability significantly constrain PERS ability to provide expected levels of customer service.

The negative impacts of PERS' technology deficiencies are seen in metrics tracked by the agency:

Only 28 percent of estimate or purchase requests submitted by members are completed within 30 days.  
Only 38 percent of new PERS and OPSRP retirees receive their first payment within 45 days of their effective retirement date.  
Only 65 percent of withdrawal applications are completed and ready for calculation within 60 days of receipt by PERS.  
Only 65 percent of active members rate PERS' quality of service as "good" or "excellent."  
Only 62 percent of active members rate PERS' timeliness of service as "good" or "excellent."

The average retiree satisfaction rating for the retirement process is only 65 percent.

Inefficient paper processes and costly manual workarounds due to missing technical functionality also impact members directly. Two examples can be seen in the process to update a beneficiary (a critical process for members during their careers) and in the process for completing or updating a tax withholding (which is similar to the process for most forms submitted by retirees).

PERS' lack of customer relationship management (CRM) functionality further limits the agency's ability to serve its members' individual needs.

- PERS lacks data analytics to support members. Data on members should include:

Agency Request       Governor's       Legislatively Adopted

## BUDGET NARRATIVE

- PERS lacks data on major life events in order to tailor content, prompt education, or answer member questions. Occasions requiring proactive PERS outreach could include:
- PERS lacks tracking of all past communications with PERS Member Services and receipt of forms:

Improved customer service to members through CRM functionality provides the following benefits:

- PERS staff is able to pull, analyze, and target sub-sets of members
- PERS staff is able to search for member accounts using address, DOB, or other fields
- PERS staff is able to query call-types
- PERS staff is able to perform data analytics
  - Link to existing systems: Access to FileNet, jClarety, etc.
  - Access all member activities: forms/presentations/calls/emails

In today's digital world, members expect to have online access to annual statements, to view forms and information they have submitted to PERS, and to be able to securely submit forms and other information online. PERS is currently unable to meet these expectations.

PERS' lack of online interactive functionality limits members' ability to access information specific to their public service career and to perform most self-service tasks. As a result, PERS staff must be assigned to perform these tasks on behalf of members. Combined with a lack of targeted member education, this approach is costly in terms of staff productivity, and is more susceptible to errors and delays.

### Potential Solutions

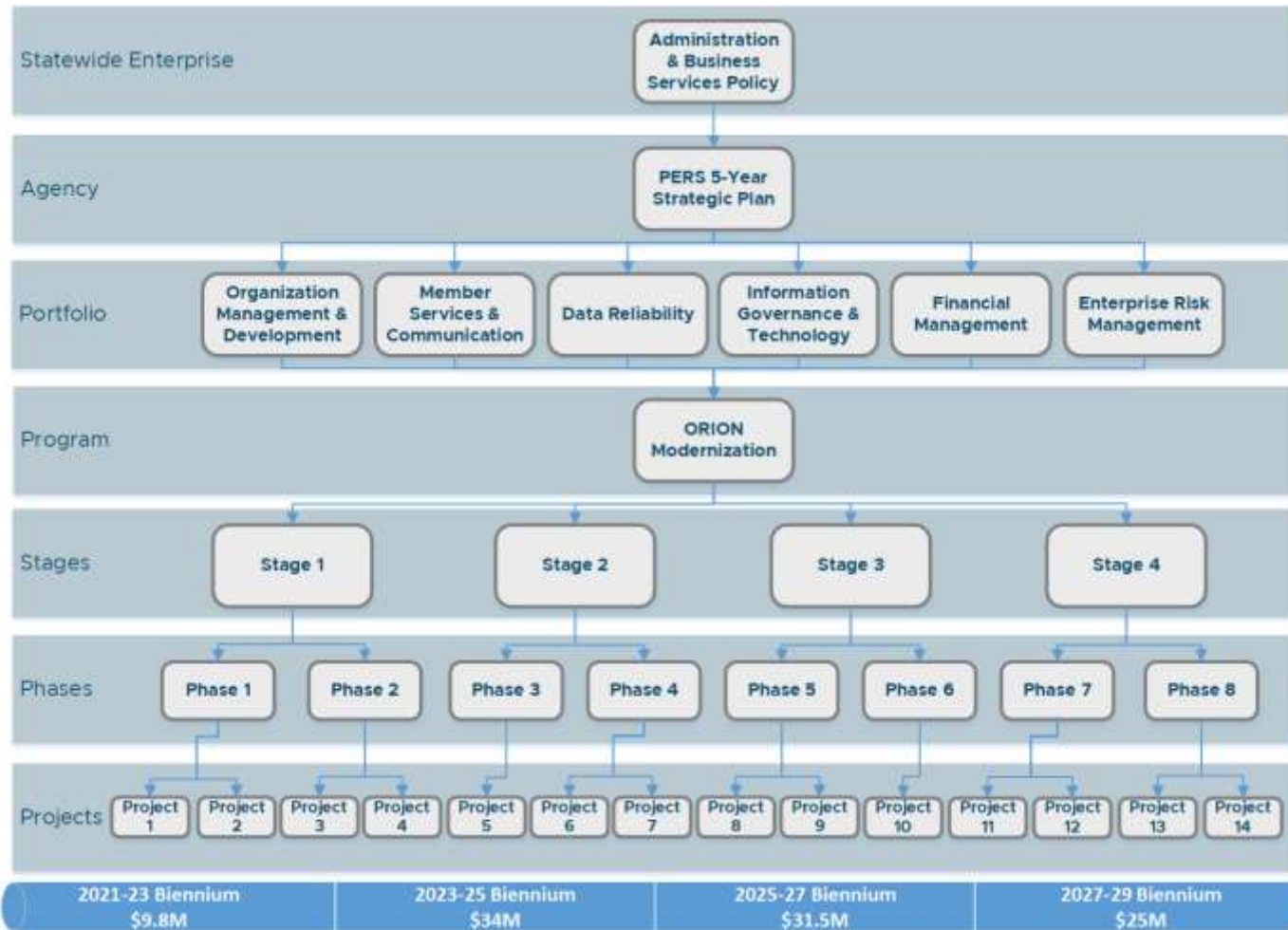
PERS' ORION system is based on the jClarety software which was designed prior to 2000 and has been used by PERS for the past 16 years. We are aware of other pension administration peers, such as Texas Teachers' Retirement System, who have taken the jClarety platform, retained the base calculation module, and modernized the other ORION components by implementing a Service Oriented Architecture to facilitate a more modern, flexible, and scalable solution that will serve the agency into the future.

Alternatively, PERS could engage in a full system renewal program that would include sourcing a brand new platform. However, based on what we are seeing in the pension technology space, combined with the overall complexity of the PERS' system, we believe our proposed solution is a more manageable and cost-effective solution.

### ORION Modernization Program Approach

The ORION Modernization Program is planned as a long and important journey that will require engaged collaboration with both business and IT, along with some involvement from stakeholders such as Members and Employers. The program is designed to combine business and IT-outcomes over a multi-year and multi-biennium timeline. To help illustrate this approach, the following diagram lays out a high-level program management structure for the ORION Modernization:

# BUDGET NARRATIVE





# BUDGET NARRATIVE

## Staffing Impact:

- None

## 2019-2021 Fiscal Impact:

- The anticipated impact to 2021-23 is estimated to be approximately \$800,000 in Services and Supplies.

## Quantifying Results:

- KPM 1 – TIMELY RETIREMENT PAYMENTS: Percentage of initial service retirements paid within 45 days from retirement date
- KPM 2 – TOTAL BENEFIT ADMINISTRATION COSTS: Total benefit administration costs per member
- KPM 4 – ACCURATE BENEFIT CALCULATIONS: Percent of service retirement monthly benefits accurately calculated to within \$5 per month
- KPM 5 – LEVEL OF PARTICIPATION: Percent of state employees participating in the deferred compensation program
- KPM 6 – CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information
- KPM 7 – TIMELY BENEFIT ESTIMATES: Percent of benefit estimates processed within 30 days

## Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Modernization

Cross Reference Name: Core Retirement System Applications  
 Cross Reference Number: 45900-900-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	800,000	-	-	-	800,000
<b>Total Revenues</b>	-	-	<b>\$800,000</b>	-	-	-	<b>\$800,000</b>
<b>Services &amp; Supplies</b>							
IT Professional Services	-	-	800,000	-	-	-	800,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$800,000</b>	-	-	-	<b>\$800,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	800,000	-	-	-	800,000
<b>Total Expenditures</b>	-	-	<b>\$800,000</b>	-	-	-	<b>\$800,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## Package 103 Information Security

**Purpose:** PERS requests \$940,731 Other Funds limitation for its Information Security and Continuity Management programs and ongoing support and maintenance of its Disaster Recovery warm-site and data backup solution.

PERS was granted \$638,291 in Other Funds expenditure limitation during the 2019-2021 legislative session as initial funding for operating its information security and continuity management programs and was directed to return during 2021-2023 legislative session to request permanent funding for its two programs. As a function of establishing and implementing its Continuity Management program PERS developed a disaster recovery strategy for its core business processes and functions. The strategy was achieved by designing and deploying a disaster recovery warm-site and data backup infrastructure. The information herein addresses the agency's need for budget resources to support the ongoing operations of the Information Security and Continuity Management programs, which operate within the Compliance, Audit, and Risk Division, and staffing resources assigned to Information Services Division, to effectively operate and manage the agencies disaster recovery infrastructure.

PERS requests the following funding in order to achieve the proposed solution:

- Personal Services           \$269,431
- Services and Supplies:   \$671,300
- Capital Outlay               \$0
  
- Total Request               \$940,731

### Purpose and How Achieved:

The Governor, legislature, and state government are committed to meeting the needs of citizens in protecting its members' information in the event of cybersecurity attacks and local or statewide disasters. The OSCIO (now known as EIS) and Legislative Fiscal Office, as noted below, directed PERS to develop industry standard programs for Information Security, Business Continuity and Disaster Recovery Programs. PERS Business Continuity and Disaster Recovery Programs are henceforth known as its Continuity Management Program.

PERS successfully developed and implemented its Information Security and Continuity Management programs during the 2017-2019 biennium; however, funding for the continued operation of these programs will end on June 30, 2021. Therefore, PERS is seeking approval for ongoing budget resources to continue operating its industry standard Information Security and Continuity Management Programs, in alignment with the State's Unification of Security, Oregon Revised Statutes, and Continuity and Resiliency initiatives.

Additionally, during the 2019-2021 biennium, PERS successfully established and tested its disaster recovery warm-site and data backup infrastructure; however, it lacks the necessary staff to effectively manage the solution. Therefore, PERS is seeking approval to hire a Sr. System Administrator in support of the agency's continuity management program. PERS is ultimately responsible for ensuring the confidentiality, integrity, availability, and privacy of member data and business services in good times and bad, therefore continuation of these programs and management of its disaster recovery warm-site and data backup infrastructure are critical to meeting its mission and obligations to its members.

## BUDGET NARRATIVE

The focus of PERS Information Security program is on ensuring the confidentiality, integrity, availability and privacy of its information assets and members' data, while embracing the states cybersecurity unification efforts. This is achieved to a large degree, by utilizing the Cyber Security Services like vulnerability management, foundational security awareness and training, and the Security Operations Center (SOC) for event monitoring and alerting to name a few.

To supplement the state provided cyber security services, PERS is seeking funding to continue operating its Information Security program and related activities. The requested funds would support, though not limited to the following:

- Subscription fees to NIST Cybersecurity Framework, 800.53 and Center for Information Security controls, International Organization for Standardization (ISO), Gartner and or International Data Corporation (IDC) to assist with keeping the program current as administrative and technical controls evolve to address the treat landscape;
- Third party penetration testing to ensure technical controls are effectively reducing the risk to unauthorized access and disclosure;
- External third-party Information Security Program assessment to ensure the programs administrative and technical controls keep pace with the ever-evolving threat landscape;
- Subscription fees to acquire and implement a data loss prevention (DLP) solution to help identify, label, monitor, and prevent member data from unauthorized access or disclosure; and
- Information Security conferences and additional trainings to keep current on the cybersecurity threat landscape.

These are recurring costs, which will continue through the life of the agency's Information Security Program.

### **Continuity Management Program Funding Request:**

PERS is seeking permanent funding to continue operating its Continuity Management program and related activities. The requested funds would support, though not limited to following:

If approved, the funding would support the following:

- Subscription fees to Disaster Recovery Institute (DRI) International, ISO 23201 frameworks, and other Continuity Management associations needed to the staff have the skills and knowledge needed to grow and mature the agency's continuity management efforts;
- Materials to perform four continuity training exercises per year for agency staff;
- External third-party Continuity Management Program assessment to ensure the program keeps pace with the ever-evolving business landscape, and
- Continuity Management conferences and training to ensure the program staff keep current on Continuity of Operations, Business Continuity and Disaster Recovery strategies and best practices.

These are recurring costs, which will continue through the life of the agency's Continuity Management Program.

### **Disaster Recovery Warm-Site and Data Backup Infrastructure Funding Request:**

PERS is seeking to hire a Sr. Systems Administrator to manage and operate the agency's disaster recovery warm-site, data backup infrastructure, and related activities. The requested position would be responsible for the following critical activities:

If approved, the position would support the following:

Agency Request       Governor's       Legislatively Adopted

2021-23

Budget Page 204

107BF07

## BUDGET NARRATIVE

- Monitor the agency's disaster recovery warm-site infrastructure to ensure it is able to support the RTO and RPO requirements established in the agency's Business Continuity Plan;
- Work with the Information Security team to ensure the warm site adheres to all Information Security policies and standards;
- Perform all data back-up and recovery activities as needed, including full virtual machine, physical machine, and simple file level restores;
- Manages all off-site data backups and archives to ensure PERS data is available as needed in accordance to state archive requirements;
- Patch all disaster recovery warm-site and data backup infrastructure components to ensure security vulnerabilities are addressed in a timely manner;
- Produce and maintain disaster recovery warm-site and data backup procedures to ensure the timely restoration of services;
- Work with the Continuity Management Program team to update and maintain the Disaster Recovery Plan in support of business requirements;
- Work with the Continuity Management Program team to perform annual warm-site failover tests, documenting the results and noting lessons learned to improve identified gaps;
- Perform the Technical Architecture role of the agency's PERS Enterprise Architecture Team focused on disaster recover warm-site, other data backup infrastructure as well as other cloud related initiatives and strategies, and
- Work as a critical member of the Information Security Incident Repose Team in responding and recovering from Ransomware attacks.

### Alternatives Identification

- 1) Continue to use contracted services to perform the disaster recovery warm-site and data backup infrastructure activities and responsibilities
- 2) Use a less complex disaster recovery solution
- 3) Do nothing and leave it as is with minimal support by current staff.
- 4) Create a new Senior System Administrator position to support and maintain the disaster recovery warm-site and data backup solutions, services, in support of the agency's continuity program.

### Alternatives Analysis

- 1) PERS is currently using a contractor to support the disaster recovery and data backup infrastructure
  - a. Comes at a high cost of \$528,000 per biennium, increases contracting expenses
  - b. Creates risk of a contractor taking a full-time job somewhere else, and we lose the in-house subject matter expertise.
- 2) Review and propose a less complex disaster recovery warm-site and data backup solution(s):
  - a. PERS has already committed to a 5-year purchase of the current disaster recovery and data backup solutions. Changing at this time would require a significant investment in time, resources, and money.
  - b. Time and dedication to engineer something different would require a dedicated resource to implement, but maybe less to support.
- 3) Do nothing and have current staff support the disaster recovery warm-site and data backup infrastructure.
  - a. Further stressing existing staff resources introduces the risk of not having a viable disaster recovery warm-site and / or data backup solution(s) able to achieve the RTO and RPO objectives established in the agency's continuity management program

## BUDGET NARRATIVE

- b. Any time spent on supporting the disaster recover warm-site and data backup activities like performing periodic fail over and fail back tests or performing sample data and system restorations, would take away from the team's ability to support its production systems (i.e., jClarety).
  - c. Decreases contractor expenses unless an unplanned event requiring the use of the warm site occurs, and current staff are unable to successfully migrate services as required.
- 4) Request a new Sr. System Administrator position to report into ISD/TOS. Benefits included:
- a. Mitigates risk of not having adequate technical support to ensure the agency's disaster recovery warm-site and all data backup infrastructure meets the needs of the agency's business continuity requirements.
  - b. Decreases contractor expenses
  - c. Establishes internal subject matter expertise
  - d. Mitigates risk of loss of resource due to lack of role permanency
  - e. Supports the requirements of the agency's continuity management program
  - f. Ensures the disaster recover warm-site and data backup service will grow and mature and PERS business processes and requirements evolve

### Staffing Impact:

- One permanent full time Information Systems Specialist 8 (.88 FTE), position number 2310301

### 2021-23 Fiscal Impact:

- The anticipated impact to 2021-23 is estimated to be approximately \$269,431 in Personal Services; \$671,300 in Services and Supplies.

### Quantifying Results:

- KPM #1, Timely Benefit Payments, milestones:  
80% of benefit payments paid to member within 45 days; 55% for the IAP program initially
- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 95% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

### Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 103 - Information Security

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	188,139	-	-	-	188,139
Empl. Rel. Bd. Assessments	-	-	50	-	-	-	50
Public Employees' Retire Cont	-	-	32,228	-	-	-	32,228
Social Security Taxes	-	-	14,393	-	-	-	14,393
Worker's Comp. Assess. (WCD)	-	-	40	-	-	-	40
Mass Transit Tax	-	-	1,128	-	-	-	1,128
Flexible Benefits	-	-	33,453	-	-	-	33,453
Reconciliation Adjustment	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	<b>\$269,431</b>	-	-	-	<b>\$269,431</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	81,500	-	-	-	81,500
Office Expenses	-	-	5,000	-	-	-	5,000
Data Processing	-	-	110,000	-	-	-	110,000
IT Professional Services	-	-	(194,704)	-	-	-	(194,704)
Dues and Subscriptions	-	-	664,504	-	-	-	664,504
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	-4,000	-	-	-	-4,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$671,300</b>	-	-	-	<b>\$671,300</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	940,731	-	-	-	940,731
<b>Total Expenditures</b>	-	-	<b>\$940,731</b>	-	-	-	<b>\$940,731</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 103 - Information Security

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(940,731)	-	-	-	(940,731)
<b>Total Ending Balance</b>	-	-	<b>(\$940,731)</b>	-	-	-	<b>(\$940,731)</b>
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE							0.88
<b>Total FTE</b>	-	-	-	-	-	-	<b>0.88</b>



# BUDGET NARRATIVE

## Package 104 Senior Systems Administrator

### Package Description

**Purpose:** PERS requests \$17,033 Other Funds limitation in the Information Services Division to re-class a position due to increased workload responsibilities. PERS spent \$194,000 in the 17-19 biennium and is on target to spend \$359,040 in the 19-21 biennium in support of backfilling the Technical Support Analyst position. As of December 2019, this Work out of Class (WOC) role has processed 630 tickets since its inception in 2015, along with 181 change records. As of December 2019, this WOC role has closed 107 projects related to ITSM implementation, maintenance, and enhancements.

There are 30 new projects slated for this role in the current biennium with anticipation of many more in the future.

Help Desk tickets overall have risen indicating the need to keep the current Help Desk staffed appropriately. Re-classifying the ISS5 Technical Support Analyst position to cover the identified workload would provide increased service levels for the agency.

- Personal Services \$17,033
- Services & Supplies \$0
- Capital Outlay \$0
  
- Total Cost \$17,033

### Purpose and How Achieved:

The purpose for this to request is to decrease contracting expenses, reduce WOC headcount, and establish permanency of support for foundational systems. This request would re-class an existing position within the Application Support team in the Technical Operations Section (TOS) under the Information Services Division (ISD). This will end a work out of class (WOC) performing required operational duties over the last 4 years while also eliminating one contract position for Technical Support.

### Alternatives Identification

- 1) Continue the WOC role and leave the ISS5 position vacant and duties backfilled by contractors
  - a. 19-21 biennium cost of \$359,040
  - b. 21-23 biennium estimated cost of \$359,040
- 2) Continue WOC and eliminate backfill of ISS5 Technical Support Analyst duties.
  - a. Estimated degradation in IT support service levels to agency by 50% under the Desktop Support function.
  - b. 19-21 biennium cost of \$9,600
  - c. 21-23 biennium estimated cost of \$12,000
- 3) End the WOC and revert staff member back into the ISS5 Technical Support Analyst position. Hire a contractor to perform the WOC duties.
  - a. 21-23 estimated cost of \$751,872.
- 4) Establish a new ISS Senior Systems Administrator position to handle the WOC duties, return the ISS5 Technical Support position to be filled with a new FTE, and discontinue/eliminate any contracting services under Desktop Technical Support.

\_\_\_ Agency Request      \_\_\_ Governor's      X Legislatively Adopted

Budget Page 209

## BUDGET NARRATIVE

- a. 21-23 biennium estimated cost of \$320,525

### Staffing Impact:

- None

### 2021-23 Fiscal Impact:

The anticipated impact to 2021-23 is estimated to be approximately \$17,033 in Personal Services

### Quantifying Results:

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 95% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

### Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 104 - Senior Systems Admin TOS

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	13,584	-	-	-	13,584
Public Employees' Retire Cont	-	-	2,327	-	-	-	2,327
Social Security Taxes	-	-	1,040	-	-	-	1,040
Mass Transit Tax	-	-	82	-	-	-	82
Reconciliation Adjustment	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	<b>\$17,033</b>	-	-	-	<b>\$17,033</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	17,033	-	-	-	17,033
<b>Total Expenditures</b>	-	-	<b>\$17,033</b>	-	-	-	<b>\$17,033</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(17,033)	-	-	-	(17,033)
<b>Total Ending Balance</b>	-	-	<b>(\$17,033)</b>	-	-	-	<b>(\$17,033)</b>

# BUDGET NARRATIVE

## Package 106 Specialty Qualifications

### Package Description

**Purpose:** PERS requests \$278,924 Other Funds limitation in the Operations Division to add two permanent positions to the Death Unit in order to more effectively cover the work created by the July 1, 2015 Operations Division reorganization. Additional staffing would also address the complex workload created by an increasing number of deaths and benefits payable from multiple plans. Current staffing levels in Death Unit were established at least 15 years ago. The scope, volume, and nature of death processing has changed drastically in that time, with no adjustments to staffing. The complexity of the processing had already increased to the point where the Retirement Counselors were needed for elements of the work, and once they were no longer available, the team struggled to keep up and has subsequently relied on a rotation of temporary staff, overtime, assistance from other teams, and a Work-Out-Of-Class. Although these short-term solutions have been in place for close to 5 years, they have not enabled us to consistently pay survivor benefits in a timely manner and all other metrics and service levels have been suffering.



### Purpose and How Achieved:

The July 1, 2015 reorganization split members of the former Death Unit between the Calculations and Benefit Preparation sections. The staff going to Benefit Preparation retained their previous tasks, but also added higher-level front-end tasks previously done by Retirement Counselors and an Operations Policy Analyst now in Calculations, as well as Death Notification entry previously performed by the Intake Unit. The workload was already more than the unit could handle prior to the reorganization, and now the team needs the assistance of 5 other members of the Specialty Qualifications Unit, temporary employees, overtime, and a Work-Out-Of-Class in order to not fall further behind in the workload. Many of the additional duties require a higher knowledge or skill level than could normally be expected of the Office Specialist 2 staff who are attempting to perform it, creating a skill risk as well as a work above classification risk. Additional higher-level staffing is needed in order to achieve service levels and facilitate the timely payment of death benefits.

Existing staffing levels were established at least 15 years ago before the impact of additional plans was being felt within the Death Unit. Three unique plans with their own eligibility, beneficiary requirements, and claiming processes has resulted in a substantially more complicated climate than when only PERS plan deaths were being processed. The recent addition of a new form of death benefit available as a result of 2019's House Bill 2417 adds more time and complications to the process. Senate Bill 1049 created additional IAP accounts potentially available as a death benefit, and other legislative changes continue to add additional elements to the process.

The Death Unit processes deaths on a First-In, First-Out basis, and backlogs result in increasing delays in locating and contacting beneficiaries. In 2019, it took an average of 31 days to initiate contact with pre-retired death beneficiaries, and 24 days to issue forms to beneficiaries of retired members, placing the continuity of payment streams at risk. Standard staff absences and increasing volumes

## BUDGET NARRATIVE

continue to increase the backlog and processing response time, resulting in poor perceived customer service, increased public dissatisfaction, and more overpaid benefits to deceased parties.

Stakeholders include beneficiaries of deceased PERS and OPSRP members, PERS as an agency, individual teams and staff members, and the people of Oregon. At risk are payment streams to beneficiaries, public confidence in the agency's ability to pay benefits, overpaid retirement benefits, and additional workload associated with addressing escalated beneficiary and legislator contact.

The number of staff addressing this work has not increased in over 15 years, despite the average monthly deaths increasing from 255 to 350 and the scope and complexity of the work increasing significantly during that time. There have been attempts to have Call Center and Calculations staff address certain components, but due to complexity and continuity of the work, those efforts have proven unsuccessful, and the work returned to the Death Unit.

The demographics of PERS retirees are changing, as the average retiree was 72 years old in 2018 compared to 68 years old in 2005 when current staffing was established, without a comparable increase in mortality tables. The number of retirees has also increased by 14.6% in that time, from roughly 130,000 to 149,000. As the largest group of PERS members moves into anticipated mortality range, there is significant risk of further increases in death volume.

Disability:

In 2018, PERS requested 3 Retirement Counselor 1 positions in the Disability Unit to be reclassified to the Retirement Counselor 2 level. The request was approved, but only for the 2 positions that were filled at the time, with the vacant Retirement Counselor 1 remaining unchanged for re-class at a future date. That vacant position was subsequently filled by a series of staff members, each of which has needed to be worked-out-of-class at the Retirement Counselor 2 level since we had successfully justified the need for the upward classification.

### Alternatives Considered:

#### Assumptions

- Death volume will continue to increase as the overall PERS membership increases and ages. There will be no decrease until the majority of Baby Boomers pass.
- There are no anticipated technical solutions on the horizon that will alleviate the workload on staff.
- There will be no legislation or other external events that will simplify the process. Any changes can only serve to further complicate and expand the work associated with individual deaths.
- Delays in paying and communicating benefits will result in increased phone calls and correspondence to PERS, as well as constituent complaints to legislators.
- Continuing payment streams to beneficiaries of deceased members is an agency priority.
- Current staffing and classification levels do not take into account increased complexity, volume, and organizational changes.
- Overtime, temporary assignments, and assistance from other teams is not a viable permanent solution and will provide less consistent quality of service to stakeholders than permanent staff.

# BUDGET NARRATIVE

## Disability

- The 2018 reclassification of Disability Retirement Counselor 1 positions to Retirement Counselor 2 acknowledges that these positions are properly classified at the higher level.
- The Disability Analyst duties will not reduce in complexity.
- The remaining Disability Retirement Counselor 1 position is performing the same work as the Retirement Counselor 2s.

## Staffing Impact:

- Two permanent full-time Retirement Counselor 1 positions (1.76 FTE) position numbers 2310601, 2310602

## 2021-23 Fiscal Impact:

- The anticipated impact to 2021-23 is estimated to be approximately \$255,924 in Personal Services and \$23,000 in Services and Supplies.

## Quantifying Results:

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 95% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

## Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 106 - Specialty Qualifications

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	150,612	-	-	-	150,612
Empl. Rel. Bd. Assessments	-	-	100	-	-	-	100
Public Employees' Retire Cont	-	-	25,800	-	-	-	25,800
Social Security Taxes	-	-	11,522	-	-	-	11,522
Worker's Comp. Assess. (WCD)	-	-	80	-	-	-	80
Mass Transit Tax	-	-	904	-	-	-	904
Flexible Benefits	-	-	66,906	-	-	-	66,906
<b>Total Personal Services</b>	-	-	<b>\$255,924</b>	-	-	-	<b>\$255,924</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	3,000	-	-	-	3,000
Office Expenses	-	-	10,000	-	-	-	10,000
Expendable Prop 250 - 5000	-	-	2,000	-	-	-	2,000
IT Expendable Property	-	-	8,000	-	-	-	8,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$23,000</b>	-	-	-	<b>\$23,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	278,924	-	-	-	278,924
<b>Total Expenditures</b>	-	-	<b>\$278,924</b>	-	-	-	<b>\$278,924</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(278,924)	-	-	-	(278,924)
<b>Total Ending Balance</b>	-	-	<b>(\$278,924)</b>	-	-	-	<b>(\$278,924)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       X  Legislatively Adopted

Budget Page 215

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 106 - Specialty Qualifications

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							2
<b>Total Positions</b>	-	-	-	-	-	-	<b>2</b>
<b>Total FTE</b>							
Total FTE							1.76
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.76</b>



# BUDGET NARRATIVE

## Package 107 Qualifying/Non-Qualifying

### Package Description

**Purpose:** PERS requests \$436,606 Other Funds limitation in the Operations Division to secure three additional Limited Duration (LD) positions within the Data Services Section. As associated with this request, PERS is looking for additional staff, professional services and relevant supplies/equipment needs to allow the Data Services Section to introduce a standalone team whose purpose would be to address the continuously growing data issues and impacts associated with Qualifying/Non-Qualifying employment.

- Personal Services           \$402,106
- Services and Supplies     \$34,500
- Capital Outlay             \$0
  
- Total Cost                   \$ 436,606

### Purpose and How Achieved:

The PERS Shared Vision is “Honoring your public service through secure retirement benefits”. Additionally, within the PERS Operating Principals we expect the agency to be “Professional: We are responsive, respectful, and sensitive to the needs of our members, employers, and staff” and “Accurate: We ensure data integrity and provide consistent, dependable information and benefits”. A common theme demonstrated by both the guiding Shared Vision and Operating Principals is a commitment to respecting the PERS key stakeholders by being aware of and working toward addressing their needs.

By securing these additional Limited Duration positions, we would help supplement and infuse current processes with a more proactive strategy that actively works toward addressing the risks generated by our current model. This new strategy would supply positions to address the data issues and corresponding impacts caused by Qualifying/Non-Qualifying employment, far earlier in the PERS member lifecycle. By performing these activities in a more proactive manner, PERS would be honoring the public service of our members as well as being both accurate and professional with member and employer data.

The primary challenge with addressing the Q/NQ population is that it requires a manual review of the data on each unique member account. Reports and queries are in place to assist with identifying members who fall into the impacted category, however, due to the complexity of PERS Membership and Eligibility requirements, a manual review is needed to ensure the unique member specific data is indeed incorrect. After the initial staff review of the data, current process includes employer contact, systematically testing proposed data adjustments, reviewing said adjustments to ensure accuracy and finally, the manual approach of processing adjustments within the jClarety system. This process is lengthy, tedious, and full of risk due to the nature of manually reviewing and adjusting member data. With that said, because each member has unique employment data on their account, and that unique employment is influenced by the many PERS Membership and Eligibility laws and requirements, systematic processes to adjust membership data are unrealistic.

Impacted accounts noticeably decreased between the 2017 Internal Audit Report and the summer of 2019. This change was a result of a comprehensive review and reassessment performed during the MGO Audit. The reassessment was performed by Data Services Section staff to remove accounts that were previously classified in the population as false positives. As mentioned above, more recently, there has been a group of staff within the Data Services Section designated to work through this population as time and priorities have permitted; however, the growth of the population far outpaces this staff’s ability to keep up. The following statistics

## BUDGET NARRATIVE

detail this challenge. In 2018, the Q/NQ population had grown by an additional 8,221 unique PERS Member accounts. Using this information and the number of working days in 2018, one Full Time Equivalent (FTE) staff member would need to analyze and adjust more than 33 accounts per working day to maintain a baseline and stop the annual growth. Expounding upon that data further, using the same performance assumptions, it would take close to an additional 4,200 working days to clean up the current 137,983 population (this assumes no further growth to the population base).

From data collected over the past two years, DSS leadership has been able to expect that an individual in an RC1 position would be able to close an average of 15 Q/NQ accounts per working day. This number is far less than the assumptions made above that would be required to prevent growth of the baseline population. The length of time it takes to cleanse a member account with a Q/NQ issue varies greatly. Factors that drive these fluctuations include the complexity of the employment data on the account, the number of issues identified on an account, the amount of time spent working with the employer to clarify the data (employer response times vary greatly), the amount of time it takes to test the changes and the time involved in peer reviewing (for accuracy) said changes.

### Alternatives Considered:

The following section outlines the consideration of several different alternative strategies identified to address the Q/NQ project volume. These strategies were compared and considered against one another which ultimately resulted in the decision to move forward with the request for additional budgeted Limited Duration positions.

The selection criteria applied focused on three specific and most influential requirements as decided upon by the Data Services Section leadership team. These requirements when deciding which alternative strategy was most appropriate were:

- **Rate of Production (High):** This is the assumed rate in which staff can work through the Q/NQ backlog. This criteria method also built-in and considers the assumption of annual population growth. When compared to each strategy, the higher the score, the more impact this criteria has.
- **Ease to Integrate (Medium):** This is the assumed ease at which the strategy can be integrated into daily operations. When compared to each strategy, the higher the score, the more impact this criteria has.
- **Assumed Cost (Medium):** This is the assumed cost associated with implementing the strategy. When compared to each strategy, the lower the score, the more impact this criteria has (projected costs will be lower).

With the above-mentioned selection criteria, a scoring matrix was developed to help quantify each of the strategies below. This approach to assign a numerical value on each of the above criteria allowed for a score to be linked to each of the strategies and as a result, demonstrates the selected strategy as having the highest ranking. To drive variance a value was assigned to each ranking (High = 3, Medium = 2 and Low = 1) and the corresponding scores assigned to each strategy criteria used were the controlled options of 0, 1, 3 or 9.

### Alternative #1 – Maintain current processes/strategy

This option focuses on leveraging current processes and economies of scale to continue to redirect Full Time Equivalent (FTE) to the cleanup of Q/NQ data issues when both appropriate and competing priorities allow.

#### Benefit:

- No additional FTE expenses.

#### Risk:

- Data shows the current rate of production is outpaced by the current growth of the Q/NQ population.

## BUDGET NARRATIVE

- This strategy will result in likely the continuation of observed negative impacts due to the assumed continue growth of the Q/NQ population.
- This strategy will create inefficiencies as staff are transitioned between normal priorities and Q/NQ work when time allows (waste in reinitiating newly assigned work, relearning processes if/when needed, etc.).

### Timeline:

- No timeline is impacted as a result of this strategy.
- As time and priority-based workload permits, staff will be transitioned between normal duties and the Q/NQ project.

### Alternative #2 – Obtain additional Limited Duration funding

This option focuses on obtaining budget approval for one Retirement Counselor 1 and two Retirement Counselor 2 Limited Duration positions to be housed within the Data Services Section and be directly assigned to the clean-up of the Q/NQ data issues. Based off of data trends and historical performance, three positions is a request that would adequately balance the costs with the rate of return.

### Benefit:

- Statistical observations show this strategy would counteract the Q/NQ population growth and begin to decrease the volume as the additional Limited Duration staff work through the impacted population.
- Member data becomes more accurate in real time.
- Improved employer customer service as assistance to correct the data is provided far earlier in the member lifecycle.
- Contributes directly to the PERS Strategic Plan in the form of helping address the Data Reliability strategic initiative.
- Contributes directly to the PERS Mission to pay the right person the **right benefit** at the right time.
- Reinforces that PERS is ever committed to the Operation Principal of “Accurate: We ensure data integrity and provide consistent, dependable information and benefits.”

### Risk:

- Projected cost is higher than the other strategies.
- Will require on-boarding and training before new Limited Duration staff are integrated and ready to address the Q/NQ population.

### Timeline:

- The timeline for this strategy is influenced by the approval process for the positions requested. If approved, the recruitment, on-boarding and training will take an estimated three months to execute.

### Alternative #3 – Automate where possible

This option focuses on identifying and programming system functionality to build in both automation and data validations as it relates to the cleanup of Q/NQ data issues.

### Benefit:

- Eliminate inefficient manual processes as related to the Q/NQ data review and correcting.

Agency Request       Governor's       Legislatively Adopted

2021-23

Budget Page 219

107BF07

## BUDGET NARRATIVE

- Although upfront costs may be higher, over the life of the project, the costs may be lower than the alternative of adding additional budget for Limited Duration staff.

### Risk:

- Complexities tied to PERS Membership and Eligibility requirements will limit how much automation can be developed and implemented.
- Due to the above-mentioned risk, although rate of production should increase, it will not match what additional Limited Duration positions would produce.
- Without implementing and measure the programming changes, it would only be a guess in determining what the true benefit would be.

### Timeline:

- The timeline of this alternative is dependent on both the approval of budget for the technological enhancements, as well as the execution of programming analysis and development. In all, this alternative would likely take the longest to integrate due to the unknowns associated with the enhancement process.

### Staffing Impact:

- One Limited Duration Retirement Counselor 1 position (.88 FTE) Position number 2310701
- Two Limited Duration Retirement Counselor 2 positions (1.76 FTE) Position numbers 2310702, 2310703

### 2021-23 Fiscal Impact:

- The anticipated impact to 2021-23 is estimated to be approximately \$402,106 in Personal Services and \$34,500 in Services and Supplies.

### Quantifying Results:

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

### Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 107 - Q/NQ

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	240,450	-	-	-	240,450
Empl. Rel. Bd. Assessments	-	-	150	-	-	-	150
Public Employees' Retire Cont	-	-	41,190	-	-	-	41,190
Social Security Taxes	-	-	18,395	-	-	-	18,395
Worker's Comp. Assess. (WCD)	-	-	120	-	-	-	120
Mass Transit Tax	-	-	1,442	-	-	-	1,442
Flexible Benefits	-	-	100,359	-	-	-	100,359
<b>Total Personal Services</b>	-	-	<b>\$402,106</b>	-	-	-	<b>\$402,106</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	4,500	-	-	-	4,500
Office Expenses	-	-	15,000	-	-	-	15,000
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$34,500</b>	-	-	-	<b>\$34,500</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	436,606	-	-	-	436,606
<b>Total Expenditures</b>	-	-	<b>\$436,606</b>	-	-	-	<b>\$436,606</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(436,606)	-	-	-	(436,606)
<b>Total Ending Balance</b>	-	-	<b>(\$436,606)</b>	-	-	-	<b>(\$436,606)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 107 - Q/NQ

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							2.64
<b>Total FTE</b>	-	-	-	-	-	-	<b>2.64</b>

# BUDGET NARRATIVE

## Package 109 Strunk and Eugene Recovery

### Package Description

**Purpose:** PERS requests \$180,819 Other Funds limitation in the Financial Services Division for the continuation of a limited duration Accounting Technician 3 position (1.0 FTE) for the 2021-23 biennium. This position will continue to manage a long-term overpayment collection program related to the Strunk & Eugene court cases. The last Strunk & Eugene court cases and related challenges were settled by a 2011 Oregon Supreme Court ruling that identified 29,000 accounts had been overpaid a total of \$170 Million. Today, approximately 11,000 accounts remain with a total balance of \$29 Million. Maintaining these accounts requires monitoring of agreed upon repayment plans, research and filing claims against estates, follow up on delinquent accounts, and regular reporting on collection activities.

• Personal Services	\$174,319
• Services and Supplies	\$6,500
• <u>Capital Outlay</u>	<u>\$0</u>
• Total Cost	\$180,819

### Purpose and How Achieved:

In 2005, the Oregon Supreme Court decided two cases (Strunk and City of Eugene) which upheld portions of the 2003 PERS Reform legislation and previous circuit court decisions. Those decisions established that the PERS board erred in crediting earnings to member regular accounts at the rate of 20% for calendar year 1999. Instead, the legislature and court directed that a rate of 11.33% crediting for that year was correct.

As a result, PERS began a project to adjust member accounts and benefit levels to the correct amount. That project, referred to as the Strunk/Eugene Project, was initiated in 2005. Before the erroneous benefits were adjusted, however, numerous payments had been made to retired members, inactive members, beneficiaries, and alternate payees based on the 20% crediting rate for 1999. The original Strunk/Eugene Project included a component to recover those overpayments as part of the benefit adjustment process.

In furtherance of that effort, the PERS Board adopted an Order on Repayment Methods on January 27, 2006. That order was separately challenged in court. On June 20, 2007, a Circuit Court judge held that PERS' order was not valid and enjoined further collection efforts. The Strunk/Eugene project team continued on with adjusting account balances and ongoing benefits, determining the amounts that were overpaid prior to the adjustments but not collecting on those amounts, to conform to the court's injunction. That project's activities were completed by the deadline of June 30, 2009, leaving the overpaid amounts unrecovered.

On October 6, 2011, the Oregon Supreme Court found that the PERS Board's order was valid. Therefore, PERS must now attempt to recover the remaining overpayments to complete the work from the original Strunk/Eugene project. The renewed effort required validating the debtor population, confirming invoice amounts, and setting up collection plans with the recipients.

In July 2012 PERS kicked off the Strunk/Eugene project by sending out the first invoices. That process continued for the next ten months at which time a total of 28,974 invoices in the amount of \$169,701,494 were sent to PERS retirees, beneficiaries, and former members. The vast majority of payments were set up on a ten-year payment schedule via a reduction in monthly payments with some members choosing a lump sum payment. After this point in time, the continuing collection efforts shifted to include:

## BUDGET NARRATIVE

- Monitoring account activity and payment plans.
- Account research & corrections.
- Follow-up on unpaid accounts with referral to Third party Collectors or Oregon Department of Revenue as appropriate.
- Monitoring estate activity & filing claims with estates for deceased members.
- Write-off certification.
- Regular activity reporting to both PERS and Statewide stakeholders.

### Alternatives Considered:

The alternative to extending this LD would be to not renew the position and rely on permanent A/R staff to manage this workload. An analysis of permanent A/R staff workload found that this staff does not currently have additional bandwidth to absorb this workload. Therefore, we would expect a significant increase in write-offs, deterioration of KPM's, and departure from PERS' fiduciary obligation regarding Recovery of Overpayments.

### Staffing Impact:

- One Limited Duration Accounting Technician 3 (1.00 FTE) position 2310801

### 2021-23 Fiscal Impact:

- The anticipated impact to 2021-23 is estimated to be approximately \$174,319 in Personal Services, and \$6,500 in Services and Supplies.

### Quantifying Results:

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

### Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 109 - S/E Recovery

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	108,456	-	-	-	108,456
Empl. Rel. Bd. Assessments	-	-	58	-	-	-	58
Public Employees' Retire Cont	-	-	18,579	-	-	-	18,579
Social Security Taxes	-	-	8,297	-	-	-	8,297
Worker's Comp. Assess. (WCD)	-	-	46	-	-	-	46
Mass Transit Tax	-	-	651	-	-	-	651
Flexible Benefits	-	-	38,232	-	-	-	38,232
<b>Total Personal Services</b>	-	-	<b>\$174,319</b>	-	-	-	<b>\$174,319</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	1,500	-	-	-	1,500
Office Expenses	-	-	5,000	-	-	-	5,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$6,500</b>	-	-	-	<b>\$6,500</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	180,819	-	-	-	180,819
<b>Total Expenditures</b>	-	-	<b>\$180,819</b>	-	-	-	<b>\$180,819</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(180,819)	-	-	-	(180,819)
<b>Total Ending Balance</b>	-	-	<b>(\$180,819)</b>	-	-	-	<b>(\$180,819)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 109 - S/E Recovery

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE							1.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.00</b>

# BUDGET NARRATIVE

## Package 110 Education Team

### Package Description

**Purpose:** PERS requests \$287,661 Other Funds limitation in the Operations Division for one Retirement Counselor 2 (RC2) Presenter and one Administrative Specialist 1 (AS1), for the Member Services' Education Team. Oregon PERS is the second-most complex pension system in North America. Having several different plans, with multiple options and requirements for each, coupled with regular legislative changes, has contributed to that complexity. With over 175,000 active and close to 50,000 inactive members, the need to provide information, education, and assistance – especially to members throughout their careers – is necessary.

In 2019, the current team of five Presenters and one Lead engaged with over 12,500 members, conducted 532 education sessions, and assisted 3,751 Retirement Application Assistance Sessions (RAAS). This equates to assisting only 54% of members who retired in 2019.



### Purpose and How Achieved:

On average, each presenter meets with 650-700 members for a RAAS, and conducts 100+ education sessions, per year. The addition of another RC2 Presenter would allow for an estimated 30% increase in services offered. The addition of an AS2 will allow the current Lead to spend more time auditing, training, updating, and creating new materials, as well as directly conducting more education sessions and RAAS, alongside the rest of the team. This would again increase member service offerings.

The Agency and PERS members will benefit from this proposed enhancement. Intake & Review, the team that accepts and manually enters all retirement application data into the system, state that upwards of 80% of the applications returned without assistance (RAAS) need additional attention and extra processing. Sometimes this is as simple as a missing check mark, but other times, the forms are significantly incorrect or have important, missing information. This creates a 'back and forth' within that team, and with the member, to ensure correct paperwork. These both slow the process and, ultimately, the member's first pension payment date. Compared with our peer pension systems, Oregon PERS struggles in maintaining an uninterrupted flow of monies to retiring members, achieving that only 5.5% of the time, compared with 91.6% from our peers. Members expect to not have a gap in payments from when they retire and start receiving their pension checks.

Members express complete satisfaction with both PERS education sessions and the 1-on-1 assistance we provide in monthly surveys. Members who have used our resources regularly express "comfort and ease" with the process and the next steps in their retirement, even when acknowledging PERS' significant complexity. The flipside to this are comments from members that did not attend an education session nor RAAS, reflecting the difficulty, dissatisfaction, and lack of understanding next steps and expectations.

Member Services developed and implemented what would become today's "Education Team" in the early 2000s. Changes to the PERS plans created a need for additional education for members. Topic and plan-specific presentations were developed and delivered in several locations around the state for the benefit of both new members and those looking to retire within existing plans. As the

## BUDGET NARRATIVE

complexity of the PERS system increased, a new service was introduced in 2007, the Retirement Application Assistance Session (RAAS). This started as a one-hour appointment with a member of the Education Team, to review in detail, a retiring member's paperwork. In addition to ensuring accurate completion, members were also able to get their Service Retirement Application (SRA) notarized, free of charge. Those members who met their counselor in Salem or Tigard HQ were also able to turn in their SRA and receive a "confirmation receipt."

Over time, the services offered by the Education Team continued to improve and expand. A team of five (5) currently travel the entire state of Oregon, delivering specific, detailed presentations on each of the PERS plans. The team supports employer-requests for education, benefit fairs, PERS Expo and other PERS-education requests. In 2019, 532 of these presentations were delivered, with over 12,500 members and guests attending.

In 2019, Member Services decided to reduce the RAAS appointment time from one hour to 45 minutes. Statistics reflected this was sufficient time to complete an SRA and address any questions/concerns a retiring member might have. In 2019, the current team conducted 3,751 RAAS appointments across Oregon. While this was an increase over 2018, it reflects the efforts of a team that was short-staffed during much of 2019, and the benefit of reducing the appointment time. Of the roughly 5,800 retirements in 2019, only 54% took advantage of a RAAS.

CEM Benchmarking considers Oregon PERS the second-most complex pension system in North America. The application process is "paper-driven" and PERS has no electronic submission capabilities. Many of the necessary forms to retire contain detailed instructions and require selections that, unless a member is fully informed, are especially challenging. In addition, many of the actions requiring a form are 'multiple' in pages, which create confusion and can result in incomplete submissions.

PERS education services benefit more than just PERS members. PERS-covered employers, including HR and Payroll contacts, see value in our services, since their employees gain a deeper understanding of the benefits they will receive. Within PERS, departments responsible for processing and distributing benefits see value as well, with a high percentage of RAAS-completed applications returned 100% complete and accurate. This improves the speed of entry into the system, which improves the "time to pay" expectations.

Intake & Review, the department that accepts and intakes all applications, has communicated that upward of 80% of the applications returned without a RAAS see some kind of error. Missing information, incorrect forms, and illegibility all contribute to a "back and forth" with a member wanting to retire. Ensuring an accurate SRA is necessary to simply begin the retirement process. Any issues with the SRA only slows the next steps to calculate and generate benefit payments to members. CEM Benchmarking rated PERS at 5.5%, versus 91.6% compared to our peers, in ensuring an "uninterrupted cash flow" to our members. While PERS does pay a high percentage of member benefits within 45 days, there is evidence that SRAs that had a RAAS are completed and paid out much faster. Member feedback reflects that those who took advantage of a presentation, a RAAS, or both, find the process simpler, easier to understand, and are happier when they receive their first benefit, faster than expected.

With the passage of SB1049, PERS has only increased in complexity. Changes under the bill will allow members more opportunities to make choices they did not have available to them before. Changes with "work after retirement," lower salary limits, and new choices for IAP investments and whether to make voluntary contributions will cause some to begin thinking about retirement or how their benefits work, sooner than later. PERS' Education Team has maximized our capabilities to offer as many educational opportunities for members. The team collaborates with employers, the Oregon Savings Growth Plan (OSGP), PERS Health Insurance Plan (PHIP), and others, to get in front of as many members as possible. As more in-actives, in addition to a large percentage of "age-eligible" current members, begin thinking and planning for retirement, the demand and need for more educational services will only continue. The need to "engage members early and often" in alignment with the strategic direction of the agency, will require additional human and technological resources, such as a webinar platform

# BUDGET NARRATIVE

## Alternatives Considered:

This effort would likely increase members' presentation attendance and the number scheduling a RAAS. While some peer pension systems have made it mandatory for a RAAS in order to turn in an application, PERS has not ventured with that idea, yet. Without changes to our process and rules, the biggest impact to encourage more participation will be "education campaigns" to promote what PERS offers, and the benefits of taking advantage of those services. Marketing this information to all PERS-covered employers, regularly, will serve to inform and remind members. With an increase in the publicity around what we offer, in addition to the ability to be in more locations across Oregon, the Education Team should realize 25-30% increase in the number of members participating.

## Staffing Impact:

- One permanent Retirement Counselor 2 (.88 FTE) position 231101
- One permanent Administrative Specialist 1 (.88 FTE) position 2311002

## 2021-23 Fiscal Impact:

- The anticipated impact to 2021-23 is estimated to be approximately \$252,661 in Personal Services and \$35,000 in Services and Supplies.

## Quantifying Results:

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

## Revenue Source:

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 110 - Education Team

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	148,722	-	-	-	148,722
Empl. Rel. Bd. Assessments	-	-	100	-	-	-	100
Public Employees' Retire Cont	-	-	25,476	-	-	-	25,476
Social Security Taxes	-	-	11,377	-	-	-	11,377
Worker's Comp. Assess. (WCD)	-	-	80	-	-	-	80
Mass Transit Tax	-	-	-	-	-	-	-
Flexible Benefits	-	-	66,906	-	-	-	66,906
<b>Total Personal Services</b>	-	-	<b>\$252,661</b>	-	-	-	<b>\$252,661</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	12,000	-	-	-	12,000
Employee Training	-	-	3,000	-	-	-	3,000
Office Expenses	-	-	10,000	-	-	-	10,000
Expendable Prop 250 - 5000	-	-	2,000	-	-	-	2,000
IT Expendable Property	-	-	8,000	-	-	-	8,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$35,000</b>	-	-	-	<b>\$35,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	287,661	-	-	-	287,661
<b>Total Expenditures</b>	-	-	<b>\$287,661</b>	-	-	-	<b>\$287,661</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 110 - Education Team

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(287,661)	-	-	-	(287,661)
<b>Total Ending Balance</b>	-	-	<b>(\$287,661)</b>	-	-	-	<b>(\$287,661)</b>
<b>Total Positions</b>							
Total Positions							2
<b>Total Positions</b>	-	-	-	-	-	-	<b>2</b>
<b>Total FTE</b>							
Total FTE							1.76
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.76</b>

# BUDGET NARRATIVE

## Package 112 Deferred Maintenance

### Package Description

**Purpose:** PERS requests \$425,000 Other Funds limitation in Central Administration to satisfy the requirement in Senate Bill 1067 (2017). This requires that an agency owning a state building, brings the total deferred maintenance and capital improvement budget to a level of two percent of the current replacement value of state-owned buildings and infrastructure. This will allow PERS to optimize the service-life of its facilities, while addressing deferred maintenance and repair needs. This will also ensure that the PERS headquarters continues to provide an appropriate environment for PERS staff, members, and retirees. While PERS' headquarters building and major equipment in Tigard, Oregon has been extremely well maintained since its construction in 1996, certain building components and major equipment are operating well beyond their expected lifecycle. This creates an ever-increasing potential need for repair and/or replacement without advance notice.

• Personal Services	\$0
• Services and Supplies	\$425,000
• Capital Outlay	\$0
<hr/>	
• Total Cost	\$425,000

### Purpose and How Achieved:

This request includes projects meeting CPAB priority levels:

- 1 (currently critical - COVID safety and facility re-occupation-related projects),
- 2 (potentially critical – generator modification, skylight replacement, data center area remodel), and
- 3 (necessary- not yet critical – roof solar power).

The agency also notes that the Capital Projects Advisory Board (CPAB) has reviewed and accepted PERS' 21-23 Facilities preservation Plan and commended "PERS' excellent stewardship of its headquarters facility, and encourages continued, ongoing investment in this asset." As is the case for every state agency, good stewardship of the public trust requires that PERS properly maintain the facilities housing its operations and supporting the agency's mission. Additionally, the law resulting from SB 1067 directs that a specified amount of funding be actively used by agencies to address existing and new deferred maintenance issues as the means of ensuring that the state's physical infrastructure will meet the ongoing needs of Oregon's citizens and state employees.

This proposal is a request for funding in PERS' 2021-2023 biennium agency budget to continue critical deferred maintenance efforts, and to perform essential facility upgrades at the agency's headquarters building in Tigard. The "investment" will preserve the structural condition of the agency's campus, establish a safer environment for staff and visitors, and improve the functional design to more efficiently accommodate future PERS operations. Receiving the requested funding will enable completion of the deferred maintenance projects recommended in prior HQ facility conditions assessments, and greatly expedite providing the staff/public safety and design efficiencies needed for the current and post-pandemic business environment. The proposed funding will also enable the agency to pursue previously unanticipated opportunities to improve PERS' energy efficiency and carbon footprint.



# BUDGET NARRATIVE

**Alternatives Considered:**

N/A

**Staffing Impact:**

- None

**2021-23 Fiscal Impact:**

- The anticipated impact to 2021-23 is estimated to be approximately \$425,000 in Services and Supplies.

**Quantifying Results:**

- KPM #2, Total Benefit Administration Costs  
Reduce administrative costs while maintaining high levels of service to members and employers.
- KPM #6, Customer Service, milestone:  
Maintain 80% or higher good or excellent responses for annual customer satisfaction survey throughout 2021-23 biennium

**Revenue Source:**

Revenues to fund administrative expenditures are obtained from the various PERS programs and activities in accordance with Oregon Revised Statute and applicable administrative rules.

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 112 - Deferred Maintenance

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Facilities Maintenance	-	-	425,000	-	-	-	425,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$425,000</b>	-	-	-	<b>\$425,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	425,000	-	-	-	425,000
<b>Total Expenditures</b>	-	-	<b>\$425,000</b>	-	-	-	<b>\$425,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(425,000)	-	-	-	(425,000)
<b>Total Ending Balance</b>	-	-	<b>(\$425,000)</b>	-	-	-	<b>(\$425,000)</b>

# BUDGET NARRATIVE

## Package 801/811 Legislative Fiscal Office Adjustments

### Package Description

As added by the Legislative Fiscal Office

Senate Bill 1566 established the School District Unfunded Liability Fund and directed various state agencies to transfer excess proceeds of debt collection, capital gains and estate taxes into the fund. Expenditures of these revenue go to crediting school district side-accounts. Additionally, Lottery Funds are directed to support the Employer Incentive Fund. This package adds limitation and expenditure authority for both programs.

This package increases Other Funds expenditure limitation by \$1 as a placeholder for revenues dedicated by statute to the SDULF. These amounts may be adjusted at the end-of-session based upon the June 2021 Department of Administrative Services – Office of Economic Analysis revenue forecast.

This package increases Lottery Funds expenditure limitation by \$12,665,769 and Other Funds expenditure limitation by \$12,665,769 (modified in HB 5006 and further modified in HB 5533) as placeholder amounts for sports betting Lottery Funds dedicated by statute to the Employer Incentive Fund. These amounts may be adjusted at the end-of-session based upon the June 2021 Department of Administrative Services – Office of Economic Analysis revenue forecast.

This package increases Other Funds expenditure limitation by \$825,000 for Information Technology Professional Services to complete the Production Data Center migration to the Department of Administrative Services - State Data Center. The package provides one-time funding for a five-year contract for extended firewall support (\$800,000) and wireless installation support services (\$25,000).

SCR	Division Title	FTE	Amount
200-01	Employer Incentive Fund	0.00	12,665,769
200-02	School Districts Unfunded Liability Fund	0.00	1
500-04	Information Services Division	0.00	825,000
	<b>Total</b>	<b>0.00</b>	<b>\$13,490,770</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 801 - LFO Analyst Adjustments

Cross Reference Name: Limited - Operations  
 Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Data Processing	-	-	25,000	-	-	-	25,000
IT Professional Services	-	-	800,000	-	-	-	800,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$825,000</b>	-	-	-	<b>\$825,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	825,000	-	-	-	825,000
<b>Total Expenditures</b>	-	-	<b>\$825,000</b>	-	-	-	<b>\$825,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(825,000)	-	-	-	(825,000)
<b>Total Ending Balance</b>	-	-	<b>(\$825,000)</b>	-	-	-	<b>(\$825,000)</b>

## BUDGET NARRATIVE

### Package 810 Statewide Adjustments HB 5006

Package Description

As added by the Chief Financial Office

House Bill 5006 made the following reductions to the PERS operating budget:

SCR	Division Title	FTE	Amount
500-01	Central Administration	0.00	(210,200)
500-03	Financial Services Division	0.00	(3,306,098)
500-04	Information Services Division	0.00	7,730
500-08	Operations Division	0.00	(11,469)
500-09	Compliance, Audit, and Risk Division	0.00	(68,410)
		0.00	
	<b>Total</b>	<b>0.00</b>	<b>(\$3,588,447)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Limited - Operations  
Cross Reference Number: 45900-500-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(10,921)	-	-	-	(10,921)
Office Expenses	-	-	(89,770)	-	-	-	(89,770)
State Gov. Service Charges	-	-	(3,281,389)	-	-	-	(3,281,389)
Data Processing	-	-	7,730	-	-	-	7,730
Attorney General	-	-	(85,888)	-	-	-	(85,888)
Facilities Rental and Taxes	-	-	(90,931)	-	-	-	(90,931)
Facilities Maintenance	-	-	(12,569)	-	-	-	(12,569)
Other Services and Supplies	-	-	(24,709)	-	-	-	(24,709)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$3,588,447)</b>	-	-	-	<b>(\$3,588,447)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(3,588,447)	-	-	-	(3,588,447)
<b>Total Expenditures</b>	-	-	<b>(\$3,588,447)</b>	-	-	-	<b>(\$3,588,447)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	3,588,447	-	-	-	3,588,447
<b>Total Ending Balance</b>	-	-	<b>\$3,588,447</b>	-	-	-	<b>\$3,588,447</b>

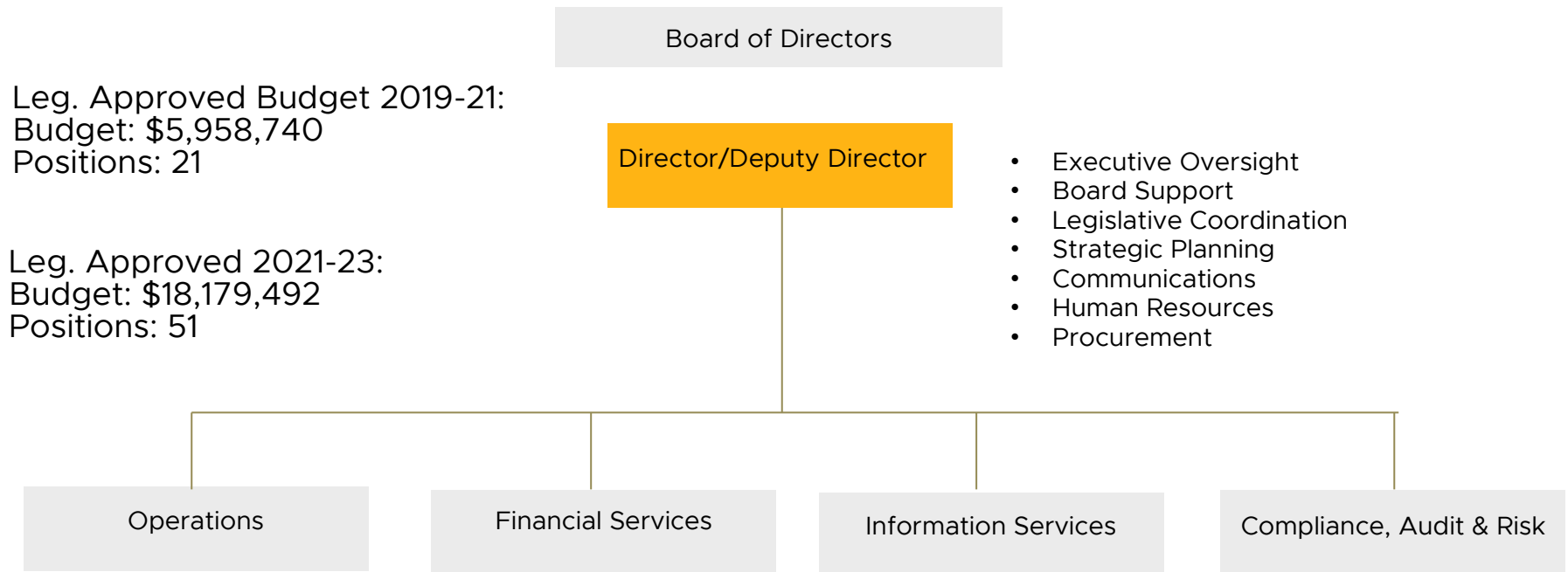
# BUDGET NARRATIVE

## Operating Units

### Central Administration

Program Contact: Kevin Olineck, 503.603.7695

# PERS: Central Administration



# BUDGET NARRATIVE

## Executive Summary – Central Administration

### Program Overview

Central Administration, in conjunction with the PERS Board, provides leadership and support services necessary to achieve the agency's key goals in support of the mission, vision, and core values and operating principles. The division consists of the following sections:

- Director's Office

The Director's office leads the overall development and administration of all agency programs, personnel, budgets, planning and projects to ensure efficient and effective delivery of member benefits and employer's services, advancement of the agency mission, compliance with state legislative mandates and federal regulatory requirements, and achievement of PERS Board policies and Strategic Plan.

- Communications

The Communications section supports the agency by meeting both the internal and external communications needs for the agency and works to create strategies and processes to inform multiple audiences about the benefits of PERS, supports the agency in its communications and production needs, supports internal, organizational change management communications, and takes a leading, enterprise role in developing and guiding a comprehensive communications and publications program for the agency.

- Human Resources

The Human Resources section interprets the collective bargaining agreement and regulations for our agency and administers the programs of Human Resources. This includes providing technical guidance on related state and federal statutes, internal policies and rules, establishing and enforcing policies, supporting agency program planning, and maintaining positive and productive labor-management relations.

- Procurement, Facilities and Logistics

Procurement, Facilities and Logistics combines two separate units providing essential services to support PERS operations.

The Procurement unit is responsible for the agency's contracting, purchasing and contract administration functions. Activities include: development of agreements for numerous types of services and goods, solicitations for vendor selection, market research, risk and cost analyses, leases for agency offices, credit (SPOTS) card purchases, and other tasks. Procurement is responsible for the high-level oversight and administration of all agency agreements & contracts for the purpose of ensuring compliance with terms, conditions, law, and fulfillment of obligations and deliverables by contractors. Procurement also provides multiple procurement-oriented trainings to agency management & staff on acquisition matters and advises leadership on acquisition matters.

The Facilities unit is responsible for the agency's mail, forms fulfillment, receiving and distribution, courier and agency fleet services, headquarters building and equipment maintenance, oversight of leased facilities maintenance and emergency & safety incident response. Activities include processing mail containing highly sensitive information inbound from and outbound to PERS members and retirees, printing and mailing many different retirement program information packets, processing checks sent to the agency, monitoring and maintaining physical plant equipment & systems operations, receiving and distribution of all goods, coordinating office environment and safety-related incident responses, coordinating and/or performing staff workstation changes, coordinating plant service contractors and many other tasks.



## BUDGET NARRATIVE

- Strategic and Operational Planning

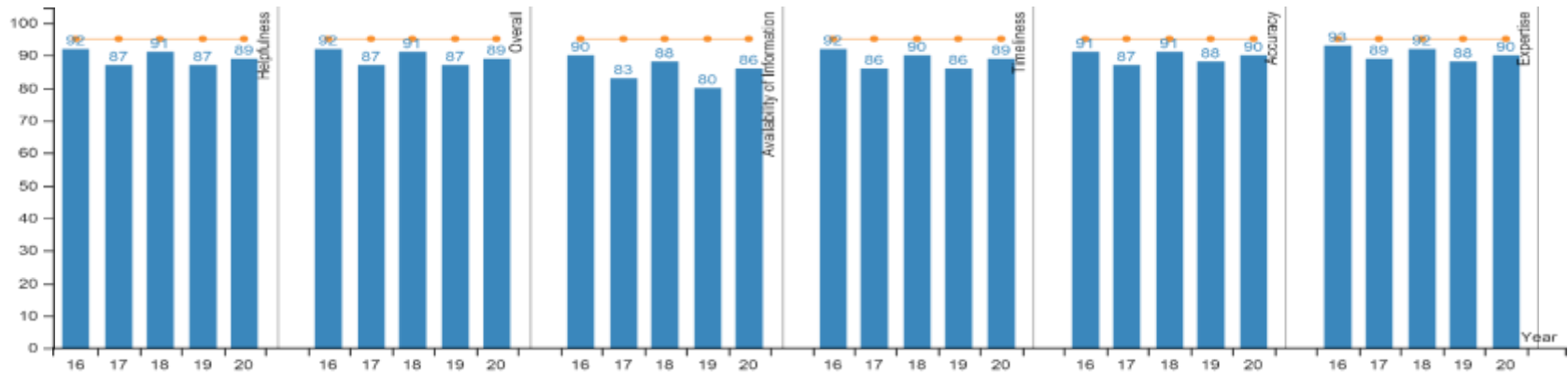
The Strategic and Operational Planning section includes three main teams: Project Management, Business Process Improvement and Central Data Management. This section is charged with increasing agency effectiveness, process improvement & improving overall organizational capability development to provide visibility, improving data reliability, and fostering success of agency strategic plan.

The division works in partnership with the legislature, legislative fiscal office, Department of Administrative Services, the Governor's office, and PERS member and employer groups to carry out the agency's mission through education and collaboration.

Director's Office	Communications	Strategic Planning	PFL	HR
4/4.00 FTE	8/8.00 FTE	22/22.00 FTE	8/8.00 FTE	9/9.00 FTE
Executive Leadership Support Services Executive Assistant	Internal and external communications  Strategies and processes to inform multiple audiences  Supports the agency in its communications and production needs  Supports internal, organizational change management communications	Project Management  Business Process Improvement  Central Data management	RFP, RFI and quotes for service  Contracts  Procurements  General facility maintenance and resolving logistical issues in three separate buildings  Mailroom Services  Shipping Receiving	Performance management  Position management  Diversity, equity & inclusion/ Cultural awareness  Affirmative Action Plan & implementation  Recruitment strategies and program management  Training & Org. Dev.  Employee engagement

# BUDGET NARRATIVE

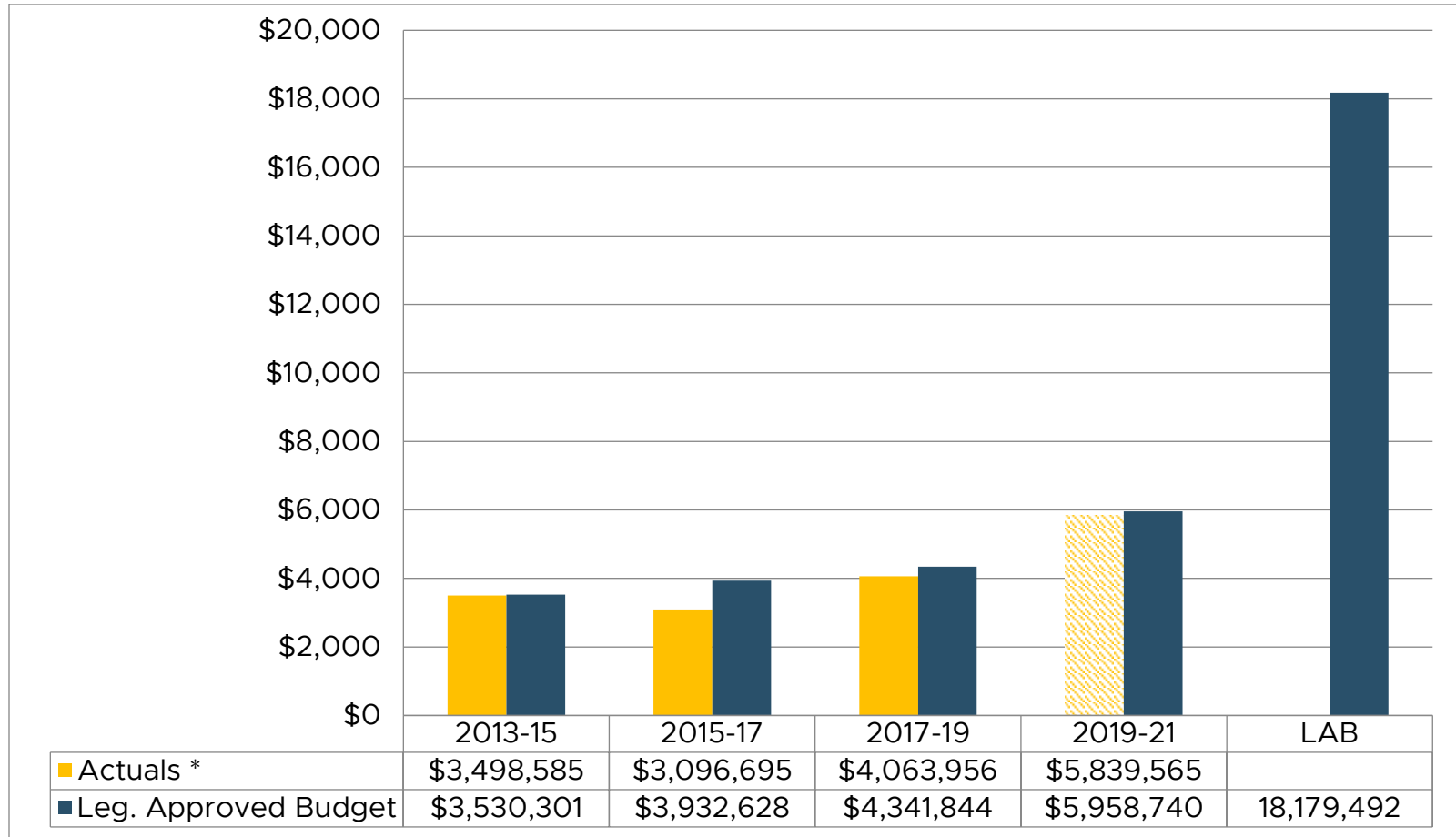
## Program Justification and Link to Long Term Outcomes



Report Year	2016	2017	2018	2019	2020
<b>Helpfulness</b>					
Actual	92%	87%	91%	87%	89%
Target	95%	95%	95%	95%	95%
<b>Overall</b>					
Actual	92%	87%	91%	87%	89%
Target	95%	95%	95%	95%	95%
<b>Availability of Information</b>					
Actual	90%	83%	88%	80%	86%
Target	95%	95%	95%	95%	95%
<b>Timeliness</b>					
Actual	92%	86%	90%	86%	89%
Target	95%	95%	95%	95%	95%
<b>Accuracy</b>					
Actual	91%	87%	91%	88%	90%
Target	95%	95%	95%	95%	95%
<b>Expertise</b>					
Actual	93%	89%	92%	88%	90%
Target	95%	95%	95%	95%	95%

# BUDGET NARRATIVE

## Program Budget Performance



The increase in the 2021-23 requested budget is due to a reorganization that moves positions and budget authority to the division from other operating units. Please see package 060 for details.

# BUDGET NARRATIVE

## **Enabling Legislation/Program Authorization**

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

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

## **Funding Streams**

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 7 basis points (0.07%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

## **Significant Proposed Program Changes from 2019-21**

Requested Limited Other Funds reflect an increase of \$12,220,752 above the 2019-21 operating budget of \$5,958,740 and will continue to enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology.

## BUDGET NARRATIVE

	Amount	FTE
Total 2019-21 LAB	5,527,774	20.92
	Amount	FTE
Base Budget Limited	6,184,827	21.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	91,470	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs		
Pkg. 031 Standard Inflation	32,073	
Pkg. 032 Above Standard Inflation		
Pkg. 060 Technical Adjustments	11,656,322	30.00
Subtotal Essential Packages	11,779,865	30.00
Subtotal Current Service Level	17,964,692	51.00
Legislatively Adopted Budget Policy Packages		
Pkg. 112 Deferred Maintenance	425,000	
810-Statewide Adjustment	(210,200)	
Subtotal Policy Packages	214,800	
<b>2021-23 Total Legislatively Adopted Budget</b>	<b>18,179,492</b>	<b>51.00</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	462	-	-	-	462
Overtime Payments	-	-	104	-	-	-	104
All Other Differential	-	-	2,379	-	-	-	2,379
Public Employees' Retire Cont	-	-	425	-	-	-	425
Pension Obligation Bond	-	-	72,125	-	-	-	72,125
Social Security Taxes	-	-	225	-	-	-	225
Mass Transit Tax	-	-	5,573	-	-	-	5,573
Vacancy Savings	-	-	10,177	-	-	-	10,177
<b>Total Personal Services</b>	-	-	<b>\$91,470</b>	-	-	-	<b>\$91,470</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	91,470	-	-	-	91,470
<b>Total Expenditures</b>	-	-	<b>\$91,470</b>	-	-	-	<b>\$91,470</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(91,470)	-	-	-	(91,470)
<b>Total Ending Balance</b>	-	-	<b>(\$91,470)</b>	-	-	-	<b>(\$91,470)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Central Administration  
Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	344	-	-	-	344
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	3,634	-	-	-	3,634
Office Expenses	-	-	653	-	-	-	653
Telecommunications	-	-	8	-	-	-	8
State Gov. Service Charges	-	-	3,124	-	-	-	3,124
Professional Services	-	-	465	-	-	-	465
Attorney General	-	-	23,213	-	-	-	23,213
Dues and Subscriptions	-	-	97	-	-	-	97
Expendable Prop 250 - 5000	-	-	135	-	-	-	135
IT Expendable Property	-	-	400	-	-	-	400
<b>Total Services &amp; Supplies</b>	-	-	<b>\$32,073</b>	-	-	-	<b>\$32,073</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	32,073	-	-	-	32,073
<b>Total Expenditures</b>	-	-	<b>\$32,073</b>	-	-	-	<b>\$32,073</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(32,073)	-	-	-	(32,073)
<b>Total Ending Balance</b>	-	-	<b>(\$32,073)</b>	-	-	-	<b>(\$32,073)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Employees Retirement System, Oregon**  
**Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Central Administration**  
**Cross Reference Number: 45900-500-01-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	4,667,496	-	-	-	4,667,496
Temporary Appointments	-	-	11,314	-	-	-	11,314
Overtime Payments	-	-	21,737	-	-	-	21,737
All Other Differential	-	-	11,012	-	-	-	11,012
Empl. Rel. Bd. Assessments	-	-	1,740	-	-	-	1,740
Public Employees' Retire Cont.	-	-	805,153	-	-	-	805,153
Pension Obligation Bond	-	-	200,525	-	-	-	200,525
Social Security Taxes	-	-	360,439	-	-	-	360,439
Worker's Comp. Assess. (WCD)	-	-	1,380	-	-	-	1,380
Mass Transit Tax	-	-	28,109	-	-	-	28,109
Flexible Benefits	-	-	1,146,960	-	-	-	1,146,960
Vacancy Savings	-	-	(64,111)	-	-	-	(64,111)
<b>Total Personal Services</b>	-	-	<b>\$7,191,754</b>	-	-	-	<b>\$7,191,754</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	35,488	-	-	-	35,488
Out of State Travel	-	-	256	-	-	-	256
Employee Training	-	-	149,687	-	-	-	149,687
Office Expenses	-	-	1,297,614	-	-	-	1,297,614
Telecommunications	-	-	-	-	-	-	-
Publicity and Publications	-	-	83,727	-	-	-	83,727
Professional Services	-	-	150,786	-	-	-	150,786
Attorney General	-	-	112,261	-	-	-	112,261
Employee Recruitment and Develop	-	-	51,379	-	-	-	51,379
Dues and Subscriptions	-	-	6,502	-	-	-	6,502

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Central Administration  
Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Facilities Rental and Taxes	-	-	821,693	-	-	-	821,693
Fuels and Utilities	-	-	322,774	-	-	-	322,774
Facilities Maintenance	-	-	1,325,305	-	-	-	1,325,305
Other Services and Supplies	-	-	51,835	-	-	-	51,835
Expendable Prop 250 - 5000	-	-	9,101	-	-	-	9,101
IT Expendable Property	-	-	7,420	-	-	-	7,420
<b>Total Services &amp; Supplies</b>	-	-	<b>\$4,425,828</b>	-	-	-	<b>\$4,425,828</b>
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	38,740	-	-	-	38,740
<b>Total Capital Outlay</b>	-	-	<b>\$38,740</b>	-	-	-	<b>\$38,740</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	11,656,322	-	-	-	11,656,322
<b>Total Expenditures</b>	-	-	<b>\$11,656,322</b>	-	-	-	<b>\$11,656,322</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(11,656,322)	-	-	-	(11,656,322)
<b>Total Ending Balance</b>	-	-	<b>(\$11,656,322)</b>	-	-	-	<b>(\$11,656,322)</b>
<b>Total Positions</b>							
Total Positions	-	-	-	-	-	-	30
<b>Total Positions</b>	-	-	-	-	-	-	<b>30</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 060 - Technical Adjustments

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total FTE</b>							
Total FTE							30.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>30.00</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 090 - Analyst Adjustments

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions	-	-	-	-	-	-	-
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Total FTE</b>							
Total FTE	-	-	-	-	-	-	-
<b>Total FTE</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Elimination of S&S Inflation

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Facilities Maintenance	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 092 - Personal Services Adjustments

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 094 - Revenue Solutions

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 096 - Statewide Adjustment DAS Chgs

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
State Gov. Service Charges	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 097 - Statewide AG Adjustment

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 099 - Microsoft 365 Consolidation

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
State Gov. Service Charges	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 101 - SB1049

Cross Reference Name: Central Administration  
Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions	-	-	-	-	-	-	-
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Total FTE</b>							
Total FTE	-	-	-	-	-	-	-
<b>Total FTE</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Employees Retirement System, Oregon**  
**Pkg: 108 - Communications**

**Cross Reference Name: Central Administration**  
**Cross Reference Number: 45900-500-01-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Mass Transit Tax	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Publicity and Publications	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Capital Outlay</b>							
Telecommunications Equipment	-	-	-	-	-	-	-
Data Processing Software	-	-	-	-	-	-	-
Data Processing Hardware	-	-	-	-	-	-	-
<b>Total Capital Outlay</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 108 - Communications

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							-
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Total FTE</b>							
Total FTE							-
<b>Total FTE</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 111 - Facilities Staffing

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Mass Transit Tax	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Special Payments</b>							
Dist to Cities	-	-	-	-	-	-	-
<b>Total Special Payments</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 111 - Facilities Staffing

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							-
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Total FTE</b>							
Total FTE							-
<b>Total FTE</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 112 - Deferred Maintenance

Cross Reference Name: Central Administration  
 Cross Reference Number: 45900-500-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Facilities Maintenance	-	-	425,000	-	-	-	425,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$425,000</b>	-	-	-	<b>\$425,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	425,000	-	-	-	425,000
<b>Total Expenditures</b>	-	-	<b>\$425,000</b>	-	-	-	<b>\$425,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(425,000)	-	-	-	(425,000)
<b>Total Ending Balance</b>	-	-	<b>(\$425,000)</b>	-	-	-	<b>(\$425,000)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Central Administration  
Cross Reference Number: 45900-500-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(2,730)	-	-	-	(2,730)
Office Expenses	-	-	(89,770)	-	-	-	(89,770)
Attorney General	-	-	(14,200)	-	-	-	(14,200)
Facilities Rental and Taxes	-	-	(90,931)	-	-	-	(90,931)
Facilities Maintenance	-	-	(12,569)	-	-	-	(12,569)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$210,200)</b>	-	-	-	<b>(\$210,200)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(210,200)	-	-	-	(210,200)
<b>Total Expenditures</b>	-	-	<b>(\$210,200)</b>	-	-	-	<b>(\$210,200)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	210,200	-	-	-	210,200
<b>Total Ending Balance</b>	-	-	<b>\$210,200</b>	-	-	-	<b>\$210,200</b>



# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-01-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Other Funds</b>						
Transfer In - Intrafund	4,063,956	5,527,774	5,527,774	18,943,004	18,943,004	18,179,492
<b>Total Other Funds</b>	<b>\$4,063,956</b>	<b>\$5,527,774</b>	<b>\$5,527,774</b>	<b>\$18,943,004</b>	<b>\$18,943,004</b>	<b>\$18,179,492</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

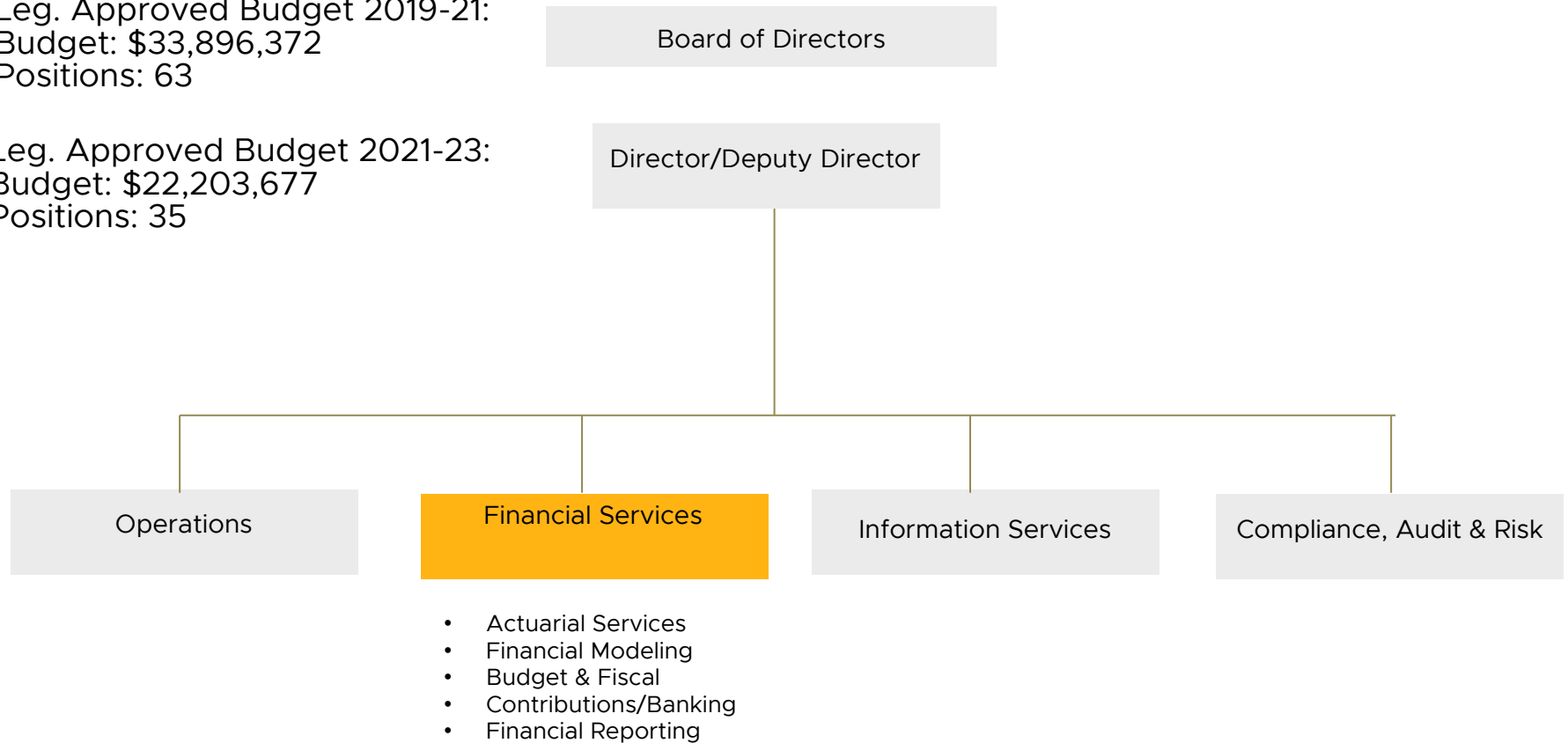
## Financial Services Division

Program Contact: Richard Horsford, 503.431.8970

# PERS: Financial Services Division

Leg. Approved Budget 2019-21:  
Budget: \$33,896,372  
Positions: 63

Leg. Approved Budget 2021-23:  
Budget: \$22,203,677  
Positions: 35



## BUDGET NARRATIVE

# FSD Sections

Admin	FRS	ACTS	AAS	BFAP
2/2.00 FTE	11/11.00 FTE	13/13.00 FTE	3/3.00 FTE	6/6.00 FTE
Executive Leadership Support Services Executive Assistant	Responsible for Actuarial outcomes and interpretation  CAFR  Earnings crediting computations  Valuations  Quarterly, Calendar yearend, Fiscal yearend and biennial financial reporting and closing  Pension fiscal impact  Legislative impact	Accounts Receivables  Collections  Taxes  General accounting  Management of negotiable instruments  Accounting of deferred comp program	Actuarial Liaison  Program Research  Actuarial Reporting	Budget management  Payroll  Accounts Payable  Fiscal impact(s)  Biennial forecasting  Monthly, quarterly, annual budgetary statements

# BUDGET NARRATIVE

## **Executive Summary - Financial Services**

FSD has a diverse and broad scope of responsibilities; FSD provides comprehensive financial services to the agency. This includes financial accounting, reporting, and tax services for all PERS' Trust and agency fund responsibilities including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, Health Insurance, and Social Security Programs.

The Division is responsible for managing all the financial and human capital resources of the agency. Through FSD management, we disburse over \$5.1 billion annually in member and beneficiary benefits and receive \$1.68 billion in member and employer contributions that are invested in the PERS fund.

FSD business functions include preparation and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, and accounts payable. There are a total of five program areas:

- Executive Support Services
- Financial Reporting
- Accounting, Cash & Tax
- Budget, Fiscal Analysis & Payroll
- Actuarial Services

## **Support Services**

Support Services provides technical management resources for FSD with a focus on divisional and agency initiatives. This team specializes in developing tactical plans for data analysis and system implementation and develops manual and automated processes for supporting divisional programs. Primary responsibilities include developing data validation and reconciliation processes and procedures and conducting technical support for divisional staff. This team is dedicated to ensuring that the system and data used to support the retirement system is accurate and timely. They develop or modify technical systems to support programs and conduct outreach with program managers and subject matter experts while interpreting IT program capabilities. Responsibilities include the identification of business needs and communicate to internal stakeholders to identify program specifications, develop testing plans, perform user acceptance testing; develop processes and when applicable, develop policies and/or business rules.

## **Financial Reporting Services**

The Financial and Reporting Services (FRS) program area is responsible for highly complex accounting systems required to prepare financial reporting on both fiscal and calendar year basis. Responsibilities include but are not limited to preparing the PERS Comprehensive Annual Financial Report (CAFR), in compliance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) pronouncements, and regulations and within all existing state and federal laws. The program oversees financial reporting for pension trust including results of investment activity and is responsible for annual earnings distribution. With professional level accounting staff in this program, responsibilities include the calculation of earnings crediting factors as well as the preparation of financial statements and supporting work papers.

FRS includes the Actuarial Services Team which are highly skilled research, operations and policy analysts required to coordinate and serve as a stakeholder liaison between external and internal program services. Work is highly technical and requires a high degree of

Agency Request       Governor's       Legislatively Adopted

Budget Page 268

## BUDGET NARRATIVE

statute, policy, rule interpretation as well as a fundamental understanding of actuarial outcomes. Work in this group requires an understanding of contract management and daily to weekly interactions with an actuary firm and Oregon employers.

### Accounting and Cash Transactions Section

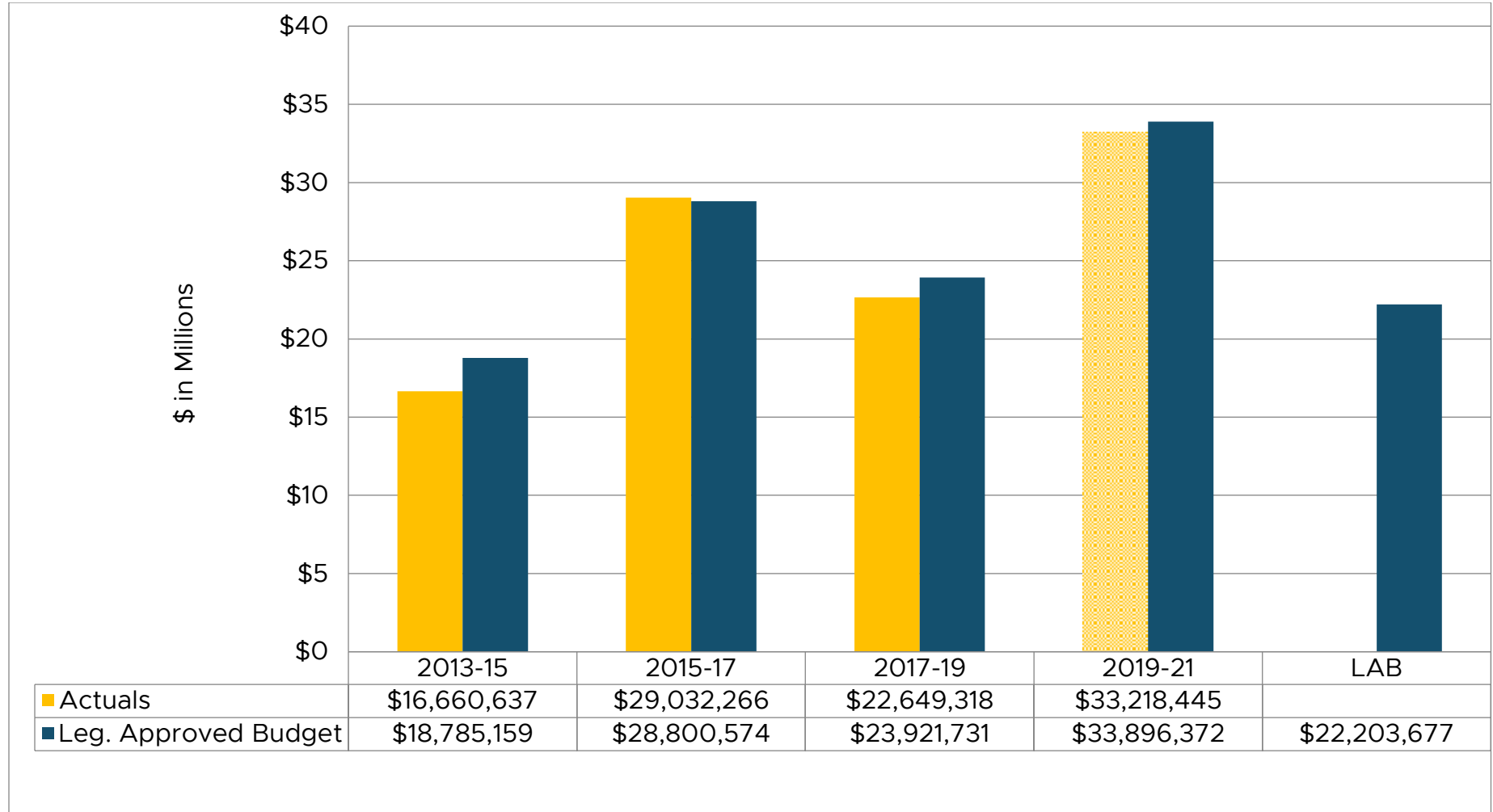
The Accounting & Cash Transactions Section (ACTS) is responsible for the accounting and financial operations for the Benefit Equalization, Social Security Administration, Deferred Comp & Health Insurance programs (RHIA, RHIPA & SHRHA) Cash Receipts and Accounts Receivable programs. The Section is responsible for the receipt, reconciliation, posting, and tracking of over \$1 billion in funds annually for the trusts and programs. Responsibilities include the processing and management of negotiable instruments such as Check Stock, Wire Transfers & Bank Account Authorizations and as well as the reconciliation between PERS and its TPA of the Deferred Compensation and Health Insurance programs. Other duties include the accounting and financial operations for the Benefit Equalization Fund (BEF), Social Security Administration (SSA), & the Standard Retiree Health Insurance Account (SRHIA). The section is responsible for PERS's accounts receivable and collections programs and employs permanent high-level technical and professional staff in these finance related positions. The program must ensure compliance with GAAP, all applicable state and federal regulations and laws, and maintain adequate financial internal controls to meet the internal financial reporting requirements of PERS.

### Budget, Fiscal Analysis and Payroll

Budget Fiscal Analysis and Payroll (BFAP) section is responsible for developing and executing the biennial budget for the agency, identifying and forecasting resources necessary to meet the operational needs of the agency, obtaining and managing quarterly budget allotments, conducting and reporting fiscal analysis, demographic information, and statistics for the various PERS retirement and other financially related operations, and serving as the agency's contact with the Chief Financial Officer and the Legislative Office for budget related actions and reporting, including fiscal impact analysis statements. This section is also responsible for maintaining the fixed assets database and reporting in addition to conducting all the accounts payable transactions for the agency. Payroll is responsible for PERS employee payroll administration and the processing employee travel requests and expense reimbursements. BFAP is also responsible for submitting the agency's annual Risk Report to DAS/Risk Management.

# BUDGET NARRATIVE

## Program Budget Performance



# BUDGET NARRATIVE

## Program Performance

### **Certificate of Achievement**

The Certificate of Achievement for Excellence in Financial Reporting is applicable for the year ended June 30, 2020. The System has received a Certificate of Achievement for the last 29 consecutive years.

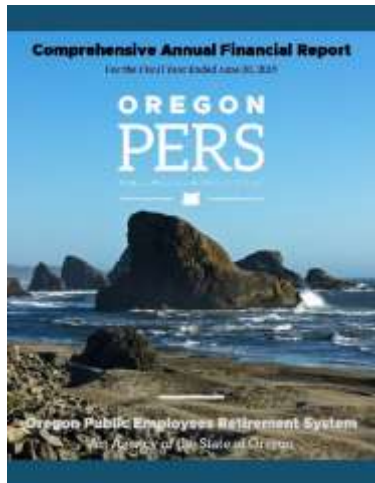
### **Public Pension Standards Award**

The Public Pension Coordinating Council (PPCC) awarded the 2020 Public Pension Standards Award to PERS for its plan design and administration.

The PPCC is a coalition of three associations representing public pension funds covering the vast majority of public employees in the United States. The associations are as follows: the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

Public pension standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as benchmarks by which all defined benefit public plans are measured.

This is the 18th year the PPCC has offered the award to public retirement systems and the 17th consecutive year PERS has applied for, and received, the award.



# BUDGET NARRATIVE

## Enabling Legislation/Program Authorization

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

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

## Funding Streams

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 7 basis points (0.07%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

## Significant Proposed Program Changes from 2019-21

Requested Limited Other Funds reflect a decrease of \$11,692,695 below the 2019-21 operating budget of \$33,896,372 and will continue to enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology.



## BUDGET NARRATIVE

	Amount	FTE
Total 2019-21 LAB	33,288,039	63.52
	Amount	FTE
Base Budget Limited	34,385,138	62.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	154,624	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs	(1,348,922)	
Pkg. 031 Standard Inflation	5,640,411	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	(13,246,771)	(28.00)
Subtotal Essential Packages	(10,997,659)	
Subtotal Current Service Level	25,584,480	34.00
Legislatively Adopted Budget Policy Packages		
Pkg.087 August 2020 Special Session	40,039	
Pkg. 099 Microsoft 365 Consolidation	(295,563)	
Pkg. 109 Strunk and Eugene Recovery	180,819	1.00
Pkg. 810 Statewide Adjustment	(3,306,098)	
Subtotal Policy Packages	(3,380,803)	1.00
<b>2021-23 Total Legislatively Adopted Budget</b>	<b>22,203,677</b>	<b>35.00</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	649	-	-	-	649
Overtime Payments	-	-	591	-	-	-	591
All Other Differential	-	-	1,142	-	-	-	1,142
Public Employees' Retire Cont	-	-	297	-	-	-	297
Pension Obligation Bond	-	-	78,735	-	-	-	78,735
Social Security Taxes	-	-	182	-	-	-	182
Unemployment Assessments	-	-	1,935	-	-	-	1,935
Mass Transit Tax	-	-	5,723	-	-	-	5,723
Vacancy Savings	-	-	65,370	-	-	-	65,370
<b>Total Personal Services</b>	-	-	<b>\$154,624</b>	-	-	-	<b>\$154,624</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	154,624	-	-	-	154,624
<b>Total Expenditures</b>	-	-	<b>\$154,624</b>	-	-	-	<b>\$154,624</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(154,624)	-	-	-	(154,624)
<b>Total Ending Balance</b>	-	-	<b>(\$154,624)</b>	-	-	-	<b>(\$154,624)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	(11,539,472)	-	-	-	(11,539,472)
<b>Total Revenues</b>	-	-	<b>(\$11,539,472)</b>	-	-	-	<b>(\$11,539,472)</b>
<b>Personal Services</b>							
Mass Transit Tax	-	-	(650)	-	-	-	(650)
<b>Total Personal Services</b>	-	-	<b>(\$650)</b>	-	-	-	<b>(\$650)</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(1,097)	-	-	-	(1,097)
Office Expenses	-	-	(5,000)	-	-	-	(5,000)
Facilities Maintenance	-	-	(1,161,555)	-	-	-	(1,161,555)
Other Services and Supplies	-	-	(175,620)	-	-	-	(175,620)
Expendable Prop 250 - 5000	-	-	(1,000)	-	-	-	(1,000)
IT Expendable Property	-	-	(4,000)	-	-	-	(4,000)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$1,348,272)</b>	-	-	-	<b>(\$1,348,272)</b>
<b>Special Payments</b>							
Other Special Payments	-	-	(11,539,472)	-	-	-	(11,539,472)
<b>Total Special Payments</b>	-	-	<b>(\$11,539,472)</b>	-	-	-	<b>(\$11,539,472)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(12,888,394)	-	-	-	(12,888,394)
<b>Total Expenditures</b>	-	-	<b>(\$12,888,394)</b>	-	-	-	<b>(\$12,888,394)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	1,348,922	-	-	-	1,348,922
<b>Total Ending Balance</b>	-	-	<b>\$1,348,922</b>	-	-	-	<b>\$1,348,922</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	3,313	-	-	-	3,313
Out of State Travel	-	-	80	-	-	-	80
Employee Training	-	-	6,135	-	-	-	6,135
Office Expenses	-	-	58,678	-	-	-	58,678
Telecommunications	-	-	-	-	-	-	-
State Gov. Service Charges	-	-	5,195,903	-	-	-	5,195,903
Data Processing	-	-	-	-	-	-	-
Publicity and Publications	-	-	317	-	-	-	317
Professional Services	-	-	219,699	-	-	-	219,699
IT Professional Services	-	-	-	-	-	-	-
Attorney General	-	-	27,837	-	-	-	27,837
Dispute Resolution Services	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	2,106	-	-	-	2,106
Dues and Subscriptions	-	-	428	-	-	-	428
Facilities Rental and Taxes	-	-	33,876	-	-	-	33,876
Fuels and Utilities	-	-	13,307	-	-	-	13,307
Facilities Maintenance	-	-	54,639	-	-	-	54,639
Other Services and Supplies	-	-	19,691	-	-	-	19,691
Expendable Prop 250 - 5000	-	-	1,042	-	-	-	1,042
IT Expendable Property	-	-	1,763	-	-	-	1,763
<b>Total Services &amp; Supplies</b>	-	-	<b>\$5,638,814</b>	-	-	-	<b>\$5,638,814</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 031 - Standard Inflation

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	1,597	-	-	-	1,597
<b>Total Capital Outlay</b>	-	-	<b>\$1,597</b>	-	-	-	<b>\$1,597</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	5,640,411	-	-	-	5,640,411
<b>Total Expenditures</b>	-	-	<b>\$5,640,411</b>	-	-	-	<b>\$5,640,411</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(5,640,411)	-	-	-	(5,640,411)
<b>Total Ending Balance</b>	-	-	<b>(\$5,640,411)</b>	-	-	-	<b>(\$5,640,411)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	(4,266,096)	-	-	-	(4,266,096)
Temporary Appointments	-	-	(6,068)	-	-	-	(6,068)
Overtime Payments	-	-	(6,483)	-	-	-	(6,483)
All Other Differential	-	-	(11,818)	-	-	-	(11,818)
Empl. Rel. Bd. Assessments	-	-	(1,624)	-	-	-	(1,624)
Public Employees' Retire Cont	-	-	(733,919)	-	-	-	(733,919)
Pension Obligation Bond	-	-	(268,746)	-	-	-	(268,746)
Social Security Taxes	-	-	(328,223)	-	-	-	(328,223)
Worker's Comp. Assess. (WCD)	-	-	(1,288)	-	-	-	(1,288)
Mass Transit Tax	-	-	(25,583)	-	-	-	(25,583)
Flexible Benefits	-	-	(1,070,496)	-	-	-	(1,070,496)
Vacancy Savings	-	-	59,657	-	-	-	59,657
<b>Total Personal Services</b>	-	-	<b>(\$6,660,687)</b>	-	-	-	<b>(\$6,660,687)</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(77,531)	-	-	-	(77,531)
Employee Training	-	-	(140,492)	-	-	-	(140,492)
Office Expenses	-	-	(1,288,495)	-	-	-	(1,288,495)
State Gov. Service Charges	-	-	(427,807)	-	-	-	(427,807)
Publicity and Publications	-	-	(4,600)	-	-	-	(4,600)
Professional Services	-	-	(1,838,311)	-	-	-	(1,838,311)
Attorney General	-	-	(171,107)	-	-	-	(171,107)
Employee Recruitment and Develop	-	-	(51,085)	-	-	-	(51,085)
Dues and Subscriptions	-	-	(6,794)	-	-	-	(6,794)
Facilities Rental and Taxes	-	-	(821,693)	-	-	-	(821,693)

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Fuels and Utilities	-	-	(322,774)	-	-	-	(322,774)
Facilities Maintenance	-	-	(1,325,305)	-	-	-	(1,325,305)
Other Services and Supplies	-	-	(50,064)	-	-	-	(50,064)
Expendable Prop 250 - 5000	-	-	(9,521)	-	-	-	(9,521)
IT Expendable Property	-	-	(11,765)	-	-	-	(11,765)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$6,547,344)</b>	-	-	-	<b>(\$6,547,344)</b>
<b>Capital Outlay</b>							
Office Furniture and Fixtures	-	-	(38,740)	-	-	-	(38,740)
<b>Total Capital Outlay</b>	-	-	<b>(\$38,740)</b>	-	-	-	<b>(\$38,740)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(13,246,771)	-	-	-	(13,246,771)
<b>Total Expenditures</b>	-	-	<b>(\$13,246,771)</b>	-	-	-	<b>(\$13,246,771)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	13,246,771	-	-	-	13,246,771
<b>Total Ending Balance</b>	-	-	<b>\$13,246,771</b>	-	-	-	<b>\$13,246,771</b>
<b>Total Positions</b>							
Total Positions	-	-	-	-	-	-	(28)
<b>Total Positions</b>	-	-	-	-	-	-	<b>(28)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 060 - Technical Adjustments

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total FTE</b>							
Total FTE							(28.00)
<b>Total FTE</b>	-	-	-	-	-	-	<b>(28.00)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 087 - August 2020 Special Session

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	32,088	-	-	-	32,088
Public Employees' Retire Cont	-	-	5,496	-	-	-	5,496
Social Security Taxes	-	-	2,455	-	-	-	2,455
<b>Total Personal Services</b>	-	-	<b>\$40,039</b>	-	-	-	<b>\$40,039</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	40,039	-	-	-	40,039
<b>Total Expenditures</b>	-	-	<b>\$40,039</b>	-	-	-	<b>\$40,039</b>
<b>Ending Balance</b>							
Ending Balance:	-	-	(40,039)	-	-	-	(40,039)
<b>Total Ending Balance</b>	-	-	<b>(\$40,039)</b>	-	-	-	<b>(\$40,039)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Elimination of S&S Inflation

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Professional Services	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 092 - Personal Services Adjustments

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 099 - Microsoft 365 Consolidation

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
State Gov. Service Charges	-	-	(295,563)	-	-	-	(295,563)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$295,563)</b>	-	-	-	<b>(\$295,563)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(295,563)	-	-	-	(295,563)
<b>Total Expenditures</b>	-	-	<b>(\$295,563)</b>	-	-	-	<b>(\$295,563)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	295,563	-	-	-	295,563
<b>Total Ending Balance</b>	-	-	<b>\$295,563</b>	-	-	-	<b>\$295,563</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 109 - S/E Recovery

Cross Reference Name: Financial & Admin Services Division (FASD)  
Cross Reference Number: 45900-500-03-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	108,456	-	-	-	108,456
Empl. Rel. Bd. Assessments	-	-	58	-	-	-	58
Public Employees' Retire Cont	-	-	18,579	-	-	-	18,579
Social Security Taxes	-	-	8,297	-	-	-	8,297
Worker's Comp. Assess. (WCD)	-	-	46	-	-	-	46
Mass Transit Tax	-	-	651	-	-	-	651
Flexible Benefits	-	-	38,232	-	-	-	38,232
<b>Total Personal Services</b>	-	-	<b>\$174,319</b>	-	-	-	<b>\$174,319</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	1,500	-	-	-	1,500
Office Expenses	-	-	5,000	-	-	-	5,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$6,500</b>	-	-	-	<b>\$6,500</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	180,819	-	-	-	180,819
<b>Total Expenditures</b>	-	-	<b>\$180,819</b>	-	-	-	<b>\$180,819</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(180,819)	-	-	-	(180,819)
<b>Total Ending Balance</b>	-	-	<b>(\$180,819)</b>	-	-	-	<b>(\$180,819)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 109 - S/E Recovery

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE							1.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.00</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 810 - Statewide Adjustments

Cross Reference Name: Financial & Admin Services Division (FASD)  
 Cross Reference Number: 45900-500-03-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
State Gov. Service Charges	-	-	(3,281,389)	-	-	-	(3,281,389)
Other Services and Supplies	-	-	(24,709)	-	-	-	(24,709)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$3,306,098)</b>	-	-	-	<b>(\$3,306,098)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(3,306,098)	-	-	-	(3,306,098)
<b>Total Expenditures</b>	-	-	<b>(\$3,306,098)</b>	-	-	-	<b>(\$3,306,098)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	3,306,098	-	-	-	3,306,098
<b>Total Ending Balance</b>	-	-	<b>\$3,306,098</b>	-	-	-	<b>\$3,306,098</b>



# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-03-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Other Funds</b>						
Charges for Services	2,944,665	3,300,000	3,300,000	-	-	-
Interest Income	178,750	25,850	25,850	-	-	-
Other Revenues	273,349	50,000	50,000	50,000	50,000	50,000
Transfer In - Intrafund	18,709,499	42,057,764	42,057,764	25,715,299	25,715,299	22,153,677
Tsfr From Lands, Dept of State	11,539,471	-	-	-	-	-
<b>Total Other Funds</b>	<b>\$33,645,734</b>	<b>\$45,433,614</b>	<b>\$45,433,614</b>	<b>\$25,765,299</b>	<b>\$25,765,299</b>	<b>\$22,203,677</b>

2021-23 Biennium

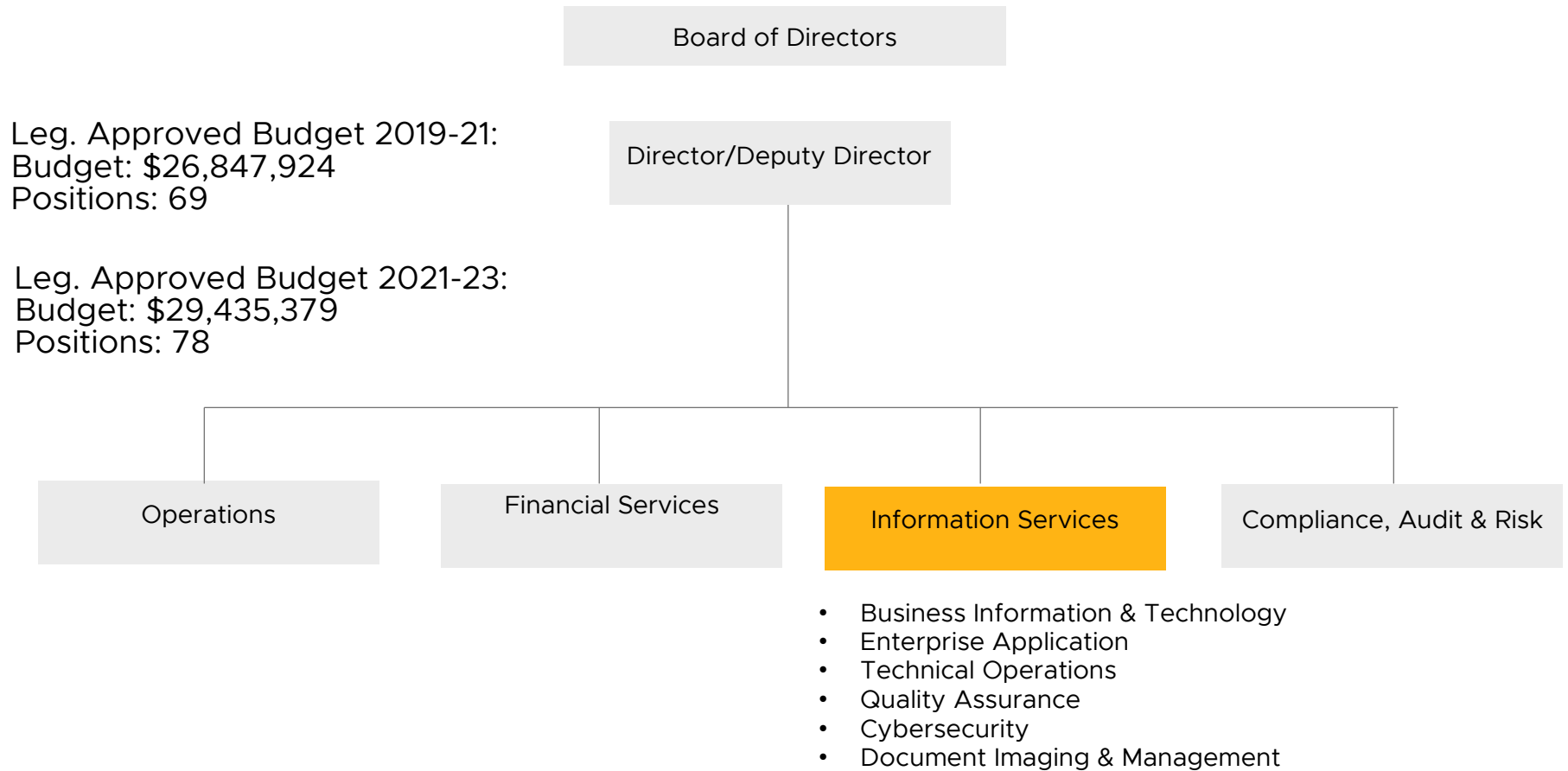
Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## Information Services Division

Program Contact: Jordan Masanga, 503.603.7702

# PERS: Information Services Division



## BUDGET NARRATIVE

# ISD Sections

EAS	ECMS	TOS	OTS	Administration
21/21.00 FTE	22/22.00 FTE	18/18.00 FTE	10/10.00 FTE	7/7.00 FTE
Software Development Life Cycle (SDLC) Business Analysis Application Design Systems Analysis Software Development Services Database Design Development Operations (DevOps) Quality Assurance	Records Management (Electronic and Physical Medial) Imaging System Management Public Records and Discovery Electronic Content System Solutions, Development/Implementation	Application Support Infrastructure Help Desk / Call Center Desktop Support Database Administration	Software Tool Dev Report Generation	IT Project Management PERS Enterprise Architecture Team IT QA Process IT Risk Management IT Metrics IT Contracts Administration General Division Administrative Support

# BUDGET NARRATIVE

## Executive Summary - Information Services Division

### Program Overview

Information Service Division (ISD) provides the Information Technology (IT) services to support the infrastructure, systems, databases, and applications for staff at PERS. ISD consists of Technical Operations Section (TOS), Enterprise Content Management Section (ECMS), Enterprise Application Section (EAS), and Administrative Support (ISD Admin). ISD exists to support the agency's mission statement "We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time".

### Program Description

Technical Operations Section (TOS) is the core foundational layer to the agency IT infrastructure. This section consists of five areas each with a dedicated team.

- Application Support - The App Support team exists to provide Tier II application support and administer the middleware required for the agency's enterprise applications. Administration of this is inclusive of the items mentioned above in the Unit Organizational Chart.
- Database Administration – The database administrators manage the systems on which the agency's data lives. The administration is a culmination of activities and responsibilities as mentioned in the Unit Organizational Chart.
- Help Desk – The IT call center for the agency handles all ticket requests, Tier I support and manages the flow of support from Tier I to Tier III. Additional duties outlined in the Unit Organizational Chart.
- Desktop Support – An extension of Help Desk providing in person Tier II support. This area is also responsible for the ITIL framework and systems to provide IT service to the agency. Functions and responsibilities are outlined in the Unit Organizational Chart.
- Infrastructure – Systems Engineers and Network Engineers are responsible to design, implement, and maintain technology that meets all business needs. Considered Tier III for all systems, this area provides the core foundation for all IT needs. Functions and responsibilities are outlined in the Unit Organizational Chart.

Enterprise Content Management Section (ECMS) consists of three primary areas that have defined functions within the team:

- Records Management addresses state statutes and ISO 14589 and DOD 5015.2 for electronic content. Increased technical solutions and record governance around the management of information is the future blending of two skill sets of a record professional and technical system record administrator.
- Document and Imaging Management is the capture process of member information within PERS that also include internal documents. We utilize high speed scanners for the processing of paper, film media scanners that convert filmed images to digital, and research which deals with the physical review of our legacy film library for identifying and electronically converting old film to digital. As the central point of ingestion of member information to digital we process digital documents directly to business users via electronic workflow through our content management section. With the advancement of technology, we moved to the capture of items born digital directly into our system without the production of physical media.
- Content Solutions and Development provide new technologies that improve the transmission of work items via an electronic flow within the content management system. This function reviews and provides future technologies that assist in the automation of work processes and improved accuracy. Our repository is growing and linked to other agency systems that this group must support. This is the area where the additional developer will assist with the integration of technology and expansion of a secured repository.

## BUDGET NARRATIVE

Enterprise Application Section (EAS) provides the maintenance, enhancements, and Software Development Life Cycle (SDLC) process to support ORION to meet the agency needs. EAS has adopted the Rational Unified Process (RUP) as a guideline to manage the wide variety of development activities to automate business processes using an iterative software development process framework.

EAS consists of Business System Analysts that work with the business to determine high level requirements and scope of work and work closely with IT Project Managers (ITPM) to estimate effort, resources, and schedule, as well as priorities, for projects or large enterprise programs. This is usually done during the Inception phase. Next, the Developers in EAS work with the Business System Analyst to develop detailed requirements, analyze solutions, and build prototypes as needed for the Elaboration phase of the SDLC. The iterative portion of the SDLC comes during the Elaboration and Construction phases where the Business System Analysts and the Developers would develop/unit test components, integrate, test the functionality, and turn-over the final solution. Finally, EAS turns-over the final build into the QA Test Team and Business stakeholders to start the QA Acceptance Process which includes User Acceptance Test. Once the release is signed-off by the project team, the solution is turn-over to Production for the Release Management Process.

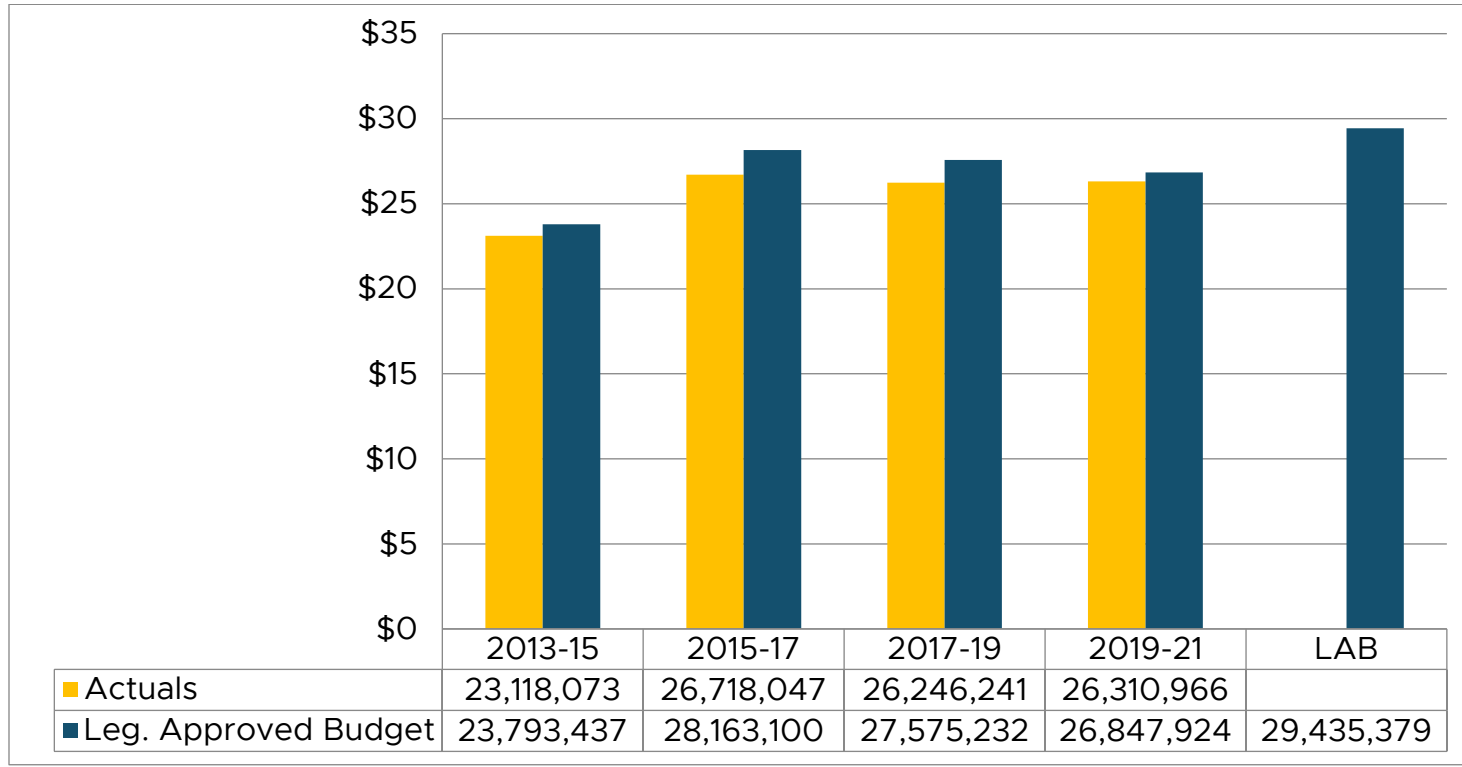
Operations Technical Section Key responsibilities include developing tools and reports to enhance process efficiency for the division and oversight of the Central Data Management program.

### **Program Justification and Link to Long Term Outcomes**

ISD provides support necessary for the agency to provide services to its members and employers. It is necessary for ISD to link with the long-term outcomes of the agency by aligning the ISD program with the agency's Five-Year Strategic Goals. PERS has a well-established and mature management methodology, the PERS Outcome-Based Management System (POBMS), which identifies fundamental Core Processes, each with a specific Process Owner and corresponding Outcome and Process Measures. These measures are dependent on ISD services and support. As all state agencies, PERS has Key Process Measures (KPMs), established and approved by the Legislature to monitor the quality and value of the specific services they deliver. Six of the eight total KPMs defined specifically for PERS are also dependent on ISD services and support.

## BUDGET NARRATIVE

### Program Budget Performance



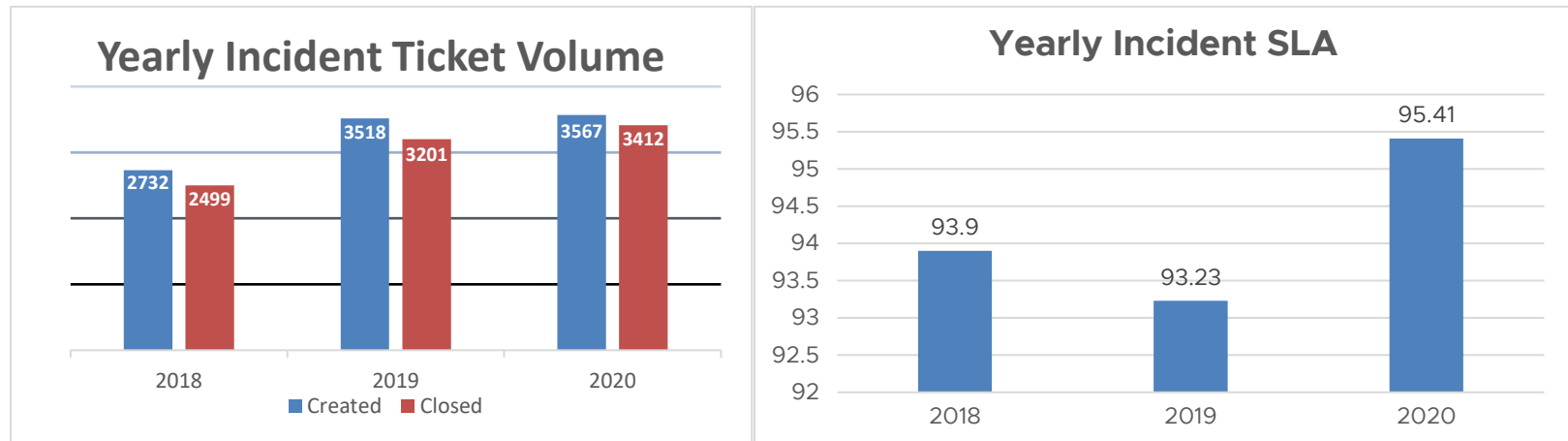
# BUDGET NARRATIVE

## Program Performance

The following metrics indicate volume and performance in the Technical Operations Section (TOS):

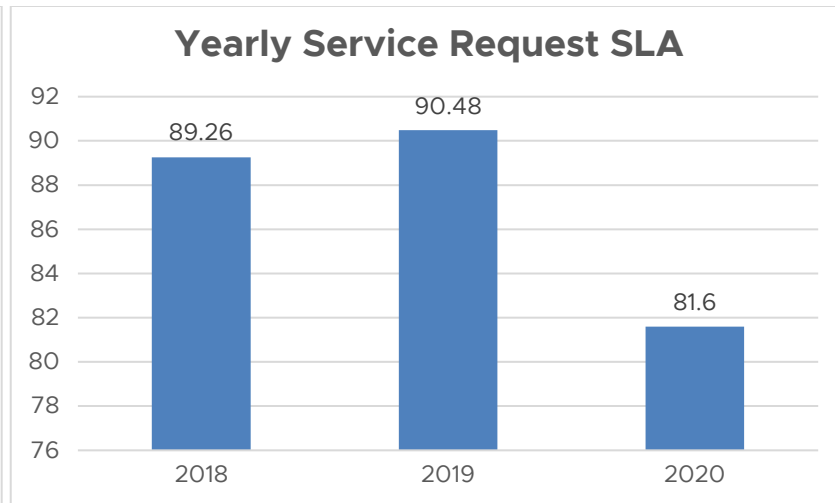
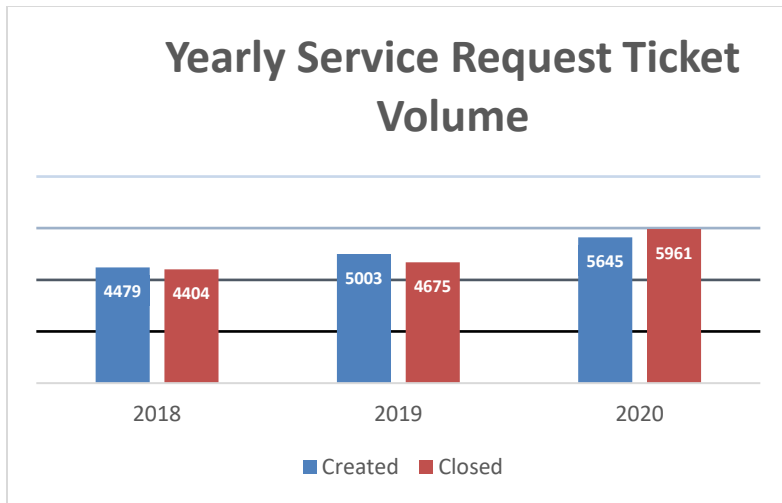
TOS worked with all PERS Divisions to create Service Level Agreements (SLA), and then applied those definitions in our Service Management application. Incident and Service Request tickets use these SLA definitions to help us track our performance in those areas:

- Number of site locations supported: 3
- Number of staff supported over last 5 years: 400+
- Average monthly task count per TOS Team member for 2020: 46

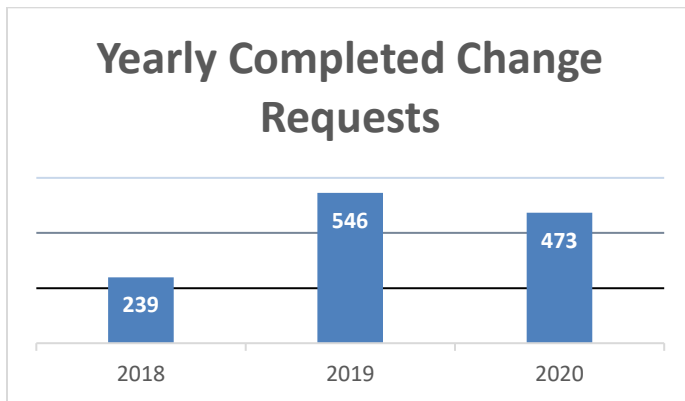


Incidents are unplanned interruptions or reductions in quality to an IT service. These metrics indicate the volume of incoming incidents and the amount the teams completed in those periods. A higher SLA compliance level indicates a better service level to the agency because issues are being resolved in a timely manner.

## BUDGET NARRATIVE



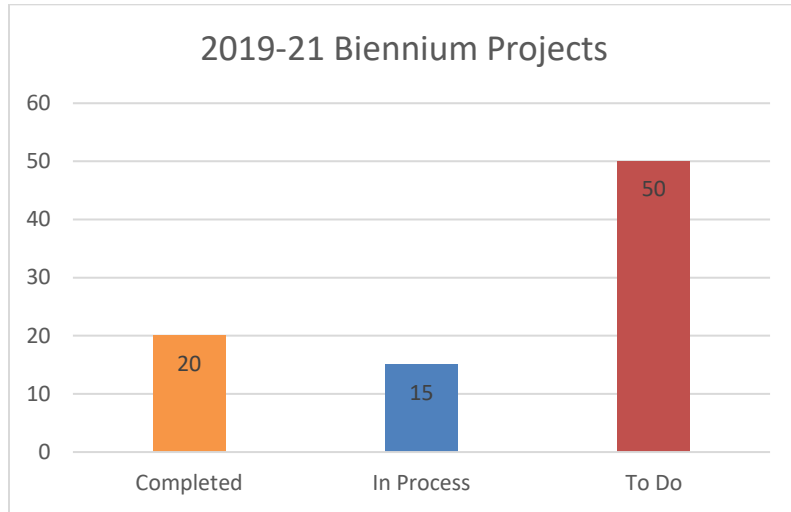
Service Requests are a formal request from a user for something to be provided – for example, a request for a software application be installed, or access to systems. The volume metrics indicate the number of incoming requests and how many the teams fulfilled during that period. A higher SLA compliance rate indicates a better service level to the agency because requests are being fulfilled in a timely manner.



Change records track when and where changes are implemented in the environment and require review and approval by the change advisory board (CAB). This metric indicates the volume of completed changes performed by the ISD. Changes can be complex, requiring several hours to implement, or simple and deployed in minutes. The number of changes over a period impacts resource planning and staffing needs.



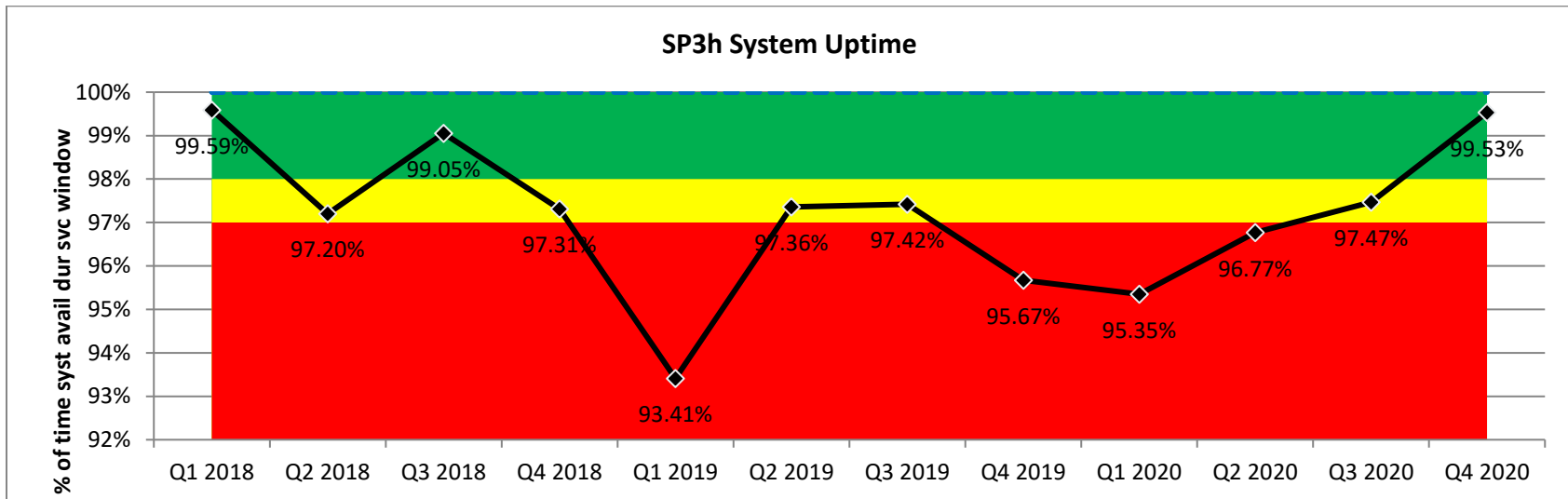
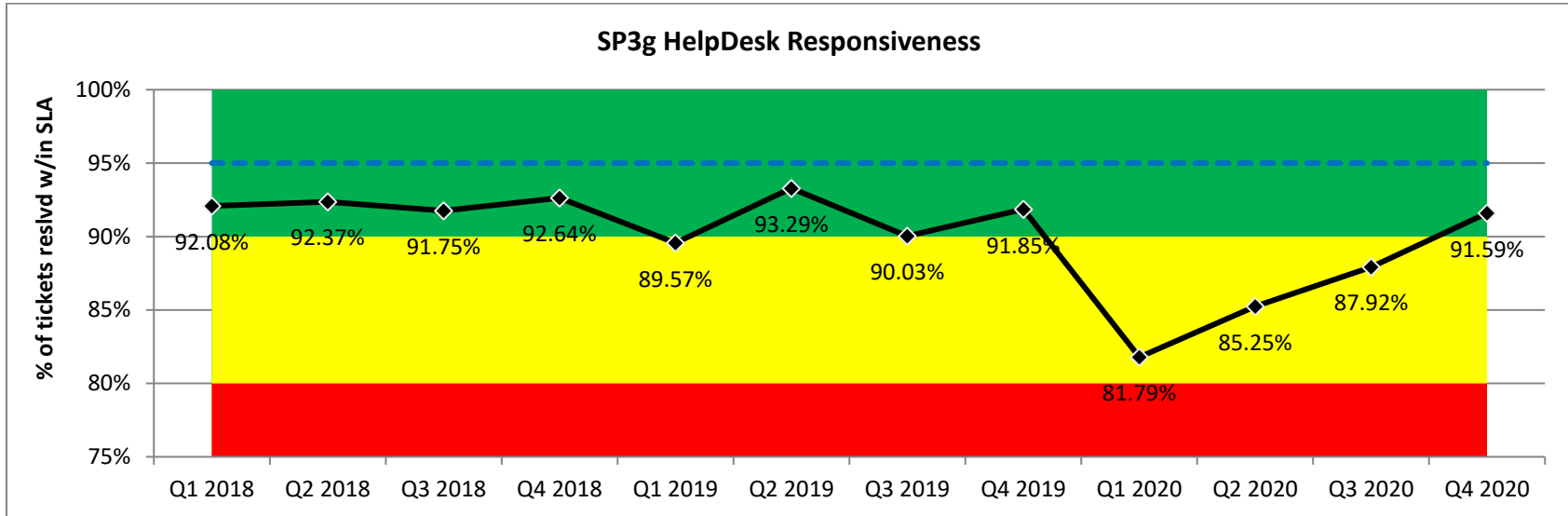
## BUDGET NARRATIVE



In addition to daily support tasks, TOS team members are assigned projects ranging from extra-small (1 week) to extra-large (12+ months). This above graph shows the volume and status of TOS projects in the current biennium. When the project portfolio is large, particularly if projects are high priority or more complex, resources may need to be shifted away from daily support tasks, which can affect our overall SLA compliance. If support ticket and change volume is lower, project completion rates can rise, because more resources are available for project work.

# BUDGET NARRATIVE

## Process Measures:



## BUDGET NARRATIVE

Process measures focus on key areas that contribute to a particular outcome metric. The Technical Operations Section owns the above two process measures.

- SP3g indicates the level of SLA compliance achieved by the Technical Operations team for completing Incident and Service Request tickets. Compliance above 90% shows positively on the agency's outcome measures.
- SP3h indicates how often the systems are available and functional. Factoring maintenance and scheduled outages, it is important to stay above 98% to minimize downtime for the agency. Any upward trend will show positively on the agency's outcome measures.

For the Enterprise Content Management Section, the following statistics are provided:

Program Volumes, Physical Records:

Records Management

Capture from	2018	2019	2020
FTE Supporting	1	1	1
Physical Storage/Vol Cubic Feet	522	486	397.8

1. Volumes are maintained by cubic feet.
2. Physical Record volume includes additional volumes added less items disposed.
3. Disposition is based on OAR166-300 Oregon State Retention Schedules.

Imaging/Capture: Support FTE and Volume.

Capture from	2018	2019	2020
FTE Supporting	13	13	13
Paper & Film Capture	369,000	320,818	320,517
Electronic Import – Avail in 2018	40,872	83,242	79,229
Electronic Import – automated	444,533	448,604	448,604
Total Volume	854,405	852,664	848,350
Research	4,417	3,406	2,400

Agency Request       Governor's       Legislatively Adopted

Budget Page 299

## BUDGET NARRATIVE

1. Paper & Film captures reflect the volume of incoming documents from members or internal staff and the migration of filmed items do digital rendering. Documents are received via US Mail, Express Delivery.
2. Film conversions are documents migrated from physical film media to digital. This process moves legacy-filmed images to digital when requested by business units. Processing time per request is normally within 1 business day depending on the file size.
3. Electronic Import is internal documents delivered to the imaging system via electronic capture. Operators within ECMS index to appropriate document classification. In 2018 drag and drop features were implemented and in 2019 automated imports were implemented for outgoing emails to members
4. Electronic Import – Automated, are those documents where a bulk loading process ingest images without operator assistance other than the initial set up of the batch activity.
5. Research is by request and not image counts. Image count is included in the film conversion activity. Volume reduction is due to improved locator indexes developed by staff.

### Public Record

Capture from	2018	2019	2020
FTE Supporting	2	2	2
Public Records Processing	61	88	76
Subpoena Processing	58	98	75

1. Public Records support is provided via Oregon Statute 192. Counts are of actually requests received and responded.
2. Subpoena processing counts are request for PERS member records only.
3. FTE supporting includes the Records Officer (PEMC) and Records Coordinator (AS2)

## BUDGET NARRATIVE

### ECMS Solutions & Development

	2018	2019	2020
FTE Supporting	4	5	5
Workflows In place	86	86	86
Process Audit History Automation Volume	876,201	865,813	824,072

1. The team manages updates, enhancements, and automation of workflow activities as well as offering new improved solutions to move us out of legacy products into a managed, structured system.
2. In place management for 86 workflows are reviewed on regular basis. Enhancement and changes are made throughout the various years driving by business needs.
3. Increased FTE. ISS 6 approved in 2019 and hired in 2020. Position supports increased workload in content management development as well as other enterprise solution supporting content capture and workflows external from ECM.
4. "Process Audit History Automation Volume" is based on incoming workflows. Adjustments were made in 2018 using more advance tools to capture instances. A count on the "Incoming" column provides the number of workflow instances entering into the system.
5. ECMS is also expanding into a new Agency Object Store, which includes filing solutions for agency records other than member/employer records. It also includes collaborative team spaces to assist in management non record activities.

Metrics for the program are either statutory (Records Management) or are project driving for development and implementation of system updates and refinements. The ingestion of information is based on an SLA that all incoming member documents are imaged the date received. This relates to a requirement that PERS produce a retirement benefit within 90 days after an application is received.

# BUDGET NARRATIVE

## Enabling Legislation/Program Authorization

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

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

## Funding Streams

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 7 basis points (0.07%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

## Significant Proposed Program Changes from 2019-21

Requested Limited Other Funds reflect an increase of \$2,587,455 above the 2019-21 operating budget of \$26,847,924 and will continue to enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology.

## BUDGET NARRATIVE

	Amount	FTE
Total 2019-21 LAB	26,080,183	68.76
	Amount	FTE
Base Budget Limited	27,865,447	69.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	196,081	
Pkg. 021 Phase In		
Pkg. 022 Phase Out Program and One Time Costs	(1,715,318)	
Pkg. 031 Standard Inflation	384,895	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	1,768,284	8.00
Subtotal Essential Packages	633,942	
Subtotal Current Service Level	28,499,389	77.00
Legislatively Adopted Budget Policy Packages		
Pkg. 103 Information Security	86,227	.88
Pkg. 104 Senior Systems Admin TOS	17,033	
Pkg. 810 LFO Analyst Adjustments	825,000	
Pkg. 810 Statewide Adjustments	7,730	
Subtotal Policy Packages	935,990	.88
<b>2021-23 Total Legislatively Adopted Budget</b>	<b>29,435,379</b>	<b>77.88</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	935	-	-	-	935
Overtime Payments	-	-	5,217	-	-	-	5,217
Shift Differential	-	-	102	-	-	-	102
All Other Differential	-	-	3,935	-	-	-	3,935
Public Employees' Retire Cont	-	-	1,585	-	-	-	1,585
Pension Obligation Bond	-	-	96,967	-	-	-	96,967
Social Security Taxes	-	-	780	-	-	-	780
Mass Transit Tax	-	-	6,968	-	-	-	6,968
Vacancy Savings	-	-	79,592	-	-	-	79,592
<b>Total Personal Services</b>	-	-	<b>\$196,081</b>	-	-	-	<b>\$196,081</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	196,081	-	-	-	196,081
<b>Total Expenditures</b>	-	-	<b>\$196,081</b>	-	-	-	<b>\$196,081</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(196,081)	-	-	-	(196,081)
<b>Total Ending Balance</b>	-	-	<b>(\$196,081)</b>	-	-	-	<b>(\$196,081)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(1,000)	-	-	-	(1,000)
Employee Training	-	-	(5,000)	-	-	-	(5,000)
Telecommunications	-	-	(177,318)	-	-	-	(177,318)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$183,318)</b>	-	-	-	<b>(\$183,318)</b>
<b>Capital Outlay</b>							
Data Processing Software	-	-	(852,000)	-	-	-	(852,000)
Data Processing Hardware	-	-	(680,000)	-	-	-	(680,000)
<b>Total Capital Outlay</b>	-	-	<b>(\$1,532,000)</b>	-	-	-	<b>(\$1,532,000)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(1,715,318)	-	-	-	(1,715,318)
<b>Total Expenditures</b>	-	-	<b>(\$1,715,318)</b>	-	-	-	<b>(\$1,715,318)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	1,715,318	-	-	-	1,715,318
<b>Total Ending Balance</b>	-	-	<b>\$1,715,318</b>	-	-	-	<b>\$1,715,318</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	152	-	-	-	152
Employee Training	-	-	8,172	-	-	-	8,172
Office Expenses	-	-	6,071	-	-	-	6,071
Telecommunications	-	-	24,912	-	-	-	24,912
Data Processing	-	-	128,985	-	-	-	128,985
IT Professional Services	-	-	120,384	-	-	-	120,384
Employee Recruitment and Develop	-	-	98	-	-	-	98
Dues and Subscriptions	-	-	46,612	-	-	-	46,612
Facilities Maintenance	-	-	146	-	-	-	146
Expendable Prop 250 - 5000	-	-	837	-	-	-	837
IT Expendable Property	-	-	22,546	-	-	-	22,546
<b>Total Services &amp; Supplies</b>	-	-	<b>\$358,915</b>	-	-	-	<b>\$358,915</b>
<b>Capital Outlay</b>							
Telecommunications Equipment	-	-	3,247	-	-	-	3,247
Data Processing Software	-	-	3,980	-	-	-	3,980
Data Processing Hardware	-	-	18,753	-	-	-	18,753
<b>Total Capital Outlay</b>	-	-	<b>\$25,980</b>	-	-	-	<b>\$25,980</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	384,895	-	-	-	384,895
<b>Total Expenditures</b>	-	-	<b>\$384,895</b>	-	-	-	<b>\$384,895</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       Legislatively Adopted

Budget Page 306

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 031 - Standard Inflation

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(384,895)	-	-	-	(384,895)
<b>Total Ending Balance</b>	-	-	<b>(\$384,895)</b>	-	-	-	<b>(\$384,895)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	1,179,024	-	-	-	1,179,024
Temporary Appointments	-	-	6,117	-	-	-	6,117
Overtime Payments	-	-	14,646	-	-	-	14,646
All Other Differential	-	-	3,702	-	-	-	3,702
Empl. Rel. Bd. Assessments	-	-	464	-	-	-	464
Public Employees' Retire Cont.	-	-	205,111	-	-	-	205,111
Pension Obligation Bond	-	-	(38,239)	-	-	-	(38,239)
Social Security Taxes	-	-	92,066	-	-	-	92,066
Worker's Comp. Assess. (WCD)	-	-	368	-	-	-	368
Mass Transit Tax	-	-	7,221	-	-	-	7,221
Flexible Benefits	-	-	305,856	-	-	-	305,856
Vacancy Savings	-	-	(17,093)	-	-	-	(17,093)
<b>Total Personal Services</b>	-	-	<b>\$1,759,243</b>	-	-	-	<b>\$1,759,243</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	552	-	-	-	552
Out of State Travel	-	-	180	-	-	-	180
Employee Training	-	-	1,941	-	-	-	1,941
Office Expenses	-	-	(1,989)	-	-	-	(1,989)
Dues and Subscriptions	-	-	388	-	-	-	388
Other Services and Supplies	-	-	1,246	-	-	-	1,246
Expendable Prop 250 - 5000	-	-	4,133	-	-	-	4,133

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       X  Legislatively Adopted

Budget Page 308

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
IT Expendable Property	-	-	2,590	-	-	-	2,590
<b>Total Services &amp; Supplies</b>	-	-	<b>\$9,041</b>	-	-	-	<b>\$9,041</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,768,284	-	-	-	1,768,284
<b>Total Expenditures</b>	-	-	<b>\$1,768,284</b>	-	-	-	<b>\$1,768,284</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(1,768,284)	-	-	-	(1,768,284)
<b>Total Ending Balance</b>	-	-	<b>(\$1,768,284)</b>	-	-	-	<b>(\$1,768,284)</b>
<b>Total Positions</b>							
Total Positions							8
<b>Total Positions</b>	-	-	-	-	-	-	<b>8</b>
<b>Total FTE</b>							
Total FTE							8.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>8.00</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 090 - Analyst Adjustments

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Elimination of S&S Inflation

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Facilities Maintenance	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Capital Outlay</b>							
Telecommunications Equipment	-	-	-	-	-	-	-
Data Processing Software	-	-	-	-	-	-	-
Data Processing Hardware	-	-	-	-	-	-	-
<b>Total Capital Outlay</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Elimination of S&S Inflation

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 092 - Personal Services Adjustments

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 102 - Modernization

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
IT Professional Services	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 103 - Information Security

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	188,139	-	-	-	188,139
Empl. Rel. Bd. Assessments	-	-	50	-	-	-	50
Public Employees' Retire Cont	-	-	32,228	-	-	-	32,228
Social Security Taxes	-	-	14,393	-	-	-	14,393
Worker's Comp. Assess. (WCD)	-	-	40	-	-	-	40
Mass Transit Tax	-	-	1,128	-	-	-	1,128
Flexible Benefits	-	-	33,453	-	-	-	33,453
Reconciliation Adjustment	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	<b>\$269,431</b>	-	-	-	<b>\$269,431</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	1,500	-	-	-	1,500
Office Expenses	-	-	5,000	-	-	-	5,000
IT Professional Services	-	-	(194,704)	-	-	-	(194,704)
Expendable Prop 250 - 5000	-	-	1,000	-	-	-	1,000
IT Expendable Property	-	-	-4,000	-	-	-	-4,000
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$183,204)</b>	-	-	-	<b>(\$183,204)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	86,227	-	-	-	86,227
<b>Total Expenditures</b>	-	-	<b>\$86,227</b>	-	-	-	<b>\$86,227</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's      X Legislatively Adopted

Budget Page 315

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 103 - Information Security

Cross Reference Name: Information Services Division  
Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(86,227)	-	-	-	(86,227)
<b>Total Ending Balance</b>	-	-	<b>(\$86,227)</b>	-	-	-	<b>(\$86,227)</b>
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE							0.88
<b>Total FTE</b>	-	-	-	-	-	-	<b>0.88</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 104 - Senior Systems Admin TOS

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	13,584	-	-	-	13,584
Public Employees' Retire Cont	-	-	2,327	-	-	-	2,327
Social Security Taxes	-	-	1,040	-	-	-	1,040
Mass Transit Tax	-	-	82	-	-	-	82
Reconciliation Adjustment	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	<b>\$17,033</b>	-	-	-	<b>\$17,033</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	17,033	-	-	-	17,033
<b>Total Expenditures</b>	-	-	<b>\$17,033</b>	-	-	-	<b>\$17,033</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(17,033)	-	-	-	(17,033)
<b>Total Ending Balance</b>	-	-	<b>(\$17,033)</b>	-	-	-	<b>(\$17,033)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 801 - LFO Analyst Adjustments

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Data Processing	-	-	25,000	-	-	-	25,000
IT Professional Services	-	-	800,000	-	-	-	800,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$825,000</b>	-	-	-	<b>\$825,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	825,000	-	-	-	825,000
<b>Total Expenditures</b>	-	-	<b>\$825,000</b>	-	-	-	<b>\$825,000</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(825,000)	-	-	-	(825,000)
<b>Total Ending Balance</b>	-	-	<b>(\$825,000)</b>	-	-	-	<b>(\$825,000)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 810 - Statewide Adjustments

Cross Reference Name: Information Services Division  
 Cross Reference Number: 45900-500-04-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Data Processing	-	-	7,730	-	-	-	7,730
<b>Total Services &amp; Supplies</b>	-	-	<b>\$7,730</b>	-	-	-	<b>\$7,730</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	7,730	-	-	-	7,730
<b>Total Expenditures</b>	-	-	<b>\$7,730</b>	-	-	-	<b>\$7,730</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(7,730)	-	-	-	(7,730)
<b>Total Ending Balance</b>	-	-	<b>(\$7,730)</b>	-	-	-	<b>(\$7,730)</b>

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-04-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Other Funds</b>						
Charges for Services	4,732	3,500	3,500	3,500	3,500	3,500
Transfer In - Intrafund	26,241,509	26,076,683	26,076,683	38,593,853	38,593,853	29,431,879
<b>Total Other Funds</b>	<b>\$26,246,241</b>	<b>\$26,080,183</b>	<b>\$26,080,183</b>	<b>\$38,597,353</b>	<b>\$38,597,353</b>	<b>\$29,435,379</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012



# BUDGET NARRATIVE

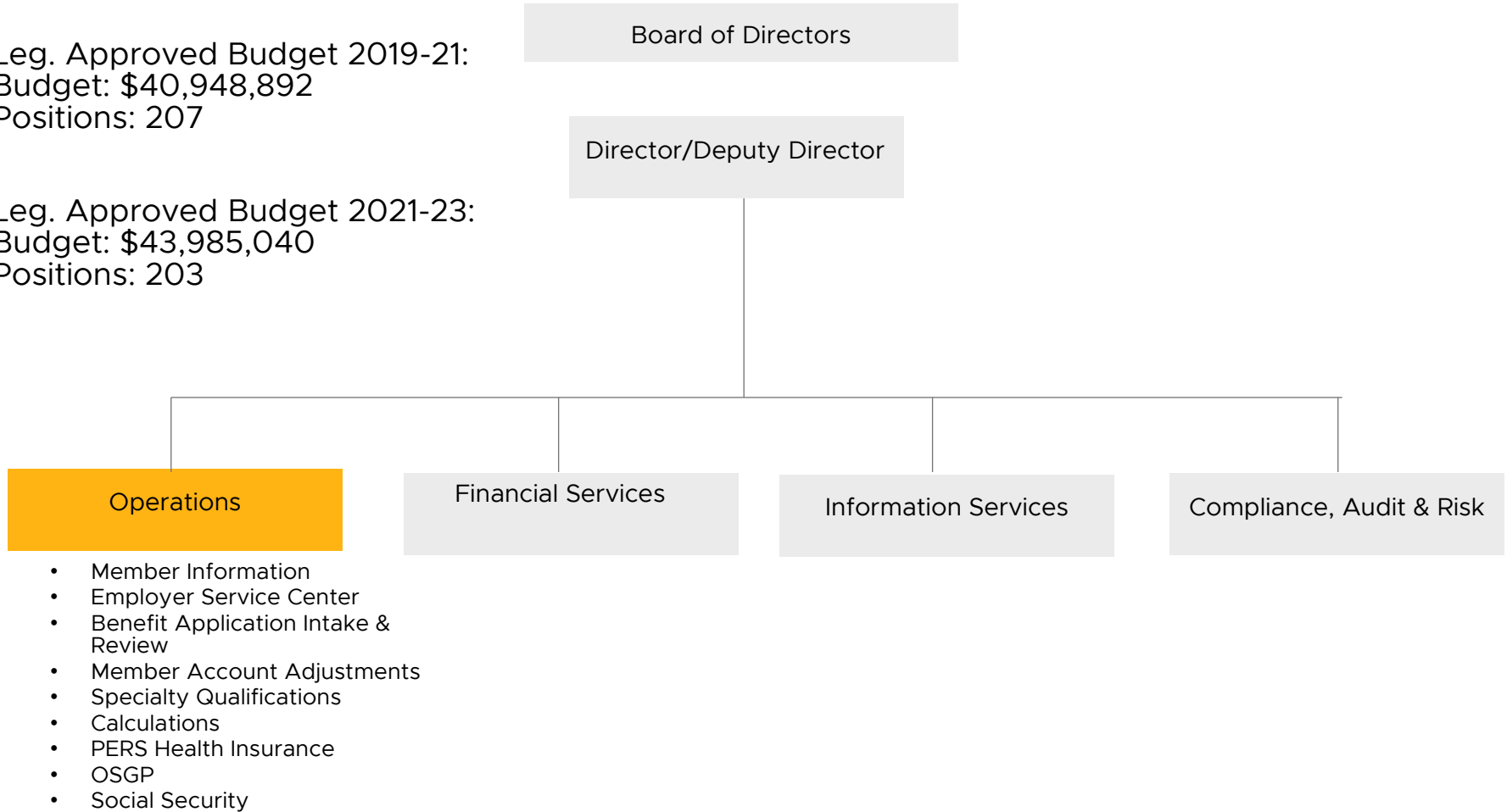
## Operations Division

Program Contact: Sam Paris, 503.603.7654

# PERS: Operations Division

Leg. Approved Budget 2019-21:  
Budget: \$40,948,892  
Positions: 207

Leg. Approved Budget 2021-23:  
Budget: \$43,985,040  
Positions: 203



## BUDGET NARRATIVE

### Operations Division Sections

Admin	Social Security	OSGP	PHIP	Member Services	Data Services	Benefit Preparation	Calculations
3/3.00 FTE	1/1.00 FTE	7/7.00 FTE	4/4.00 FTE	35/35.00 FTE	66/66.00 FTE	45/45.00 FTE	42/42.00 FTE
Executive Leadership Program Management Policy and Procedure	Coordinate the section 218 program of the social security program for all public employers of the state.	Administer the State 457 Plan  Administer the Voya Record keeping Contract	Financial Reconciliation/Disbursements  Reporting and Data Analysis  Member Eligibility and Education  Contract Management	Call Center Correspondence Service Desk Education Presentations RAAS Sessions	Employer Reporting Employer Point of Service Employer Maintenance Account Adjustments Data Verifications Resolve Data Migration Errors	Forms Processing Data Review Disability Eligibility Divorce Decree Review Beneficiary Determination	Estimates Purchases Benefit Inceptions Adjustments IAP Disbursements

# BUDGET NARRATIVE

## Executive Summary – Operations Division

### Program Overview

The Oregon Public Employees Retirement System Operations Division exists to fulfill the mission of the agency, which is to “serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.” The division is responsible for ensuring that PERS members’ accounts are managed properly, and benefits are calculated accurately and timely.

The Operations Division provides comprehensive retirement plan information and assistance to PERS members and employers for the Tier One, Tier Two, OPSRP, and IAP programs. The primary sections of the division include:

- **Member Services:** responsibilities include being the primary point of service for PERS members through the call center, correspondence, or email. This section also provides member education through various methods such as group presentations and Retirement Application Assistance Sessions.
- **Data Services:** responsibilities include being the primary point of contact for PERS employers with a focus on ensuring employer data and contributions are submitted timely and accurately, employer education and reporting assistance, and compliance. This section also manages member data account reviews and adjustments and provides Data Verifications to members.
- **Benefit Preparation:** responsibilities include intake and processing of all pre- and post-retirement forms and benefit applications, determining benefit eligibility, approving and denying disability applications, reviewing court orders for compliance, and determining beneficiaries for death benefits.
- **Calculations:** responsibilities include initiating benefit estimates and processing purchases; and calculating, maintaining, adjusting, and terminating all service retirement, disability, divorce, and death benefits for the Tier One, Tier Two, OPSRP, and IAP programs.

**Oregon Savings Growth Plan (OSGP)** is a voluntary 457 deferred compensation plan available to all state employees of local governments that adopt the plan. OSGP provides comprehensive retirement savings and investment information, education, and counseling to all current and potential participants. Customer service is provided by telephone, correspondence, group and individual sessions throughout the state. OSGP is responsible for developing, revising, maintaining, publishing, and disseminating information to all eligible participants through multi-channels such as: the OSGP website, OSGP participant website, 24-hour automated information line, video conferencing and the quarterly OSGP Plan Update. The program interacts with external stakeholders (i.e., Treasury, consultants, members, and advisory committees) and others for the purpose of sharing information and discussing investment options.

- **PERS Health Insurance Program** is responsible for the administration of program health plan benefits for Medicare, non-Medicare and dental coverage to our PERS eligible retirees. The responsibilities include all member services, contract services and financial services necessary to provide health insurance to our members. This team is responsible for all development and management of program policies, rules and service standards relating to eligibility, enrollment, and system administration of member coverage including Medicare, non-Medicare and dental coverage. The program develops, implements, and provides oversight to all health plan contracts for the PERS Health Insurance Program and provides all financial reconciliation and the processing and disbursement of program funds. The team assures adherence to program rules by evaluating the quality of services and directing actions necessary to ensure compliance with established policies, objectives, program priorities, and applicable laws, rules, and regulations. PERS Health Insurance Program provides services to members including group presentations and member communications that address benefit questions, concerns, and providing other member services as needed.
- **State Social Security Program** With the enactment of Section 218 to the federal Social Security Act in 1950, states could first exercise the option of providing social security coverage for state and local employees. States choosing to participate in Social Security coverage were mandated by federal statute to establish and maintain a program to ensure compliance with federal

## BUDGET NARRATIVE

standards and reporting. The Oregon Legislature determined that the program would be administered by PERS and would be funded by fees paid by employers, rather than the PERS trust fund. This program is overseen by one FTE, the state social security coordinator, for all political subdivisions. This includes 1,101 entities (901 PERS-participating employers and 200 non-PERS participating employers) and represents over 313,000 employees. The coordinator serves as a liaison between federal, state, and local government employers to address coverage, taxation, and benefit issues as well as performing education and outreach.

### **Program Funding Request**

#### POP 106 – Specialty Qualifications

PERS requests \$278,924 Other Funds limitation in the Operations Division to add two permanent positions to the Death Unit in order to more effectively cover the work created by the July 1, 2015 Operations Division reorganization. Additional staffing would also address the complex workload created by an increasing number of deaths and benefits payable from multiple plans.

#### POP 107 – Qualifying/Non-Qualifying

PERS requests \$436,606 Other Funds limitation in the Operations Division to secure three additional Limited Duration (LD) positions within the Data Services Section. As associated with this request, PERS is looking for additional staff, professional services and relevant supplies/equipment needs to allow the Data Services Section to introduce a standalone team whose purpose would be to address the continuously growing data issues and impacts associated with Qualifying/Non-Qualifying employment.

#### POP 110 – Education Team

PERS requests \$287,661 Other Funds limitation in the Operations Division for one Retirement Counselor 2 (RC2) Presenter and one Administrative Specialist 1 (AS1), for the Member Services' Education Team. Oregon PERS is the second-most complex pension system in North America. Having several different plans, with multiple options and requirements for each, coupled with regular legislative changes, has contributed to that complexity. With over 175,000 active and close to 50,000 inactive members, the need to provide information, education, and assistance – especially to members throughout their careers – is necessary.

### **Program Justification and Link to Long Term Outcomes**

In addition to the direct tie to the agency mission, the Operations Division oversees two major focus areas of PERS 2018-2023 Strategic Plan: Member Services and Communications and Data Reliability.

The business needs outlined in the Member Communications and Self-Service Platform business case are directly aligned with key drivers of the PERS mission, Strategic Plan, Key Goals, and Outcome Measures. The following diagram depicts the alignment:

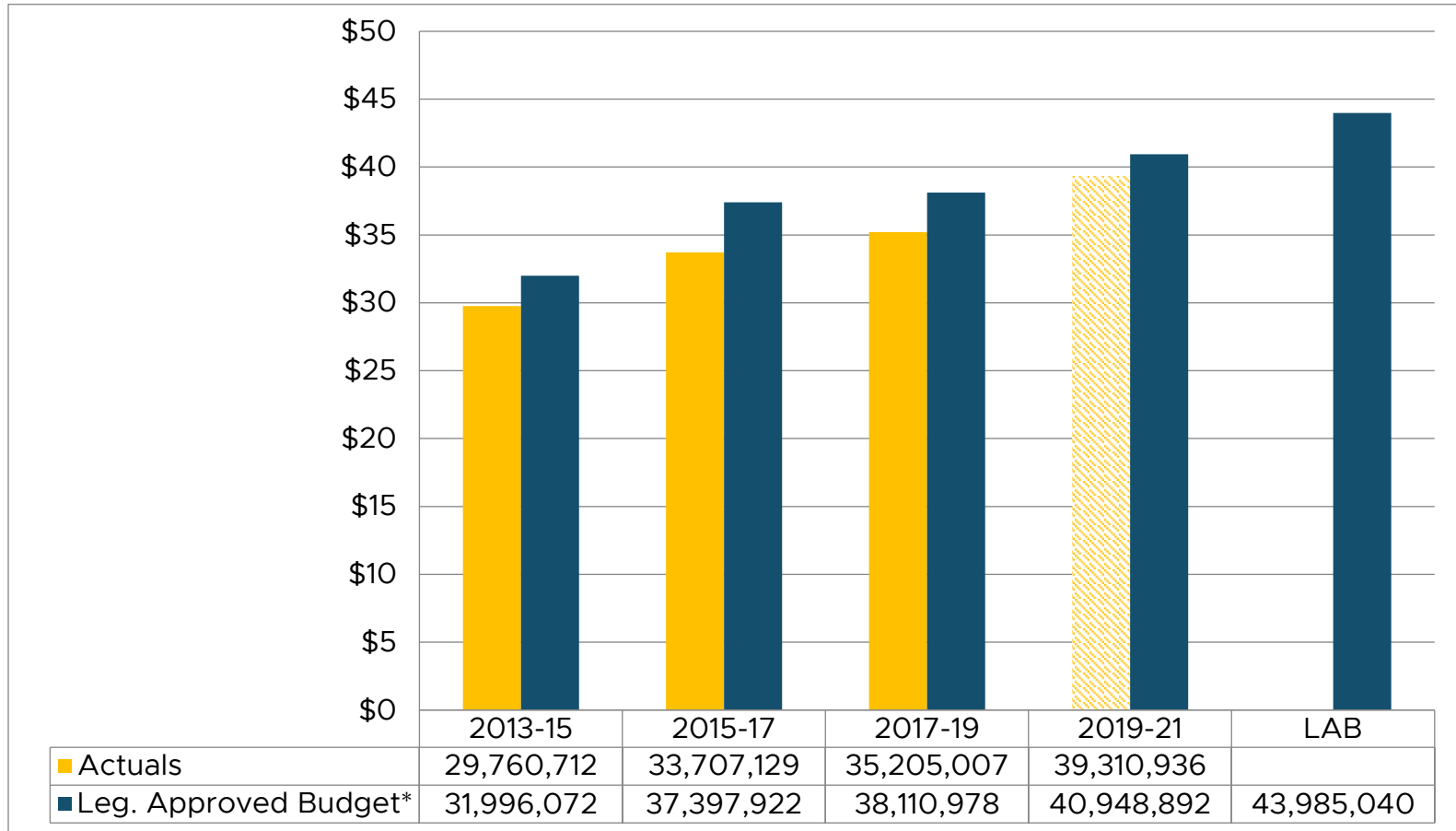
In support of PERS' five-year Strategic Plan, extensive research has also been conducted within PERS over the course of two years as part of a "breakthrough" project entitled Data Reliability. Among other efforts, the breakthrough has determined that OMS does not empower members with the knowledge, transparency, and education needed to review, understand, and most importantly, to verify their data. Furthermore, PERS' Data Reliability breakthrough has determined the following about the effect of problematic data on PERS members, employers, and staff:

## BUDGET NARRATIVE

- Unreliable data results in 30 percent of withdrawals and 15 percent of service retirements requiring data correction at benefit calculation.
- Incomplete, inaccurate, and late data, and/or not reconciling every year, results in additional unbudgeted cost to employers proportional to the length of the delay. For example, prior-year earnings on \$100 in member contributions for a Tier One member (in the 2020 Target Date Fund) reported in April 2020 for year 2017 would cost \$27.01 versus \$2,767.48 for the same contribution amount for 1985.
- In 2019, 594 members' accounts were adjusted for years prior to 2004, resulting in Prior Year Earnings invoices to employers totaling \$1,515,787.30.
- The unreliable nature of PERS' data erodes member and employer confidence and sense of control.

# BUDGET NARRATIVE

## Program Budget Performance



## BUDGET NARRATIVE

The following transaction summary by calendar year illustrates some of the growing workloads in the Operations Division.

### Member and Employer Customer Service

Year	Member Information Center Telephone Calls	Member Information Center Emails	Employer Service Center Telephone Calls	Employer Service Center Emails
2015	156,103	21,551	28,662	163,624
2016	177,856	20,300	22,562	89,862
2017	197,783	23,664	42,574	86,717
2018	160,668	22,064	21,070	104,730
2019	174,740	23,403	20,438	106,943
2020	180,941	23,302	14,913	143,259

### Retirement Education

Year	Group Presentation Attendance	Retirement Application Assistance Sessions
2015	11,984	3,145
2016	12,553	2,957
2017	12,331	3,822
2018	12,689	3,452
2019	12,552	3,751
2020	3,228	3,069

### Employer Reporting

Year	Number of Employers Reporting	Number of Reports Received	Number of Member Records Received
2015	914	13,449	3,678,802
2016	908	13,580	3,714,644
2017	908	13,440	3,540,590
2018	909	13,523	3,638,044
2019	912	13,672	3,728,396
2020	913	13,514	3,525,524

## BUDGET NARRATIVE

### Member Transactions (selected)

Year	Pension Retirements Processed (Tier One/Tier Two/OPSRP)	IAP Distributions Processed	Withdrawals Processed	Written Benefit Estimates Processed	Pre/Post Retirement Death Benefits Processed	Divorce Decrees Reviewed	Disability Applications Processed
2015	7,529	7,529	4,808	11,434	3,966	1,357	243
2016	6,682	7,575	4,344	12,191	4,124	997	213
2017	8,742	8,693	3,883	11,018	1,184	1,125	227
2018	7,144	7,136	3,958	12,172	1,247	971	234
2019	7,511	7,968	3,627	9,573	1,312	899	190
2020	7,501	7,068	3,647	10,060	2,881	947	164

### Online Resources

Year	Online Member Services (OMS) Successful Logins	OMS Estimates Created
2015	240,510	50,382
2016	279,186	52,039
2017	335,661	59,671
2018	360,124	54,248
2019	383,618	52,793
2020	361,545	46,079

### State Social Security Program

The State Social Security Program acts as a liaison between federal, state, and local governments on issues relating the Section 218 of the Social Security Act. Referendums are processes initiated by the governing body of a public entity, which then allows eligible employees to vote on whether or not to obtain Social Security coverage. Employer issues handled relate to the variety of inquiries sent to the State Social Security Program Coordinator relating to Social Security coverage, taxation, and benefits.

Year	# Referendums	# Employer Issues Handled
2015	7	84
2016	3	84
2017	2	82
2018	1	87
2019	1	N/A
2020	0	124



## BUDGET NARRATIVE

The Operations Division's performance is also measured by such metrics as how satisfied members and employers are with PERS' services and communication, timeliness of services, and accuracy of calculations.

In 2017, PERS made a concerted effort to generate better active member participation in our 2017 satisfaction survey. In 2016, we only received 1,381 responses, with the majority coming from retired members. Expanded solicitation efforts resulted in 4,642 members taking the survey in 2017 – over 3,000 more responses than the previous year. Of those, 1,131 were active members and 3,511 were retired. In 2019, PERS satisfaction survey was fully electronically delivered. PERS received the highest response rate ever, with 7,711 respondents. We had (of those respondents) 4,601 (were) retirees and 3,090 non-retirees, our highest non-retiree response amount ever (40%), including 339 “inactives” and 131 “other” (new category we added for beneficiaries and alternate payees).

### **Enabling Legislation/Program Authorization**

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

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

### **Funding Streams**

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 7 basis points (0.07%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

### **Significant Proposed Program Changes from 2019-21**

Requested Limited Other Funds reflect an increase of \$3,036,148 above the 2019-21 operating budget of \$40,948,892 and will continue to enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology.

## BUDGET NARRATIVE

<b>2019-21 Legislatively Approved Budget</b>	<b>Amount</b>	<b>FTE</b>
Operating Budget, Limited Only	39,297,301	206.52
	Amount	FTE
Base Budget Limited	42,891,395	207.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	374,004	
Pkg. 021 Phase In	-	
Pkg. 022 Phase Out Program and One Time Costs	-	
Pkg. 031 Standard Inflation	65,155	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	(337,236)	(11.00)
Subtotal Essential Packages	101,923	
Subtotal Current Service Level	42,993,318	196.00
Legislatively Adopted Budget Policy Packages		
Pkg. 106 Specialty Qualifications	278,924	1.76
Pkg. 107 Qualifying/Non Qualifying	436,606	2.64
Pkg. 110 Education Team	287,661	1.76
Pkg. 810 Statewide Adjustments	(11,469)	
Subtotal Policy Packages	991,722	6.16
<b>2021-23 Total Legislatively Adopted Budget</b>	<b>43,985,040</b>	<b>202.16</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	5,118	-	-	-	5,118
Overtime Payments	-	-	12,254	-	-	-	12,254
All Other Differential	-	-	3,097	-	-	-	3,097
Public Employees' Retire Cont	-	-	2,630	-	-	-	2,630
Pension Obligation Bond	-	-	138,989	-	-	-	138,989
Social Security Taxes	-	-	1,566	-	-	-	1,566
Mass Transit Tax	-	-	8,375	-	-	-	8,375
Vacancy Savings	-	-	201,975	-	-	-	201,975
<b>Total Personal Services</b>	-	-	<b>\$374,004</b>	-	-	-	<b>\$374,004</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	374,004	-	-	-	374,004
<b>Total Expenditures</b>	-	-	<b>\$374,004</b>	-	-	-	<b>\$374,004</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(374,004)	-	-	-	(374,004)
<b>Total Ending Balance</b>	-	-	<b>(\$374,004)</b>	-	-	-	<b>(\$374,004)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Operations Division  
Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	5,698	-	-	-	5,698
Out of State Travel	-	-	151	-	-	-	151
Employee Training	-	-	10,967	-	-	-	10,967
Office Expenses	-	-	6,703	-	-	-	6,703
Publicity and Publications	-	-	10,193	-	-	-	10,193
Professional Services	-	-	24,906	-	-	-	24,906
Employee Recruitment and Develop	-	-	325	-	-	-	325
Dues and Subscriptions	-	-	140	-	-	-	140
Other Services and Supplies	-	-	1,042	-	-	-	1,042
Expendable Prop 250 - 5000	-	-	3,060	-	-	-	3,060
IT Expendable Property	-	-	1,970	-	-	-	1,970
<b>Total Services &amp; Supplies</b>	-	-	<b>\$65,155</b>	-	-	-	<b>\$65,155</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	65,155	-	-	-	65,155
<b>Total Expenditures</b>	-	-	<b>\$65,155</b>	-	-	-	<b>\$65,155</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(65,155)	-	-	-	(65,155)
<b>Total Ending Balance</b>	-	-	<b>(\$65,155)</b>	-	-	-	<b>(\$65,155)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Employees Retirement System, Oregon**  
**Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Operations Division**  
**Cross Reference Number: 45900-500-08-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	(1,688,136)	-	-	-	(1,688,136)
Temporary Appointments	-	-	(12,484)	-	-	-	(12,484)
Overtime Payments	-	-	(34,435)	-	-	-	(34,435)
All Other Differential	-	-	(3,755)	-	-	-	(3,755)
Empl. Rel. Bd. Assessments	-	-	(638)	-	-	-	(638)
Public Employees' Retire Cont.	-	-	(295,719)	-	-	-	(295,719)
Pension Obligation Bond	-	-	143,851	-	-	-	143,851
Social Security Taxes	-	-	(133,021)	-	-	-	(133,021)
Worker's Comp. Assess. (WCD)	-	-	(506)	-	-	-	(506)
Mass Transit Tax	-	-	(10,432)	-	-	-	(10,432)
Flexible Benefits	-	-	(420,552)	-	-	-	(420,552)
Vacancy Savings	-	-	22,650	-	-	-	22,650
<b>Total Personal Services</b>	-	-	<b>(\$2,433,177)</b>	-	-	-	<b>(\$2,433,177)</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	39,378	-	-	-	39,378
Out of State Travel	-	-	(414)	-	-	-	(414)
Employee Training	-	-	(9,795)	-	-	-	(9,795)
Office Expenses	-	-	(15,772)	-	-	-	(15,772)
State Gov. Service Charges	-	-	427,807	-	-	-	427,807
Publicity and Publications	-	-	(79,127)	-	-	-	(79,127)
Professional Services	-	-	1,680,162	-	-	-	1,680,162
Attorney General	-	-	58,846	-	-	-	58,846
Employee Recruitment and Develop	-	-	(419)	-	-	-	(419)
Dues and Subscriptions	-	-	(150)	-	-	-	(150)

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 060 - Technical Adjustments

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Other Services and Supplies	-	-	(3,420)	-	-	-	(3,420)
Expendable Prop 250 - 5000	-	-	(4,155)	-	-	-	(4,155)
IT Expendable Property	-	-	3,000	-	-	-	3,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$2,095,941</b>	-	-	-	<b>\$2,095,941</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(337,236)	-	-	-	(337,236)
<b>Total Expenditures</b>	-	-	<b>(\$337,236)</b>	-	-	-	<b>(\$337,236)</b>
<b>Ending Balance</b>							
Ending Balance:	-	-	337,236	-	-	-	337,236
<b>Total Ending Balance</b>	-	-	<b>\$337,236</b>	-	-	-	<b>\$337,236</b>
<b>Total Positions</b>							
Total Positions							(11)
<b>Total Positions</b>	-	-	-	-	-	-	<b>(11)</b>
<b>Total FTE</b>							
Total FTE							(11.00)
<b>Total FTE</b>	-	-	-	-	-	-	<b>(11.00)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 090 - Analyst Adjustments

Cross Reference Name: Operations Division  
Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Elimination of S&S Inflation

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	-	-	-	-	-
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Publicity and Publications	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 092 - Personal Services Adjustments

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 097 - Statewide AG Adjustment

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 106 - Specialty Qualifications

Cross Reference Name: Operations Division  
Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	150,612	-	-	-	150,612
Empl. Rel. Bd. Assessments	-	-	100	-	-	-	100
Public Employees' Retire Cont	-	-	25,800	-	-	-	25,800
Social Security Taxes	-	-	11,522	-	-	-	11,522
Worker's Comp. Assess. (WCD)	-	-	80	-	-	-	80
Mass Transit Tax	-	-	904	-	-	-	904
Flexible Benefits	-	-	66,906	-	-	-	66,906
<b>Total Personal Services</b>	-	-	<b>\$255,924</b>	-	-	-	<b>\$255,924</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	3,000	-	-	-	3,000
Office Expenses	-	-	10,000	-	-	-	10,000
Expendable Prop 250 - 5000	-	-	2,000	-	-	-	2,000
IT Expendable Property	-	-	8,000	-	-	-	8,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$23,000</b>	-	-	-	<b>\$23,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	278,924	-	-	-	278,924
<b>Total Expenditures</b>	-	-	<b>\$278,924</b>	-	-	-	<b>\$278,924</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(278,924)	-	-	-	(278,924)
<b>Total Ending Balance</b>	-	-	<b>(\$278,924)</b>	-	-	-	<b>(\$278,924)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's      X Legislatively Adopted

Budget Page 339

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 106 - Specialty Qualifications

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							2
<b>Total Positions</b>	-	-	-	-	-	-	<b>2</b>
<b>Total FTE</b>							
Total FTE							1.76
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.76</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 107 - Q/NQ

Cross Reference Name: Operations Division  
Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	240,450	-	-	-	240,450
Empl. Rel. Bd. Assessments	-	-	150	-	-	-	150
Public Employees' Retire Cont	-	-	41,190	-	-	-	41,190
Social Security Taxes	-	-	18,395	-	-	-	18,395
Worker's Comp. Assess. (WCD)	-	-	120	-	-	-	120
Mass Transit Tax	-	-	1,442	-	-	-	1,442
Flexible Benefits	-	-	100,359	-	-	-	100,359
<b>Total Personal Services</b>	-	-	<b>\$402,106</b>	-	-	-	<b>\$402,106</b>
<b>Services &amp; Supplies</b>							
Employee Training	-	-	4,500	-	-	-	4,500
Office Expenses	-	-	15,000	-	-	-	15,000
Expendable Prop 250 - 5000	-	-	3,000	-	-	-	3,000
IT Expendable Property	-	-	12,000	-	-	-	12,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$34,500</b>	-	-	-	<b>\$34,500</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	436,606	-	-	-	436,606
<b>Total Expenditures</b>	-	-	<b>\$436,606</b>	-	-	-	<b>\$436,606</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(436,606)	-	-	-	(436,606)
<b>Total Ending Balance</b>	-	-	<b>(\$436,606)</b>	-	-	-	<b>(\$436,606)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       Legislatively Adopted

Budget Page 341

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 107 - Q/NQ

Cross Reference Name: Operations Division  
Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Positions</b>							
Total Positions							3
<b>Total Positions</b>	-	-	-	-	-	-	<b>3</b>
<b>Total FTE</b>							
Total FTE							2.64
<b>Total FTE</b>	-	-	-	-	-	-	<b>2.64</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 110 - Education Team

Cross Reference Name: Operations Division  
Cross Reference Number: 45900-500-08-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	148,722	-	-	-	148,722
Empl. Rel. Bd. Assessments	-	-	100	-	-	-	100
Public Employees' Retire Cont	-	-	25,476	-	-	-	25,476
Social Security Taxes	-	-	11,377	-	-	-	11,377
Worker's Comp. Assess. (WCD)	-	-	80	-	-	-	80
Mass Transit Tax	-	-	-	-	-	-	-
Flexible Benefits	-	-	66,906	-	-	-	66,906
<b>Total Personal Services</b>	-	-	<b>\$252,661</b>	-	-	-	<b>\$252,661</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	12,000	-	-	-	12,000
Employee Training	-	-	3,000	-	-	-	3,000
Office Expenses	-	-	10,000	-	-	-	10,000
Expendable Prop 250 - 5000	-	-	2,000	-	-	-	2,000
IT Expendable Property	-	-	8,000	-	-	-	8,000
<b>Total Services &amp; Supplies</b>	-	-	<b>\$35,000</b>	-	-	-	<b>\$35,000</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	287,661	-	-	-	287,661
<b>Total Expenditures</b>	-	-	<b>\$287,661</b>	-	-	-	<b>\$287,661</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       X  Legislatively Adopted

Budget Page 343

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 110 - Education Team

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(287,661)	-	-	-	(287,661)
<b>Total Ending Balance</b>	-	-	<b>(\$287,661)</b>	-	-	-	<b>(\$287,661)</b>
<b>Total Positions</b>							
Total Positions							2
<b>Total Positions</b>	-	-	-	-	-	-	<b>2</b>
<b>Total FTE</b>							
Total FTE							1.76
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.76</b>



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 810 - Statewide Adjustments

Cross Reference Name: Operations Division  
 Cross Reference Number: 45900-500-08-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(8,191)	-	-	-	(8,191)
Attorney General	-	-	(3,278)	-	-	-	(3,278)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$11,469)</b>	-	-	-	<b>(\$11,469)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(11,469)	-	-	-	(11,469)
<b>Total Expenditures</b>	-	-	<b>(\$11,469)</b>	-	-	-	<b>(\$11,469)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	11,469	-	-	-	11,469
<b>Total Ending Balance</b>	-	-	<b>\$11,469</b>	-	-	-	<b>\$11,469</b>

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-08-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Other Funds</b>						
Charges for Services	741,733	474,000	474,000	4,172,000	4,172,000	4,172,000
Interest Income	-	-	-	29,150	29,150	29,150
Other Revenues	15	-	-	-	-	-
Transfer In - Intrafund	34,531,809	38,819,623	38,819,623	40,591,175	40,591,175	40,567,333
<b>Total Other Funds</b>	<b>\$35,273,557</b>	<b>\$39,293,623</b>	<b>\$39,293,623</b>	<b>\$44,792,325</b>	<b>\$44,792,325</b>	<b>\$44,768,483</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

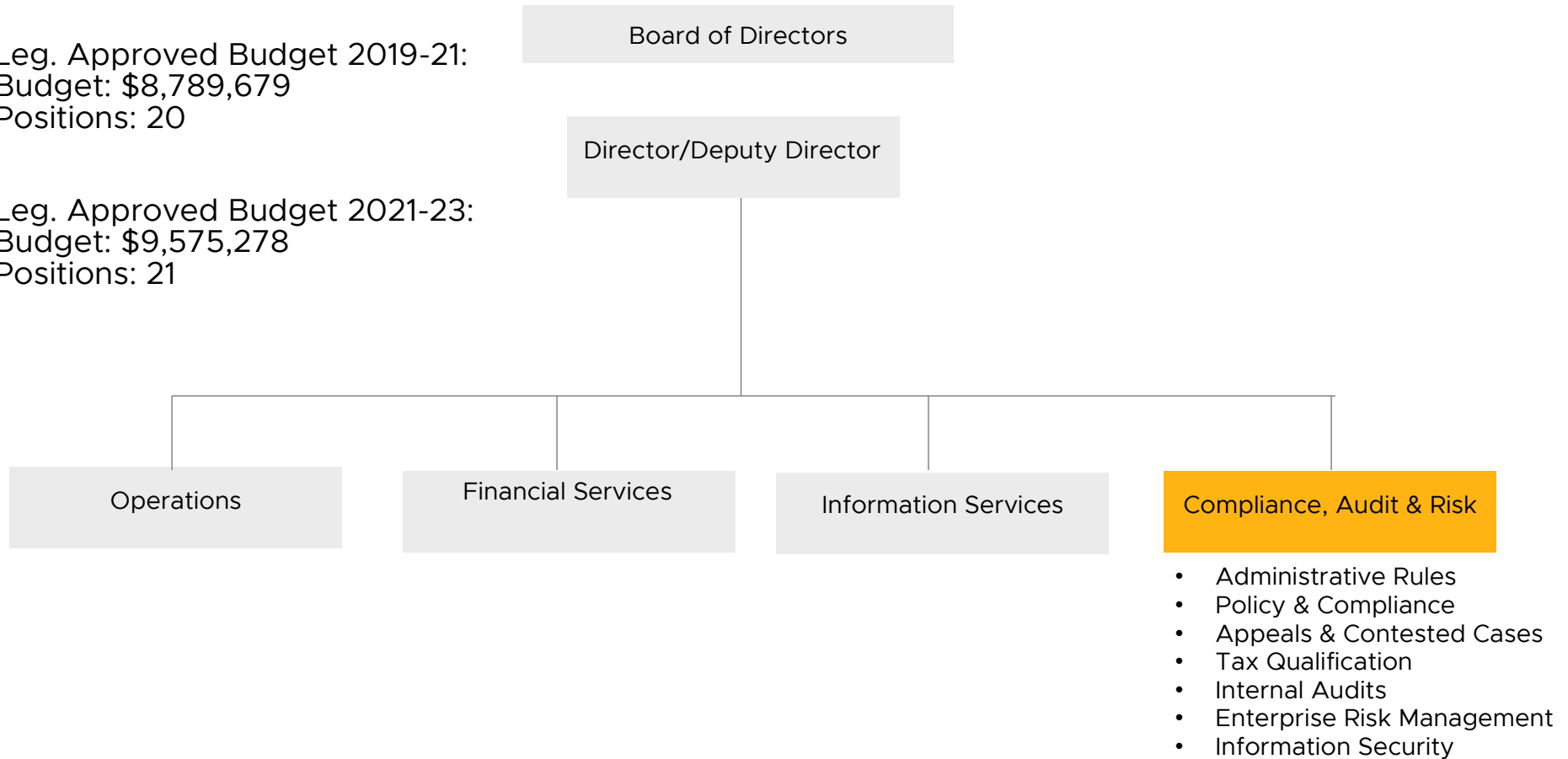
## Compliance, Audit, and Risk Division

Program Contact: Jason Stanley, 503.603.7504

# PERS: Compliance, Audit, and Risk Division

Leg. Approved Budget 2019-21:  
Budget: \$8,789,679  
Positions: 20

Leg. Approved Budget 2021-23:  
Budget: \$9,575,278  
Positions: 21



## BUDGET NARRATIVE

### CARD Sections

IAS	PACS	Security and Risk
4/4.00 FTE	13/13.00 FTE	4/4.00 FTE
<p>Conduct an annual agency-wide risk assessment</p> <p>Create an annual audit plan</p> <p>Provide consultation services to management</p> <p>Report audit results, including recommendations for improvement, to management and the Audit Committee</p> <p>Act as a liaison with external auditors</p> <p>Represent PERS on statewide audit issues and committees</p> <p>Follow Up on outstanding audit recommendations</p>	<p>Provide research, policy, and planning support to other divisions.</p> <p>Administer the agency's appeals, contested cases, and tort claims</p> <p>Administer the development and adoption of OARs</p> <p>Develop, draft, and coordinate adoption of business rules reflecting changes in legal, legislative, and policy positions</p> <p>Monitor and support agency legal representation.</p> <p>Support legislative process</p>	<p>Implement and manage an Information Security Program</p> <p>Coordinate with the Enterprise Security Office on statewide security issues</p> <p>Implement and manage the PERS Continuity Management Program</p> <p>Advise management on risk prioritization strategies</p> <p>Deliver information security, continuity, and risk education and training to staff and management</p>

# BUDGET NARRATIVE

## Executive Summary - Compliance, Audit and Risk Division

The Compliance, Audit, and Risk Division (CARD) of PERS assists the agency in meeting its mission by providing a variety of risk management and compliance activities for all agency programs: Tier One/Two, OPSRP, Oregon Savings Growth Plan, and PERS Health Insurance Program. The Division oversees and coordinates legal activities, assists management in the identification and management of risks, provides independent audit and consulting services to ensure compliance with rules and identify operational inefficiencies, and oversees the agency's programs for information security and continuity management. The division would like to add a risk management program during the 21-23 biennium if resources are approved. CARD is comprised of three sections:

- Internal Audit Section
- Policy Analysis and Compliance Section
- Security and Risk Section

### Internal Audit Section (IAS)

PERS meets the criteria in Oregon Revised Statute 184.360 and Oregon Administrative Rule 125-700 that requires the establishment, maintenance, and support of an internal audit function. IAS provides independent, objective assurance and consulting services designed to add value and improve PERS' operations. IAS provides these services to all of the other divisions at PERS as well as other sections within CARD. IAS is able to maintain its independence by functionally reporting to the Audit Committee of the PERS Board.

### Policy Analysis and Compliance Section (PACS)

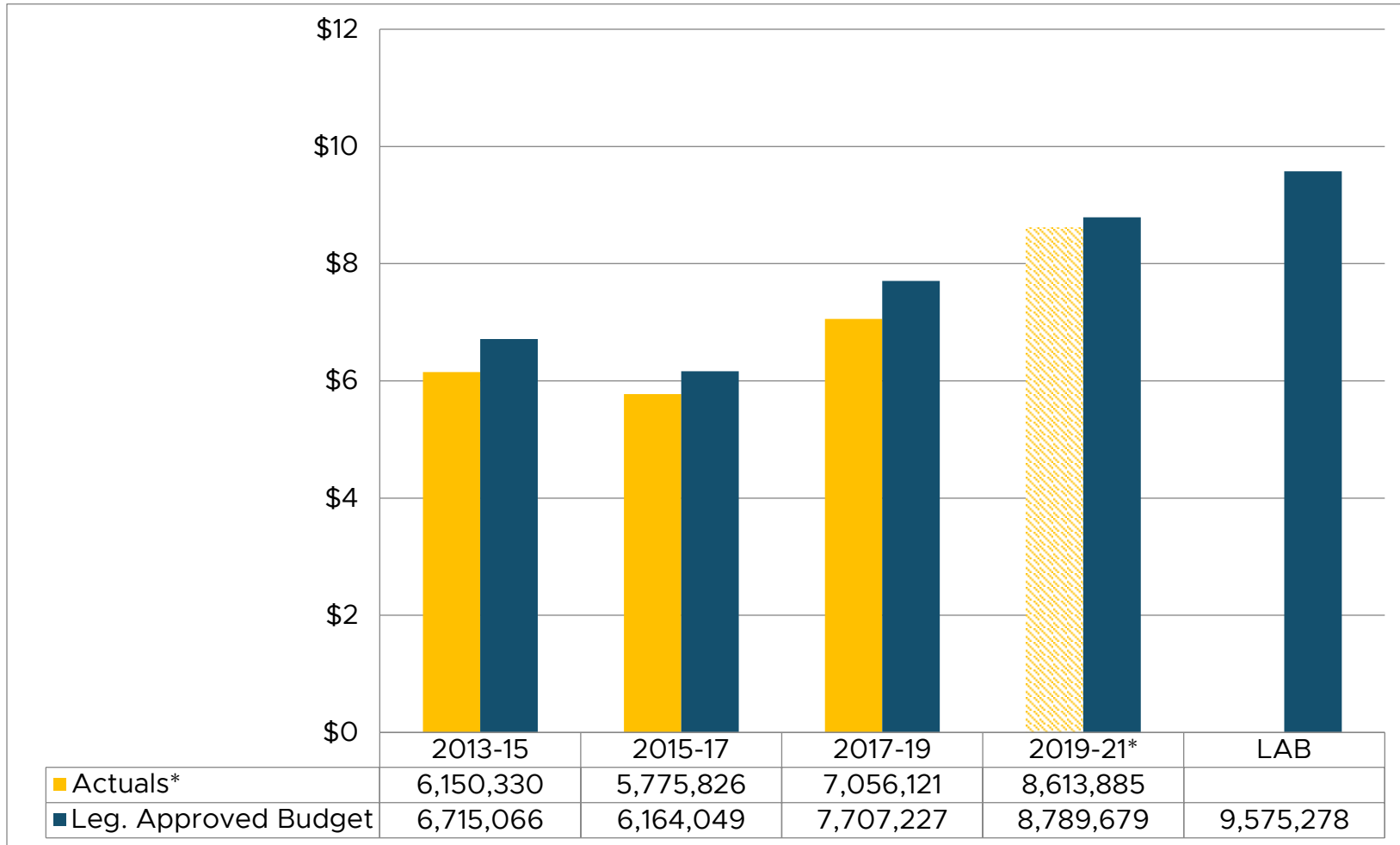
The Policy Analysis and Compliance Section (PACS) facilitates the administrative law function for and provides policy guidance to the agency, forming policies based on court rulings, legislative actions, and internal policy decisions. On the compliance side, PACS oversees disputes in the form of appeals and contested cases. On the policy analysis side, PACS ensures policies, business rules, and administrative rules are consistent with statute and federal requirements. This is vital to ensure the plan maintains its tax qualified status, which if lost, would cause significant tax consequences to the trust and its members. PACS also manages litigation and serves as a liaison with the Department of Justice.

### Security and Risk Section (SRS)

The Security and Risk Section (SRS) provides guidance to the agency's leadership and staff on the best practices and controls to help identify, control, mitigate, and monitor agency risk. The section has established programs for Information Security and Continuity Management, both of which meet industry standards. These programs continue to evolve and mature in coordination with Enterprise Information Services and the Governor's State Resilience Office. Because these programs were only funded for the 19-21 biennium, PERS is requesting funds through a policy option package to obtain resources to continue these important programs. Additionally, PERS is asking for additional staff and other resources in a policy option package to establish an Enterprise Risk Management Program.

# BUDGET NARRATIVE

## Program Budget Performance



# BUDGET NARRATIVE

## Program Funding Request

### Risk and Security Management Program Package 103 & 105

The Governor, legislature, and state government are committed to meeting the needs of citizens in protecting its members' information in the event of cybersecurity attacks and local or statewide disasters. The EIS and Legislative Fiscal Office directed PERS to develop industry standard programs for Information Security, Business Continuity and Disaster Recovery Programs. PERS Business Continuity and Disaster Recovery Programs are henceforth known as its Continuity Management Program.

PERS successfully developed and implemented its Information Security and Continuity Management programs during the 2017-2019 biennium; however, funding for the continued operation of these programs will end on June 30, 2021. Therefore, PERS is seeking approval for ongoing budget resources to continue operating its industry standard Information Security and Continuity Management Programs, in alignment with the State's Unification of Security, Oregon Revised Statutes, and Continuity and Resiliency initiatives.

Additionally, during the 2019-2021 biennium, PERS successfully established and tested its disaster recovery warm-site and data backup infrastructure; however, it lacks the necessary staff to effectively manage the solution. Therefore, PERS is seeking approval to hire a Sr. System Administrator in support of the agency's continuity management program.

PERS is ultimately responsible for ensuring the confidentiality, integrity, availability, and privacy of member data and business services in good times and bad, therefore continuation of these programs and management of its disaster recovery warm-site and data backup infrastructure are critical to meeting its mission and obligations to its members. This position will reside in the Information Services Division.

These requests have the potential impact on the Supporting Process Measures of PERS' Fundamentals Map:

SP2.7 conducting enterprise risk management efforts

SP3.7 ensuring system security

SP6.1 Developing and maintaining the agency's strategic plan and ensuring organizational alignment

Total cost for adding this one FTE and other resources for the 21-23 biennium include:

Personnel Services	\$ 198,025
Services and Supplies	\$ 994,000
<u>Capital Outlay</u>	
Total	\$ 1,192,025

## BUDGET NARRATIVE

### Internal Audit Section

IAS issues reports on audit subjects that span the entire agency. These reports include recommendations for management to improve operations and are monitored until they are implemented. The table below shows the number of reports and recommendations issued for the past five years.

<b>Year</b>	<b># Reports Issued</b>	<b># Recommendations</b>
2020	6	34
2019	4	7
2018	7	30
2017	8	29
2016	3	37

### Policy Analysis and Compliance Section

PACS administers the agency's appeals and contested cases. The following table shows the volume of appeals and contested cases filed.

<b>Year</b>	<b># Appeals</b>	<b># Contested Cases</b>
2020 (Jan-Jun)	204	23
2019	177	41
2018	157	32
2017	170	34
2016	221	31



# BUDGET NARRATIVE

## **Enabling Legislation/Program Authorization**

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

Notably, the governing authority for the PERS system is vested in a five-member board appointed by the Governor and confirmed by the Senate under ORS 238.630. The PERS Board is charged with employing a director and creating such other positions as it deems necessary for sound and economical administration of the system.

## **Funding Streams**

ORS 238.610 directs that the administrative operations expenses for PERS are paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers. PERS annual operations expenses, when measured as a percent of the \$70 billion PERS Fund, represent less than 7 basis points (0.07%). Any earnings not used to support agency operations must be otherwise expended solely for the exclusive benefit of PERS members.

## **Significant Proposed Program Changes from 2019-21**

Requested Limited Other Funds reflect an increase of \$785,599 above the 2019-21 operating budget of \$8,789,679 and will continue to enable the Agency to maintain current service delivery levels while enhancing performance measurement in the areas of process improvement and technology.

## BUDGET NARRATIVE

<b>2019-21 Legislatively Approved Budget</b>	<b>Amount</b>	<b>FTE</b>
Operating Budget, Limited Only	8,464,165	20.00
	Amount	FTE
Base Budget Limited	8,971,456	20.00
Essential Packages Limited		-
Pkg. 010 Non PICS Personal Services Vacancy Factor	71,219	
Pkg. 021 Phase In	-	
Pkg. 022 Phase Out Program and One Time Costs	(638,291)	
Pkg. 031 Standard Inflation	225,399	
Pkg. 032 Above Standard Inflation	-	
Pkg. 060 Technical Adjustments	159,401	1.00
Subtotal Essential Packages	(182,272)	
Subtotal Current Service Level	8,789,184	21.00
Legislatively Adopted Budget Policy Packages		
Pkg. 103 Information Security	854,504	-
Pkg. 810 Statewide Adjustments	(68,410)	
Subtotal Policy Packages	786,094	-
<b>2021-23 Total Legislatively Adopted Budget</b>	<b>9,575,278</b>	<b>21.00</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	707	-	-	-	707
Overtime Payments	-	-	168	-	-	-	168
All Other Differential	-	-	278	-	-	-	278
Public Employees' Retire Cont	-	-	77	-	-	-	77
Pension Obligation Bond	-	-	48,535	-	-	-	48,535
Social Security Taxes	-	-	88	-	-	-	88
Mass Transit Tax	-	-	3,622	-	-	-	3,622
Vacancy Savings	-	-	17,744	-	-	-	17,744
<b>Total Personal Services</b>	-	-	<b>\$71,219</b>	-	-	-	<b>\$71,219</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	71,219	-	-	-	71,219
<b>Total Expenditures</b>	-	-	<b>\$71,219</b>	-	-	-	<b>\$71,219</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(71,219)	-	-	-	(71,219)
<b>Total Ending Balance</b>	-	-	<b>(\$71,219)</b>	-	-	-	<b>(\$71,219)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Employee Training	-	-	(43,291)	-	-	-	(43,291)
Office Expenses	-	-	(15,000)	-	-	-	(15,000)
Data Processing	-	-	(300,000)	-	-	-	(300,000)
IT Professional Services	-	-	(190,000)	-	-	-	(190,000)
Dues and Subscriptions	-	-	(75,000)	-	-	-	(75,000)
Expendable Prop 250 - 5000	-	-	(3,000)	-	-	-	(3,000)
IT Expendable Property	-	-	(12,000)	-	-	-	(12,000)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$638,291)</b>	-	-	-	<b>(\$638,291)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(638,291)	-	-	-	(638,291)
<b>Total Expenditures</b>	-	-	<b>(\$638,291)</b>	-	-	-	<b>(\$638,291)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	638,291	-	-	-	638,291
<b>Total Ending Balance</b>	-	-	<b>\$638,291</b>	-	-	-	<b>\$638,291</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 031 - Standard Inflation

Cross Reference Name: Compliance, Audit, and Risk Division  
Cross Reference Number: 45900-500-09-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	74	-	-	-	74
Out of State Travel	-	-	67	-	-	-	67
Employee Training	-	-	2,176	-	-	-	2,176
Office Expenses	-	-	2,543	-	-	-	2,543
State Gov. Service Charges	-	-	(160,000)	-	-	-	(160,000)
Professional Services	-	-	16,043	-	-	-	16,043
Attorney General	-	-	199,813	-	-	-	199,813
Dispute Resolution Services	-	-	13,288	-	-	-	13,288
Employee Recruitment and Develop	-	-	63	-	-	-	63
Dues and Subscriptions	-	-	533	-	-	-	533
Expendable Prop 250 - 5000	-	-	288	-	-	-	288
IT Expendable Property	-	-	511	-	-	-	511
<b>Total Services &amp; Supplies</b>	-	-	<b>\$75,399</b>	-	-	-	<b>\$75,399</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	75,399	-	-	-	75,399
<b>Total Expenditures</b>	-	-	<b>\$75,399</b>	-	-	-	<b>\$75,399</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(75,399)	-	-	-	(75,399)
<b>Total Ending Balance</b>	-	-	<b>(\$75,399)</b>	-	-	-	<b>(\$75,399)</b>

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

\_\_\_ Agency Request      \_\_\_ Governor's       X  Legislatively Adopted

Budget Page 357

2021-23

**107BF07**

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 060 - Technical Adjustments

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	107,712	-	-	-	107,712
Temporary Appointments	-	-	1,121	-	-	-	1,121
Overtime Payments	-	-	4,535	-	-	-	4,535
All Other Differential	-	-	859	-	-	-	859
Empl. Rel. Bd. Assessments	-	-	58	-	-	-	58
Public Employees' Retire Cont	-	-	19,375	-	-	-	19,375
Pension Obligation Bond	-	-	(37,391)	-	-	-	(37,391)
Social Security Taxes	-	-	8,738	-	-	-	8,738
Worker's Comp. Assess. (WCD)	-	-	46	-	-	-	46
Mass Transit Tax	-	-	685	-	-	-	685
Flexible Benefits	-	-	38,232	-	-	-	38,232
Vacancy Savings	-	-	(1,103)	-	-	-	(1,103)
<b>Total Personal Services</b>	-	-	<b>\$142,867</b>	-	-	-	<b>\$142,867</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	2,113	-	-	-	2,113
Out of State Travel	-	-	(22)	-	-	-	(22)
Employee Training	-	-	(1,341)	-	-	-	(1,341)
Office Expenses	-	-	8,642	-	-	-	8,642
Professional Services	-	-	7,363	-	-	-	7,363
Employee Recruitment and Develop	-	-	125	-	-	-	125
Dues and Subscriptions	-	-	54	-	-	-	54
Other Services and Supplies	-	-	403	-	-	-	403
Expendable Prop 250 - 5000	-	-	442	-	-	-	442

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 060 - Technical Adjustments

Cross Reference Name: Compliance, Audit, and Risk Division  
Cross Reference Number: 45900-500-09-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
IT Expendable Property	-	-	(1,245)	-	-	-	(1,245)
<b>Total Services &amp; Supplies</b>	-	-	<b>\$16,534</b>	-	-	-	<b>\$16,534</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	159,401	-	-	-	159,401
<b>Total Expenditures</b>	-	-	<b>\$159,401</b>	-	-	-	<b>\$159,401</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(159,401)	-	-	-	(159,401)
<b>Total Ending Balance</b>	-	-	<b>(\$159,401)</b>	-	-	-	<b>(\$159,401)</b>
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE							1.00
<b>Total FTE</b>	-	-	-	-	-	-	<b>1.00</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 091 - Elimination of S&S Inflation

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	-	-	-	-	-
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Dispute Resolution Services	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013



# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 092 - Personal Services Adjustments

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Vacancy Savings	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 097 - Statewide AG Adjustment

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 103 - Information Security

Cross Reference Name: Compliance, Audit, and Risk Division  
Cross Reference Number: 45900-500-09-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Employee Training	-	-	80,000	-	-	-	80,000
Data Processing	-	-	110,000	-	-	-	110,000
IT Professional Services	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	664,504	-	-	-	664,504
<b>Total Services &amp; Supplies</b>	-	-	<b>\$854,504</b>	-	-	-	<b>\$854,504</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	854,504	-	-	-	854,504
<b>Total Expenditures</b>	-	-	<b>\$854,504</b>	-	-	-	<b>\$854,504</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(854,504)	-	-	-	(854,504)
<b>Total Ending Balance</b>	-	-	<b>(\$854,504)</b>	-	-	-	<b>(\$854,504)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 105 - Enterprise Risk Mgmt

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Mass Transit Tax	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
<b>Total Personal Services</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
IT Professional Services	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-

2021-23 Biennium

Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
 Pkg: 105 - Enterprise Risk Mgmt

Cross Reference Name: Compliance, Audit, and Risk Division  
 Cross Reference Number: 45900-500-09-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							-
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Total FTE</b>							
Total FTE							-
<b>Total FTE</b>	-	-	-	-	-	-	-

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Employees Retirement System, Oregon  
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Compliance, Audit, and Risk Division  
Cross Reference Number: 45900-500-09-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	(68,410)	-	-	-	(68,410)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$68,410)</b>	-	-	-	<b>(\$68,410)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(68,410)	-	-	-	(68,410)
<b>Total Expenditures</b>	-	-	<b>(\$68,410)</b>	-	-	-	<b>(\$68,410)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	68,410	-	-	-	68,410
<b>Total Ending Balance</b>	-	-	<b>\$68,410</b>	-	-	-	<b>\$68,410</b>

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Employees Retirement System, Oregon  
2021-23 Biennium

Agency Number: 45900  
Cross Reference Number: 45900-500-09-00-00000

Source	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
<b>Other Funds</b>						
Charges for Services	427,542	398,000	398,000	-	-	-
Interest Income	5,449	3,300	3,300	-	-	-
Transfer In - Intrafund	6,670,687	8,192,894	8,192,894	10,643,709	10,643,709	9,575,278
<b>Total Other Funds</b>	<b>\$7,103,678</b>	<b>\$8,594,194</b>	<b>\$8,594,194</b>	<b>\$10,643,709</b>	<b>\$10,643,709</b>	<b>\$9,575,278</b>

2021-23 Biennium

Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## Facilities Maintenance and Management

### Facilities Maintenance Discussion

PERS Headquarters building was built in 1996 and Department of Administration Services Facilities Services has provided annual maintenance to building systems. There is no deferred maintenance due to the age of the building; however, Policy Package 112 will ensure funding for any required maintenance or equipment past its recommended useful life. There are sufficient dollars in the facilities maintenance account in PERS Essential Budget to cover the routine annual maintenance and occasional repairs to the building systems.



# BUDGET NARRATIVE

## Facilities Maintenance Summary Report

Facility Plan - Facility Summary  
 Report 107BF16a  
 2021-23 Biennium

Agency Name

PERS

Table A: Owned Assets Over \$1M CRV		FY 2020 DATA			
Total Number of Facilities Over \$1M	1				
Current Replacement Value \$ (CRV) <b>1</b>	\$35,159,411	Source	<b>4</b>	FCA	Risk or FCA
Total Gross Square Feet (GSF)	60,220				
Office/Administrative Usable Square Feet (USF) <b>2</b>	52,391	<i>Estimate/Actual Office/Admin USF/PC or Agency Measure</i>	<b>5</b>	87%	% USF/GSF
Occupants Position Count (PC) <b>3</b>	Est. 280		<b>6</b>	187	
			<b>7</b>	NA	

Table B: Owned facilities under \$1M CRV	
Number of Facilities Under \$1M	0
CRV <b>1</b>	\$0
GSF	0

## BUDGET NARRATIVE

<b>Table C: Leased Facilities</b>												
Total Rentable SF	<b>8</b>	44,449	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; padding: 5px;"><i>Estimate/Actual</i></td> <td style="width: 5%; text-align: center; padding: 5px;"><b>5</b></td> <td style="width: 15%; text-align: center; padding: 5px;">90%</td> <td rowspan="2" style="width: 10%; padding: 5px;">% USF/GSF</td> </tr> <tr> <td style="padding: 5px;"><b>Office/Admin</b></td> <td style="padding: 5px;"><b>6</b></td> <td style="text-align: center; padding: 5px;">279</td> </tr> </table>			<i>Estimate/Actual</i>	<b>5</b>	90%	% USF/GSF	<b>Office/Admin</b>	<b>6</b>	279
<i>Estimate/Actual</i>	<b>5</b>	90%				% USF/GSF						
<b>Office/Admin</b>	<b>6</b>	279										
Total 2021-2023 Biennial Lease Cost		\$1,357,750										
Additional 2017-2019 Costs for Lease Properties (O&M)	<b>9</b>	0										
Office/Administrative Usable Square Feet (USF)	<b>2</b>	40,004										
Occupants Position Count (PC)	<b>3</b>	Est. 159										

### Facilities Operations and Maintenance Report

**Agency Name**

Public Employees Retirement System

**Facilities Operations and Maintenance (O&M) Budget excluding Capital Improvements and Deferred Maintenance**

Personal Services (PS) Operations and Maintenance  
 Services and Supplies (S&S) Operations and Maintenance  
 Utilities not included in PS and S&S above  
**Total O&M**  
**O&M \$/SF**

	1 2017-19 Actual	2019-21 LAB	2021-23 Budgeted	2023-25 Projected
	203,494	\$225,167	TBD	TBD
	\$1,289,038	\$2,304,233	TBD	TBD
	\$298,138	\$314,719		
	\$1,790,670	\$2,844,119	TBD	TBD
	\$29.74	\$47.23		

**Total O&M SF**

60,220

Include only the SF for which your agency provides O&M funding.

General Fund     
  Lottery Fund     
  Other Funds     
  Federal Funds

## BUDGET NARRATIVE

O&M Estimated Fund Split Percentage %

		100%
--	--	------

Deferred Maintenance Funding In  
Current  
Budget Model

2019-21 Biennium

Ongoing  
Budgeted  
(non POP)

Ongoing  
Budgeted  
(non POP)

**Total Short and Long Term Deferred  
Maintenance Plan for Facilities Value  
Over \$1M**

	Current Costs (2019)	Ten Year Projection	2021-23 Budgeted SB 1067 (2% CRV min.)	2023-25 Projected SB 1067 (2% CRV min.)
3				
4,5,6	\$1,501,741	\$1,565,824	\$702,988	\$669,703
7	\$0	\$0	\$0	\$0
8	\$0	TBD	TBD	TBD
9	4.271%	4.453%	2.272%	2.549%

Priorities 1-3 - Currently, Potentially and  
Not Yet Critical

Priority 4 - Seismic & Natural Hazard

Priority 5 - Modernization

**Total Priority Need  
Facility Condition Index (Priority 1-3  
Needs/CRV)**

**Assets Over \$1M CRV**

\$35,159,411
--------------

Current Replacement Value Reported to Risk **or Calculated  
Replacement Value**  
**Reported from Facility Conditions Assessment (FCA)**

# BUDGET NARRATIVE

## Special Reports

### Information Technology Reports

Project Prioritization Matrix			ORION Modernization	Project Name	
<b>TOTAL PROJECT SCORE (0-100)</b>			75	0	
CRITERIA	WEIGHT	SCORING GUIDE	PROJECT SCORES		
<b>Technology &amp; Strategic Alignment</b>	<b>35%</b>	<b>WEIGHTED SUBTOTAL &amp; PERCENT OF TOTAL PROJECT SCORE</b>	23	31%	0%
<b>Alignment to Strategic Plans</b> Does the Agency adhere to the Governor's Strategic Plan ( <i>Action Plan: User Friendly, Reliable and Secure: Modernizing State Information Technology Systems and Oversight</i> ) and the Enterprise Information Services Strategic Plan? Does the investment align with IT best practices (e.g. transparency by design, easily retrievable data, early value delivery, modular implementation, security principles, modern hosting technologies such as cloud, configuration over customization, etc.) How does this investment integrate into the agency's strategic plan?		<b>3 - Mastery (High)</b>	3		
		Investment incorporates multiple elements of state technical vision, is strategically consistent with agency strategic vision and IT best practices. Proposed solution is technically consistent with State vision for User-friendly, Reliable and Secure systems.			
		<b>2 - Competent (Medium)</b>			
		Mostly aligned with Mastery			
		<b>1 - Adequate (Low)</b>			
<b>Diversity, Equity, Inclusion, and Accessibility</b> Does the Agency adhere to the Governor's Office of Diversity, Equity, Inclusion/Affirmative Action mission and objectives? Does the Agency have processes in place ensuring Oregon's government develops, maintains, and embeds a diverse and inclusive culture throughout state systems, institutions, and deliverables and plan to incorporate them into this investment? Does the Agency address how the solution will meet or exceed Oregon Accessibility Standards?		<b>3 - Mastery (High)</b>	1		
		Agency intentionality makes equity, inclusion and accessibility a priority in change management, customer service, leadership development, and community engagement. Investment demonstrates and incorporates diligence in employment, from hiring to retention, promotion, and succession planning. Agency plans to work with Procurement on COBID certified firms. Project substantially benefits underserved communities-including rural communities, low income communities or communities of color.			
		<b>2 - Competent (Medium)</b>			
		Mostly aligned with Mastery			
		<b>1 - Adequate (Low)</b>			
<b>Business &amp; Customer Driven Technology</b>	<b>25%</b>	<b>0 - Insufficient (None)</b>	<b>WEIGHTED SUBTOTAL &amp; PERCENT OF TOTAL PROJECT SCORE</b>		
		Agency does not have adequate existing processes to intentionally promote diversity, equity, inclusion or accessibility and has only nominally considered incorporating them in to this investment.			
		<b>0 - Insufficient (None)</b>			
			25	33%	0%

## BUDGET NARRATIVE

<p><b>Customer Centered Approach</b> How does this technology investment take into consideration the number of users and place an emphasis on providing customer value? If the investment addresses public facing technology, is it customer-focused? If the investment is for agency use, does it improve the agency users' experience? Does the implementation plan focus on user experience/feedback?</p>		<p style="text-align: center;"><b>3 - Mastery (High)</b></p> <p>Investment is focused on providing customer value. For public services, the customer experience is primary. Potential for use by all Oregonians. For agency investments, provides tangible benefits to agency users. Investment plan includes customer stakeholders and addresses methods to incorporate user experience/feedback.</p> <hr/> <p style="text-align: center;"><b>2 - Competent (Medium)</b></p> <p>Mostly aligned with Mastery</p> <hr/> <p style="text-align: center;"><b>1 - Adequate (Low)</b></p> <p>Partially aligned with Mastery</p> <hr/> <p style="text-align: center;"><b>0 - Insufficient (None)</b></p> <p>Investment is being implemented in isolation from customers and end users or will not be used by many users.</p>	3	
<p><b>Business Process Transformation</b> Does this technology investment contribute to business process improvement/transformation? How does this technology investment intersect with measurable business outcomes including the return on investment, if applicable?</p>		<p style="text-align: center;"><b>3 - Mastery (High)</b></p> <p>Business outcomes will be improved as a result of this investment. Investment implementation is being driven by business process transformation to improve service delivery. If public facing, customer interaction with business process is improved as a result of this investment. Solution will modernize processes. Specific examples of measurable business improvements are provided in the business case (i.e. cost savings, streamlined processes, improved controls, access to information). Investment is consistent with the agency's internal strategic plan and direction.</p> <hr/> <p style="text-align: center;"><b>2 - Competent (Medium)</b></p> <p>Mostly aligned with Mastery, includes measurable outcomes</p> <hr/> <p style="text-align: center;"><b>1 - Adequate (Low)</b></p> <p>Partially aligned with Mastery, does not include measurable outcomes.</p> <hr/> <p style="text-align: center;"><b>0 - Insufficient (None)</b></p> <p>Investment implementation is nominally considering business processes and their integration with technology. Investment has no relationship with an agency's business processes. Agency is thinking 'tool first' to solve business problems. Investment does not cohere with agency strategy.</p>	3	

## BUDGET NARRATIVE

<b>Investment Risk</b> Does this investment need to be implemented during this budget cycle? What is the impact of not doing this investment during this cycle? Would the agency, state, or its customer be exposed to a risk or impact if the service/product is not offered (e.g., security, safety, legal, funding source, or any other related risk)? Is an existing service at risk? Do other current services/products depend on it?		<b>3 - Mastery (High)</b>	3					
		Investment addresses a currently unmet, time sensitive mandate (legislative, federal, state) or risk, and/or addresses audit findings requiring urgent action or not implementing this solution puts existing services at risk.						
		<b>2 - Competent (Medium)</b>						
		Mostly aligned with Mastery						
		<b>1 - Adequate (Low)</b>						
		<b>0 - Insufficient (None)</b>						
		Investment provides an opportunity to improve services, but does not introduce new capability or address imminent risks.						
<b>Agency Readiness &amp; Solution Appropriateness</b>		<b>40%</b>		<b>WEIGHTED SUBTOTAL &amp; PERCENT OF TOTAL PROJECT SCORE</b>		27	36%	0%
<b>Organizational Change Management</b> How does this technology investment impact operations throughout the organization? What are the agency plans to address and mitigate risk through formal Organizational Change Management? (Organizational Change Management (OCM) is a framework for managing the effect of new business processes or systems.)		<b>3 - Mastery (High)</b>	2					
		Investment demonstrates complete consideration and resources for OCM. Efforts are proportional to the size of the change taking place.						
		<b>2 - Competent (Medium)</b>						
		Mostly aligned with Mastery						
		<b>1 - Adequate (Low)</b>						
		<b>0 - Insufficient (None)</b>						
		Investment dramatically underestimates OCM requirements for this effort, or OCM efforts inadequate to address the impact of the change in the organization.						
<b>Solution Scale</b> What is the scope and size of the agency's proposed technology investment? Is this the right-sized appropriate scaled type of solution to address this problem?		<b>3 - Mastery (High)</b>	1					
		Investment is appropriate size and scale for the agency's business needs. The investment addresses the agency's needs sufficiently and holistically. Criteria evaluation focuses on how this specific solution is right sized for the agency's need.						
		<b>2 - Competent (Medium)</b>						
		Mostly aligned with Mastery						
		<b>1 - Adequate (Low)</b>						
		<b>0 - Insufficient (None)</b>						
		Investment is inappropriately sized to address agency need. Investment narrowly targets agency needs and the proposed solution does not serve all areas that would be impacted by the investment.						

## BUDGET NARRATIVE

<p><b>Capacity</b> Has the Agency given consideration for adequate staffing inclusive of project resources, subject matter experts (SMEs), leadership availability and capability to effectively support this technology investment? Will this technology investment detract from the Agency's ability to deliver on its core business functions? Has the Agency addressed capacity requirements needed to effectively resource this initiative to cover core business functions?</p>		<p style="text-align: center;"><b>3 - Mastery (High)</b></p> <p>Investment has completely considered SME availability and resource backfilling. Investment and agency normal business is adequately staffed for duration of project. Availability of resources include: project team, SMEs, other technical resources, and backfilled resources.</p> <hr/> <p style="text-align: center;"><b>2 - Competent (Medium)</b></p> <p>Mostly aligned with Mastery</p> <hr/> <p style="text-align: center;"><b>1 - Adequate (Low)</b></p> <p>Partially aligned with Mastery</p> <hr/> <p style="text-align: center;"><b>0 - Insufficient (None)</b></p> <p>Investment has only nominally considered resource availability. Investment is not adequately staffed for duration of project.</p>	2	
<p><b>Governance Processes</b> What elements do the Agency's project governance process consist of? Project Governance standards are inclusive of executive sponsorship and steering, vendor/contract management, change control, Quality Assurance, Independent Verification &amp; Validation (IV&amp;V), stakeholder feedback for decision making.</p>		<p style="text-align: center;"><b>3 - Mastery (High)</b></p> <p>Agency has existing governance processes in place or is introducing new ones to adequately oversee this investment. Processes include multiple of the following elements: engaged executive sponsorship, steering committees, vendor and contract management, change control, QA, IV&amp;V, and stakeholder representation processes.</p> <hr/> <p style="text-align: center;"><b>2 - Competent (Medium)</b></p> <p>Mostly aligned with Mastery</p> <hr/> <p style="text-align: center;"><b>1 - Adequate (Low)</b></p> <p>Partially aligned with Mastery</p> <hr/> <p style="text-align: center;"><b>0 - Insufficient (None)</b></p> <p>Agency does not have adequate existing governance processes and has only nominally considered incorporating them in to this investment.</p>	3	

# BUDGET NARRATIVE

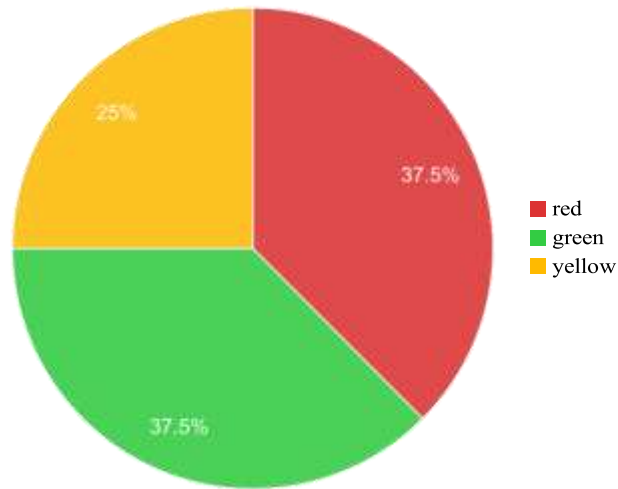
## Annual Performance Progress Report (APPR)

Public Employees Retirement System  
Annual Performance Progress Report (APPR)  
for Fiscal Year 2020



## BUDGET NARRATIVE

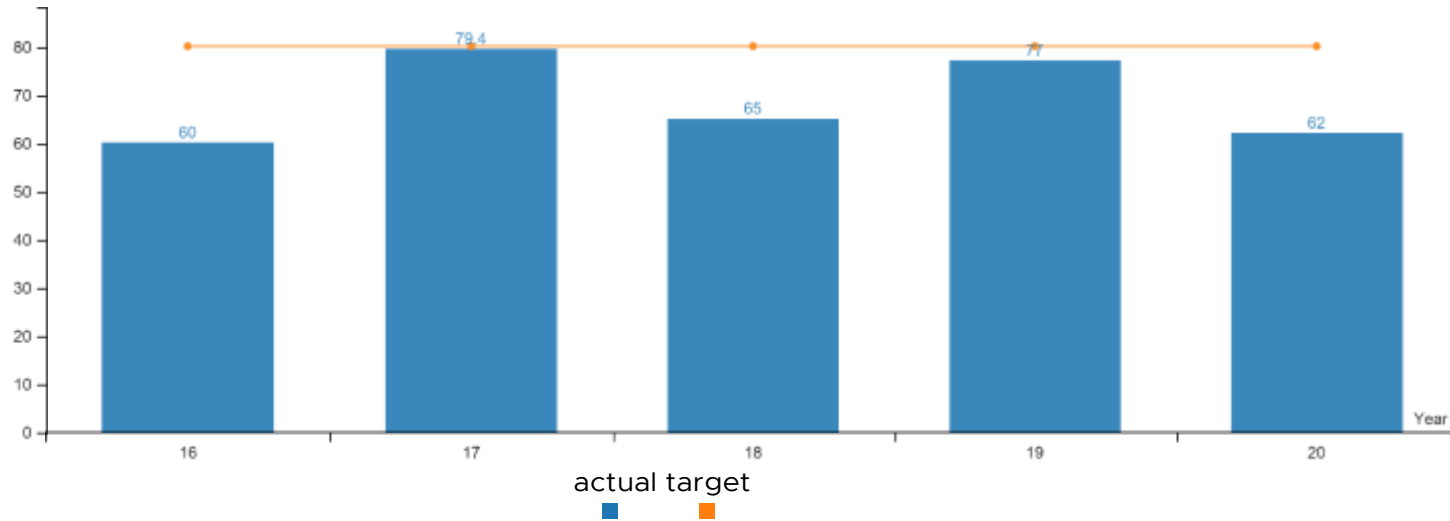
KPM #	Approved Key Performance Measures (KPMs)
1	TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.
2	TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member
3	MEMBER TO STAFF RATIO - Ratio of members to FTE staff.
4	ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.
5	LEVEL OF PARTICIPATION - Percent of state employees participating in the deferred compensation program.
6	CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
7	TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.
8	BOARD OF DIRECTORS BEST PRACTICES - Percent of total best practices criteria met by the PERS board.



Performance Summary	Green	Yellow	Red
<b>Summary Stats:</b>	= Target to -5% 37.50%	= Target - 5% to -15% 25%	= Target > -15% 37.50%

KPM #1	TIMELY RETIREMENT PAYMENTS - Percent of initial service retirements paid within 45 days from retirement date.
	Data Collection Period: Jul 01 - Jun 30

\*Upward Trend=positive result



Report Year	2016	2017	2018	2019	2020
<b>Percent of Service Retirements Paid within 45 Days from Retirement Date</b>					
Actual	60%	79.4%	65%	77%	62%
Target	80%	80%	80%	80%	80%

**How Are We Doing**

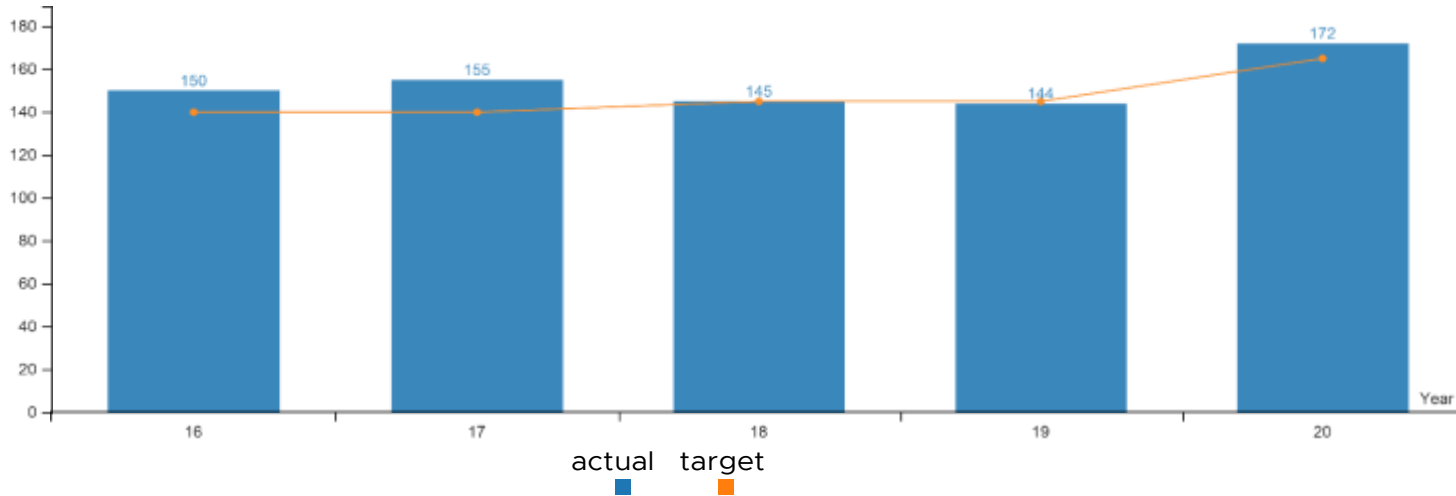
During FY2020, PERS issued 62% of its pension benefit inceptions within 45 days of the member’s effective retirement date, a decrease from the 77% performance rate in FY2019.

**Factors Affecting Results**

This year’s decrease can be tied to a couple of factors that affected PERS’ speed in processing new benefit inceptions. The most significant impact was PERS' efforts to implement a major piece of legislation, SB1049. Implementing SB1049 is a multi-year effort that has involved bringing in many additional staff and moving some existing staff over to the project. This has impacted resources available for other PERS functions, including calculating and incepting benefits. Another factor impacting performance were the effect of the COVID-19 office closures. While PERS has proven successful at transitioning to a workforce working mostly from home, there have been adjustments along the way that impact performance.

KPM #2	TOTAL BENEFIT ADMIN COSTS - Total benefit administration costs per member.
	Data Collection Period: Jul 01 - Jun 30

\*UpwardTrend=negative result



Report Year	2016	2017	2018	2019	2020
<b>Total Benefit Administration Costs per Member</b>					
Actual	\$150.00	\$155.00	\$145.00	\$144.00	\$172.00
Target	\$140.00	\$140.00	\$145.00	\$145.00	\$165.00

**How Are We Doing**

For FY2020, PERS’ cost per member is \$172, up from \$144 in FY2019. In FY2020, PERS administrative costs increased significantly by 21.7% to \$70.5 million, from the \$57.9 million in FY2019. The overall membership increased by 2.2% in FY2020, to nearly 409,000 members, up from 400,000 in FY2019. The large increase in administrative cost this year is due to project costs to implement SB1049.

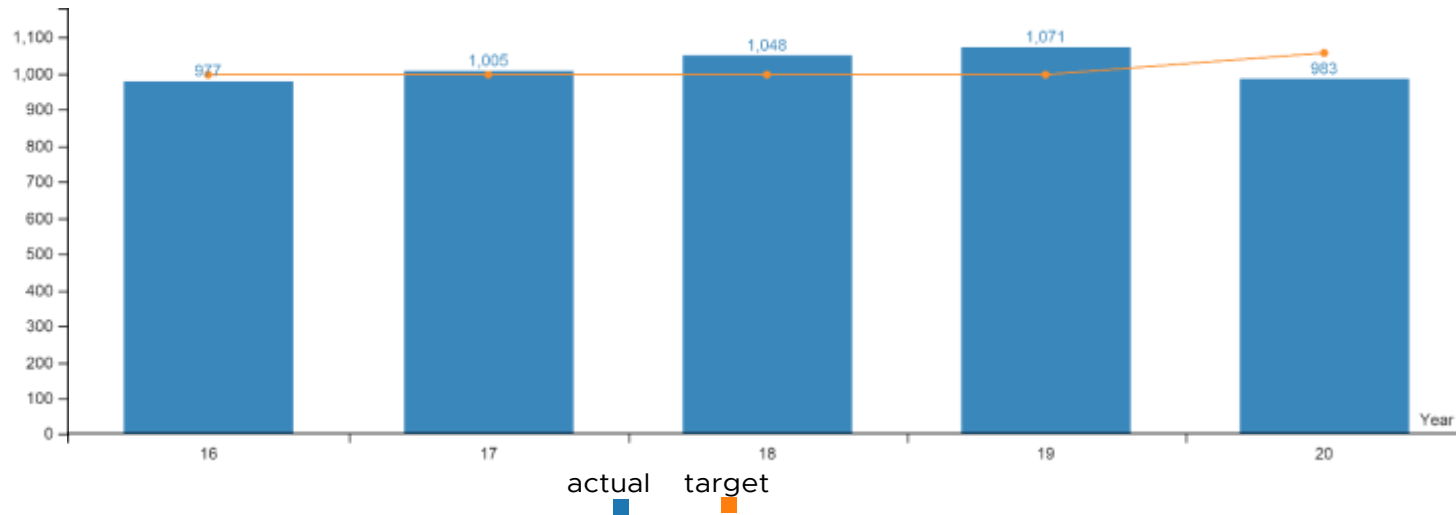
**Factors Affecting Results**

FY2020 total attributable administrative costs (non-inflation adjusted) are up by \$12.6 million from FY2019. This represented a 21.7% increase. And with membership numbers increasing by 2.2%, the resulting overall cost per member increased by \$28.

As described in the narrative for KPM #3, part of what drives PERS’ administrative costs is the complexity of the multiple plans under Oregon PERS. This complexity makes it more difficult to automate some retirement functions that PERS administers, which increases the reliance on staff-intensive processes. This drives up the cost of administering PERS and thus adds to the cost per member measured here. But the main reason for the large increase in costs in FY2020 is the onset of SB1049 implementation. This major project has required PERS to hire staff and consultants and conduct extensive work on our Individual Account Program (IAP).

KPM #3	MEMBER TO STAFF RATIO - Ratio of members to FTE staff.
	Data Collection Period: Jul 01 - Jun 30

\*UpwardTrend=positive result



Report Year	2016	2017	2018	2019	2020
<b>Member to Staff Ratio</b>					
Actual	977	1,005	1,048	1,071	983
Target	995	995	995	995	1,055

### How Are We Doing

PERS' member to staff ratio decreased to 983:1 in FY2020, down from 1,071:1 in FY2019. The staffing for FY20 increased by 12% from FY19 levels, while the membership levels are up by 2.2% this year. Due to a large legislative implementation project for SB1049, PERS added 37 FTE in FY2020. Because of the large staffing increase, the resulting Member to Staff ratio dropped accordingly.

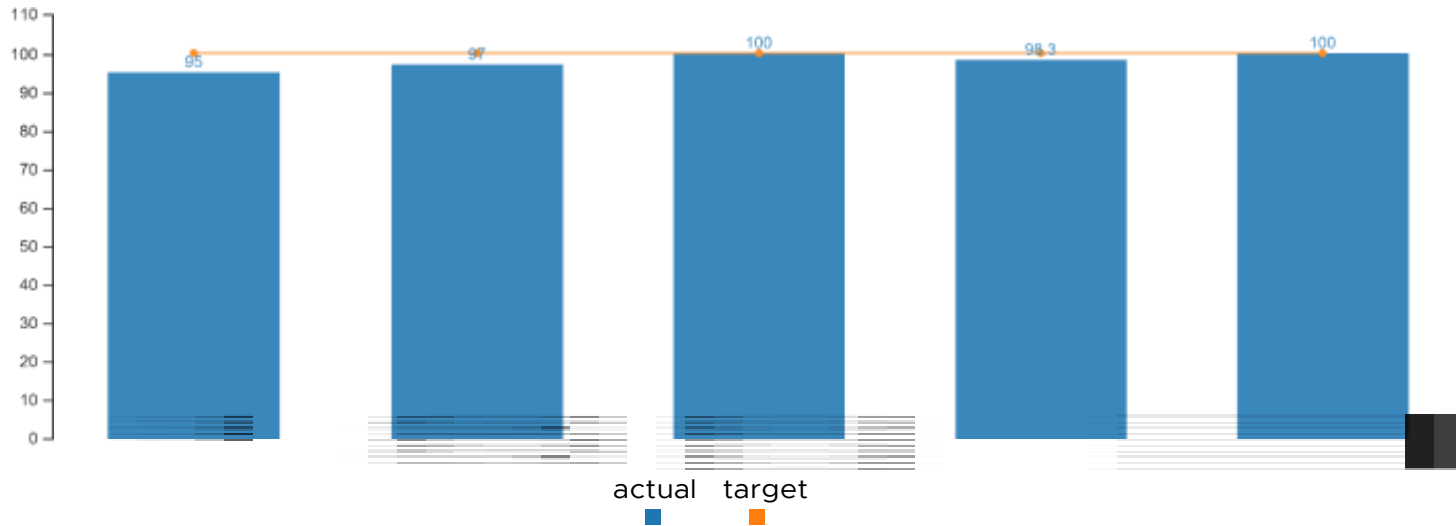
### Factors Affecting Results

It is important to note that PERS was observed to be the second most complex system among nearly 70 other domestic and international public retirement systems identified in the CEM Benchmarking, Inc. Benchmarking Analysis for 2019. This complexity is driven by PERS' service to multiple classes of public employees, including part-time employees, the large number of retirement options, multiple retirement benefit calculations, and a number of other benefit add-ons. The complexity has made it difficult to provide enterprise-level, IT-based applications and solutions.

The 2003 PERS Reform legislation contributed to system complexity and increased staffing by adding two new retirement programs (OPSRP and IAP). PERS grew to an agency of 420 positions in FY 03-05 when the reform legislation implementation began, and many permanent and limited duration staff were added. PERS' Legislatively Approved Budget for 2017-19 included staffing of 377 positions (373.31 FTE), a decrease of 43 positions (10 percent) from the FY 03-05 peak staffing. But with the onset of the SB1049 implementation, PERS' Legislatively Approved Budget for 2019-21 includes increased staffing to 417 positions (415.72 FTE). The Member to Staff Ratio measurement will remain significantly impacted during the course of SB1049 implementation.

KPM #4	ACCURATE BENEFIT CALCULATIONS - Percent of service retirement monthly benefits accurately calculated to within \$5 per month.
	Data Collection Period: Jul 01 - Jun 30

\*Upward Trend=positive result



Report Year	2016	2017	2018	2019	2020
<b>Percent of service retirement monthly benefits accurately calculated within \$5 per month</b>					
Actual	95%	97%	100%	98.30%	100%
Target	100%	100%	100%	100%	100%

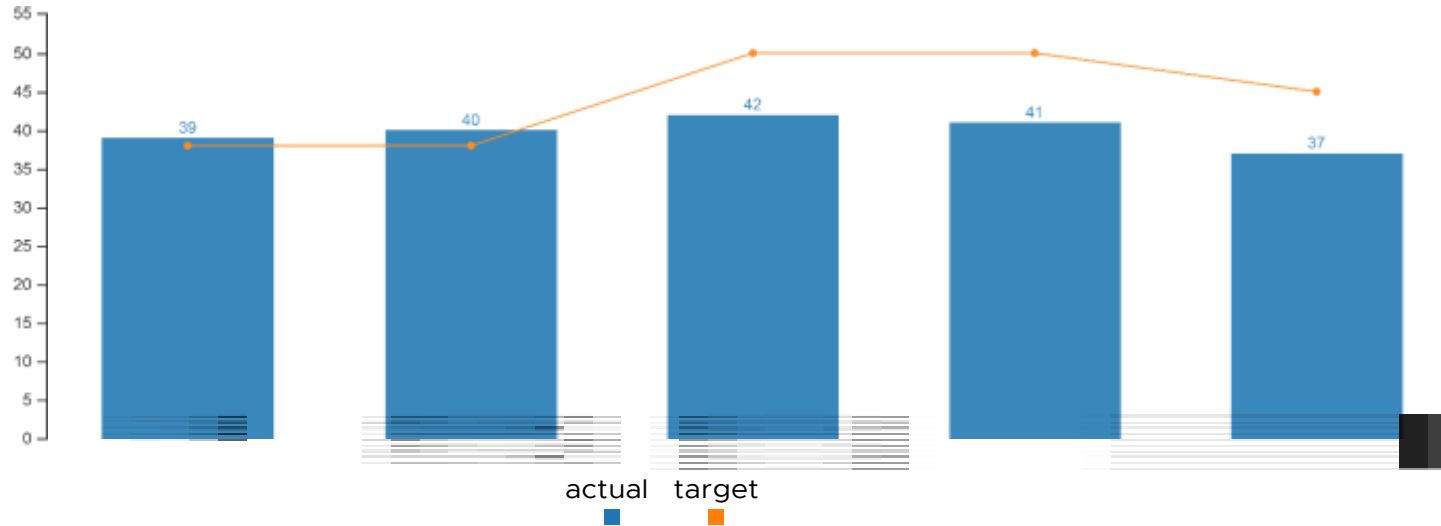
**How Are We Doing**

In FY2020, initial service retirement benefit calculations were accurate to within \$5 per month for 100% of the calculations included in the annual random sample audit. The performance increased by 2% in FY2020, improved from 98% in FY2019. There were no errors found in the annual random sample of 60 benefits.

**Factors Affecting Results**

PERS places a high value on calculating benefits correctly the first time. Our Operations Division continues to perform monthly quality assurance samplings of various calculations. The error rate of these quality assurance monthly audits hovered near 0% for 2020.

\*UpwardTrend=positive result



Report Year	2016	2017	2018	2019	2020
<b>Percent of State Employees Participating in the Deferred Compensation Program</b>					
Actual	39%	40%	42%	41%	37%
Target	38%	38%	50%	50%	45%

**How Are We Doing**

State government employee participation in OSGP decreased to 36.6% in FY2020, down from 41.2% in FY2019. Due to more reliable data that we are now receiving from DAS on the volume of eligible state employees, we feel the measurement this year represents much more accurate data than in past years.

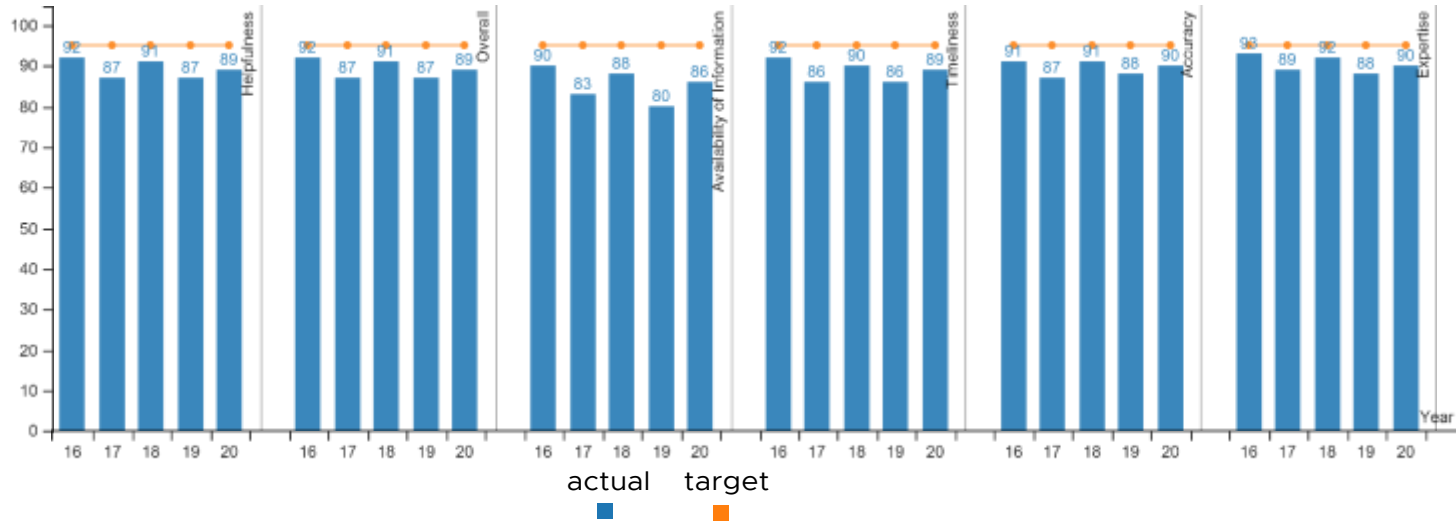
**Factors Affecting Results**

While the participation has been increased by 1% annually over the previous few years, achieving participation into the higher 40% range is highly unlikely due to this being an optional benefit program. With a large number of employees eligible to retire, an ambitious but achievable goal would be to reach and maintain a participation level in the low to mid 40% range. Considering a national average participation rate of 26% among similar deferred compensation plans, a target in the low/mid 40% range still puts OSGP well ahead of its peers. During the 2019-21 budget cycle, we were assigned 45% for FY2020 and 50% for FY2021. Based on more accurate data from DAS regarding the volume of eligible state employees, the reflected value is lower than in past years and may necessitate lower targets in the future.

Because OSGP is voluntary for state employees, to have both a relatively high rate of penetration and increasing average monthly deferrals reflects that the Deferred Compensation program is both well-known and represents an important retirement savings tool for many state employees. Despite this, there are other factors that potentially limit the participation rates. There are a large number of employees who are eligible to retire in the near future. Many of these retirees will withdraw their OSGP accounts or roll them into other retirement accounts and the demographics of their replacements (normally younger and lower paid) will create a challenge for increasing participation rates. To help increase participation, OSGP has begun sponsoring an annual retirement expo each fall, which has resulted in increased enrollments. This expo has even been recognized by groups nationally that want to mirror these efforts.

KPM #6 CUSTOMER SERVICE - Percent of member customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.

Data Collection Period: Jul 01 - Jun 30



Report Year	2016	2017	2018	2019	2020
<b>Helpfulness</b>					
Actual	92%	87%	91%	87%	89%
Target	95%	95%	95%	95%	95%
<b>Overall</b>					
Actual	92%	87%	91%	87%	89%
Target	95%	95%	95%	95%	95%
<b>Availability of Information</b>					
Actual	90%	83%	88%	80%	86%
Target	95%	95%	95%	95%	95%
<b>Timeliness</b>					
Actual	92%	86%	90%	86%	89%
Target	95%	95%	95%	95%	95%
<b>Accuracy</b>					
Actual	91%	87%	91%	88%	90%
Target	95%	95%	95%	95%	95%
<b>Expertise</b>					
Actual	93%	89%	92%	88%	90%
Target	95%	95%	95%	95%	95%

### **How Are We Doing**

For the FY2020 member survey, PERS received improved ratings from the 2019 levels in all categories. Members rated PERS between 86% and 90% “good” or “excellent”, with 89% of members rating PERS overall service as good or excellent. Members rated PERS highest in Accuracy and Expertise (both 90%) and lowest in Availability of Information (86%).

In the FY2020 employer survey, the results also reflected improved ratings in every category. Employers rated PERS between 80% and 92% “good” or “excellent,” with 89% of employers rating PERS overall service as excellent or good. Employers rated PERS highest in Helpfulness (92%) and lowest in Availability of Information (80%).

### **Factors Affecting Results**

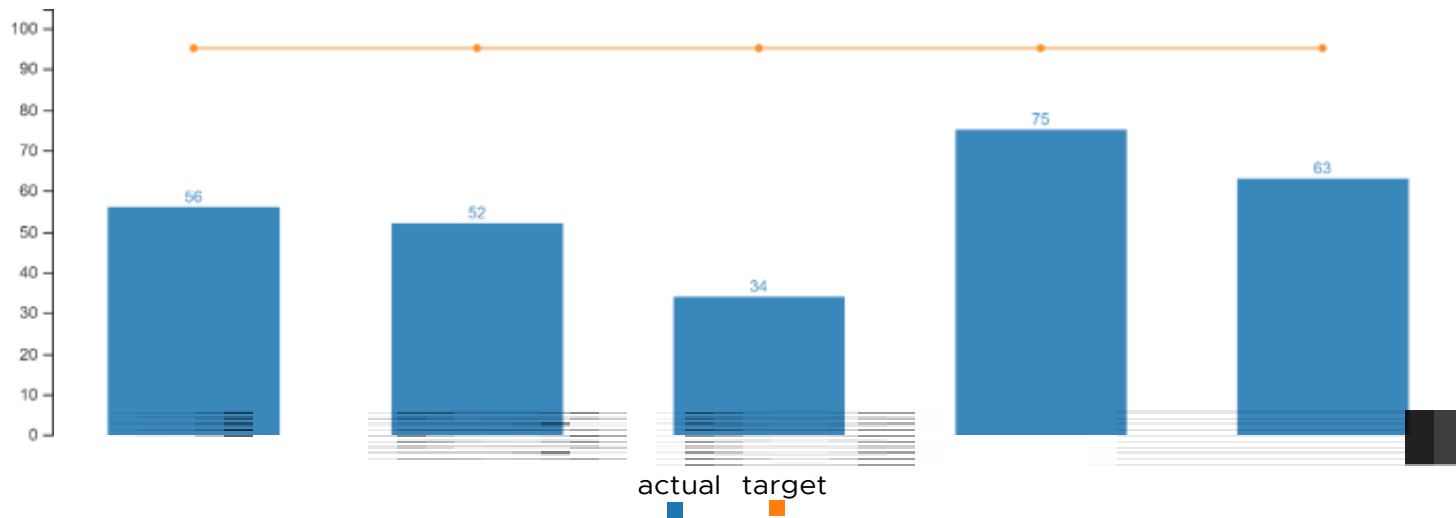
PERS continues to keep customer service and satisfaction as a major focus in its agency strategies and staff efforts. Member-oriented services such as the one-on-one retirement application assistance program continue to be very successful. PERS has also continued to offer workshops and presentations with individual employers and groups beyond the usual outreach presentations. This effort, along with continued success in its employer advocate program and other training efforts, have helped to bolster customer service to employers. In this year’s survey, members listed legislative/economic and communication/education as areas of concern, and employers listed training/education and customer service as areas of needed improvement.

For members, PERS is working hard to communicate clearly about all issues that may impact service and administration of their benefits. While PERS cannot take any stances regarding proposed or passed legislation, we do our best to keep members informed about potential impacts.

For the Employers, PERS is working hard to reach out to our employer contacts and offering training and education opportunities. The COVID 19 restrictions and closures did impact our ability to do onsite reviews and trainings in the last part of the fiscal year, but PERS is working hard to provide as much training and service as we possibly can in a remote working environment.



KPM #7	TIMELY BENEFIT ESTIMATES - Percent of benefit estimates processed within 30 days.
	Data Collection Period: Jul 01 - Jun 30



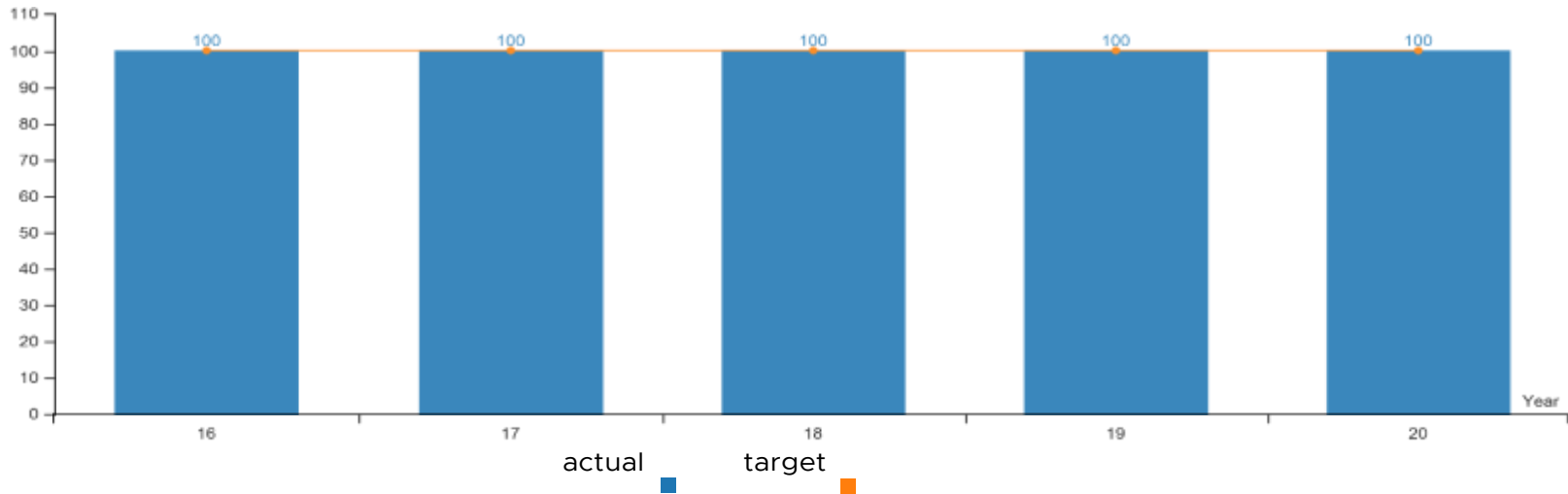
Report Year	2016	2017	2018	2019	2020
<b>Percent of Benefit Estimates Processed within 30 Days</b>					
Actual	56%	52%	34%	75%	63%
Target	95%	95%	95%	95%	95%

**How Are We Doing**

For FY2020, PERS provided member benefit estimates within 30 days 63% of the time. This is a decrease from the FY2019 performance of 75%. Despite the decrease, the 63% performance still rates as the second highest over the last 5 years. This is remarkable considering some of the challenges faced in 2020 (SB1049 implementation work and COVID-19 impacts).

**Factors Affecting Results**

As with some of our other operational functions (and as described for KPM #1), PERS’ ability to process Benefit Estimates was impacted by several factors in FY2020. The most significant of these factors was PERS’ efforts to implement a major piece of legislation, SB1049. Implementing SB1049 is a multi-year effort that has involved hiring additional staff and resources and moving some existing staff over to the project. This has impacted staff available for other PERS functions, including preparing benefit estimates. Another factor impacting performance was the effect of the COVID- 19 office closures. While PERS has proven successful at transitioning to a workforce working mostly from home, there have been adjustments during this transition that impact our performance.



Report Year	2016	2017	2018	2019	2020
Metric Value					
Actual	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%

**How Are We Doing**

The PERS Board completed the self-assessment survey process for the 2019-21 biennium using the online SurveyMonkey.com tool in November 2019. Continuing the approach used in previous biennia, the Board assessed their 2019-21 performance in three categories: fully meets, meets but needs improvement, or does not meet. For KPM purposes, the Board concluded that the “meets but needs improvement” and the “meets” responses would be rated as a “yes,” or favorable rating for this KPM. The results of the survey showed a majority favorable rating for each of the 15 criteria. There was one criterion, “The Board reviews its management practices to ensure best practices are utilized” that received a single “Does not meet” vote. There were three votes for “Meets”, so the result is a success for this criterion, while there will need to be some discussion and action taken to address this.

### Factors Affecting Results

The PERS Board recognizes the importance of providing strategic guidance, budget and financial control, customer service emphasis, regular communications with stakeholders, and maintaining agency focus on cost effective and efficient operations. This emphasis has resulted in increased attention at the staff level on organizational structure and operational best practices, which takes on increasing importance in periods of economic stress. The Board and agency management will continue to support this best practices focus through their activities and discussions at Board and Audit Committee meetings. And in response to the current self-evaluation, more attention and effort will be placed on ensuring the PERS Board takes every step to review management practices and utilize industry best practices as much as possible.

While the PERS Board did realize a majority favorable rating on 100% of the 15 criteria for the 2019-21 biennium, there were seven of the criteria that received a single vote of “Meets but needs improvement”. The PERS Board will work to maintain and enhance their overall performance on these best practices criteria whenever possible. PERS staff can assist the Board in this endeavor by ensuring there are opportunities to review the director’s performance, that all budget requests get presented at Board meetings, and by communicating and sharing training opportunities with the Board on topics such as governance and benefit administration. The Board Chair will work with the Executive Director to identify specific areas of improvement and possible courses of action to make those improvements. At the same time, the Board will continue to focus on their full range of governance responsibilities and implementation all the identified Board best practices.

# BUDGET NARRATIVE

## Audit Response Report

The following reports were completed and / or issued by the Secretary of State or the Joint Legislative Audit Committee in the 2017-2019 biennium and thus far in the 2019-2021 biennium:

### 2017-2019 biennium

Report # 2017-31: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2018-12: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2017 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2018-13: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2017 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2018-14: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2017 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2018-32: Severe Deficiencies in Disaster Recovery Program and Insufficient Information Technology Planning Pose Substantial Risk to Beneficiaries and the State

Auditors made 10 recommendations to improve IT strategic planning and six recommendations related to critical security controls. Of the 16 total recommendations, PERS has fully or partially implemented 13. See follow-up report # 2020-12.

Report # 2018-41: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2019-08: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2018 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2019-09: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2018 (Contract Audit)

No significant deficiencies or material weaknesses

## BUDGET NARRATIVE

Report # 2019-10: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2018 (Contract Audit)

No significant deficiencies or material weaknesses

### **2017-2019 biennium (to date)**

Report # 2019-36: Independent Actuarial Review of System (Contract Audit)

This review was conducting pursuant to HB 4163, Section 11 (2018), which requires an independent review of PERS system actuaries every four years. While the reviewers did make some suggestions for improvement, the review found the actuarial work to be consistent with generally accepted actuarial standards and practices.

Report # 2019-44: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-08: Audit of Pension Schedule of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-09: Audit of RHIPA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-10: Audit of RHIA Schedule of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2019 (Contract Audit)

No significant deficiencies or material weaknesses

Report # 2020-12: Recommendation Follow-up Report: Progress Made, but Pension Reform Delayed Implementation of Some Recommendations

This was a follow-up to report 2018-32. Progress was made since the original report was published. Eight of the 16 recommendations were found to be fully implemented, while five were partially implemented and three were not yet implemented. The audit cited pension reform legislation, passed in 2019, as a major factor in delaying progress on implementing some of the recommendations.

# BUDGET NARRATIVE

## Supervisory Span of Control Report

The Agency actual supervisory ratio is calculated using the following calculation:

$$35 = 34 + 0 - (\underline{\quad 1 \quad})$$

(Total supervisors) (Employee in a supervisory role) (Vacancies that if filled would perform a supervisory role)

(Agency head)

$$385 = 359 + 26 \text{ (Used HCM Report as of 12/31/20)}$$

(Total non-supervisors) (Employee in a non-supervisory role) (Vacancies that if filled would perform a non- supervisory role)

The agency has a current actual supervisory ratio of-

$$1: 10.6 = \frac{359}{34}$$

(Actual span of control) (Total non - Supervisors) (Total Supervisors)

# BUDGET NARRATIVE

## Affirmative Action Report

---

---

### OVERVIEW

---

---

#### Affirmative Action

The Public Employee's Retirement System (PERS) recognizes the importance of fostering fairness, inclusion and maintaining a workplace culture where everyone is treated with respect and dignity regardless of race, color, national origin, religion, sex, sexual orientation, gender identity, marital status, age, veteran status, disability, or status as a victim of domestic violence, harassment, sexual assault, or stalking.

The core of our humanity is a testament to our affinity with the Oregon Revised Statutes (ORS) 182.100, 243.305, 243.315, and 659A.012, direction from the Governor in Executive Order 17-11; the federal Title VII of the 1964 Civil Rights Act, and Section 503 of the Rehabilitation Act of 1973.

It is understood that racial inequities are not random and have been created over time. Because of this, we must be proactive to advance racial equity and increase success by integrating racial equity into routine decision making. The following plan further demonstrates our effort to promote and support equity and inclusion by illustrating measurable acts of purpose.

#### Mission Statement

We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.

#### Core Values and Operating Principles

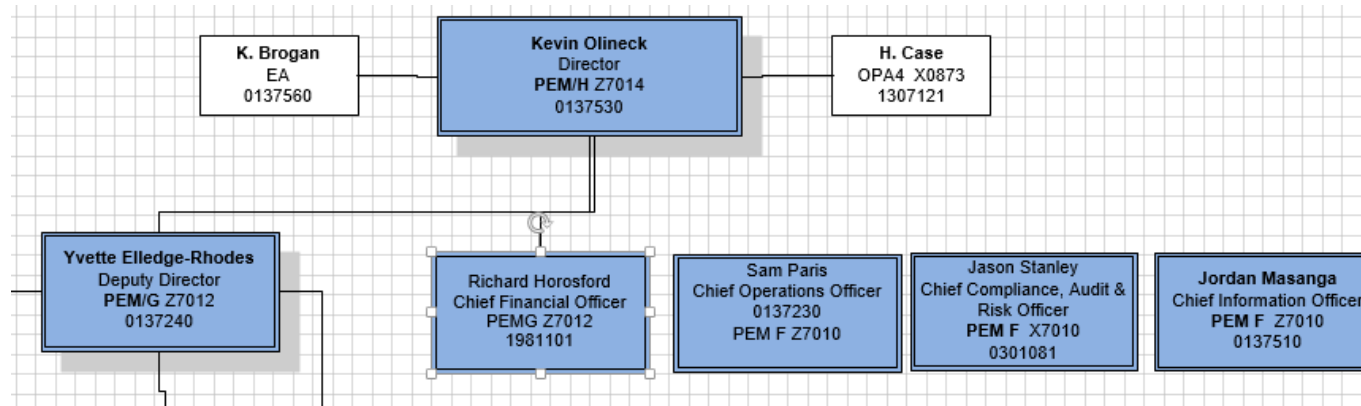
- Service-Focus
- Accountability
- Integrity
- Professional
- Accurate
- Judicious
- Information Security

# BUDGET NARRATIVE

## Objectives

1. Collaborative and Transparent Leadership
2. Efficient, Effective, Adaptable Organization
3. Engaged and Empowered Workforce
4. Engaged and Educated Stakeholders
5. Timely and Accurate Service
6. Trusted and Credible Agency

## Organizational Chart





# BUDGET NARRATIVE

## **SUMMARY and ANALYSIS OF PROTECTED CLASSES**

PERS has a higher population of white/Caucasian employees (73.20%) as compared with the county census of 64.90%. Conversely, the PERS community has an under-representation of:

- American Indian/Alaska Natives
- Black/African Americans
- Hispanics

Our conversion to our new H.R.I.S. does not appear to accurately capture our disabled and veteran communities. This is certainly true when considering internal promotions. Information from hire is not following the candidates through the system.

Our executive staff is represented by five males and one female. Although there are two other females who sit on the Executive Leadership Team, they are not voting members nor considered, executives. There is one non-voting member and one voting member who are in a protected class and there is one other executive member who is a person of color. There are no veteran's represented on this team.

### **Agency Supervisors by Racial Categories & Gender**

<b>Racial Category</b>	<b>Female</b>	<b>Male</b>	<b>All</b>	<b>Pct.</b>
American Indian/Alaska Native	1	0	1	2.94%
Asian	1	1	2	5.88%
Black/African American	0	0	0	0.00%
Hispanic	0	1	1	2.94%
Native Hawaiian/Other Pacific Islander	0	0	0	0.00%
Two Or More Races	0	0	0	0.00%
White	12	19	30	88.24%
<b>Totals</b>	<b>14</b>	<b>20</b>	<b>34</b>	

## BUDGET NARRATIVE

There are 29 high/mid-level managers who work at PERS. Of these, there are ten (10) high-level managers (PEM F/E) in which three positions, are held by employees in a protected class. Of these ten (10), none of the positions are held by a person of color. Of the remaining 19 mid-management positions, two (2) positions are held by a person of color, and 13 positions are held by women. (In total: six (6) executives + 28 mid-level managers + one (1) vacancy) = 35 supervisory positions)

PERS does not have one supervisor as reported in Workday as disabled or a veteran. However, it is known that we do have two veterans serving in a supervisory position.

### **2019 -2021 Approved Goals – Update**

#### **Hiring**

PERS has taken strides in opening our recruitment processes to include diverse team members on interview panels. During this last year, managers have welcomed staff as well as colleagues from across the agency to participate. This has allowed for broader discussions and inclusive processes which had not existed before.

We have successfully hired one disabled employee.

#### **Retention**

PERS developed an initiative (pre-COVID) to improve staff work/life balance. The teleworking program was near completion when the pandemic appeared, and we were able to transition over 300 of our 385 employees into a remote working model within three weeks. Since then, we have experienced an overall reduction in sick calls and staff interactions are increasing through virtual platforms.

Because of virtual platforms, we believe we can integrate the usage of this platform to broaden our hiring reach. Meaning, we can adopt changes to our position descriptions and hire staff that primarily want to work remotely and give them the tools to do so.

#### **Internal Promotions**

We have had several promotions of women into mid-level management positions.

# BUDGET NARRATIVE

## **Succession Planning**

Succession planning efforts have stalled with the onset of the pandemic. Although we have made great strides in the training of managers on TOMP related expectations, performance evaluations and employee engagement, succession planning deliverables need to be reworked with diversity and equity efforts thoughtfully included.

## **Training**

All staff have participated in mandatory training efforts and managers have invested in staff training, conference attendance and more. However, not all of these efforts were logged into LMS restricting our ability to measure our success in this area. We have and continue to be a sponsor of the annual DEI conference and have supported staff attendance at this annual event. This year, we encouraged nine team members to attend all sessions and HR staff, to attend as many sessions as possible. In total, we had 121 PERS employees in attendance.

We expanded requirements for manager education on diversity and biases. All managers received a book called, “How to be an AntiRacist” by Abram X. Kendi and are progressing through a learning, sharing and cultivation of ideas framework as it pertains to this effort.

Recently, PERS decided to purchase this book for all employees and the Diversity Team is determining the best method for engaging staff and managers through a collaborative, learning, educational process.

## **Internships**

We were unsuccessful in implementing our Internship Program. We will continue the development work through the pandemic period in readiness for a later implementation.

## **New Employee Orientation**

The executive team led by the Director, are now introduced to all new PERS staff. This interaction allows for opportunities of engagement, learning and knowledge sharing among new employees and executives.

## **Career Development**

Over the last year, we had \_\_\_ work-out-of-class opportunities and of those, ---- were in leadership positions. These opportunities allowed staff to engage in new learning, network with leaders at the highest levels of the agency and stretch into decision-making positions.

## **Diversity Council**

The agency has had a difficult time over the years in embracing changes to its Diversity program. This year, we were determined to enlarge the group and were successful in expanding team membership. We have new members with a

## BUDGET NARRATIVE

background in social inclusion, equity, non-profit work through under-served communities. We also have a member that once worked for the UN and several members who have worked abroad. Our team is more diverse than in years past and is innovating concepts and ideas to expand PERS' equity channels.

Our weekly and monthly publications have included a diversity, equity, and inclusion article. These articles focused on local and community cultural events as well as cultural holidays. It was reported that some staff took part in attending these events and reported back their learnings.

Members of the PERS community shared travel experiences through lunch & learns. These experiences included photos and artifacts from African countries, South America and Native America. There was also lunch & learn on teaching the disabled how to canoe local rivers. Most of these events resulted in participation of 25 attendees or more.

### **2021-2023 Affirmative Action Strategies and Goals**

#### **Tangible Change**

1. Vision, Mission and Goals
  - a. The Director, with support from executives, and management, will be reviewing, editing, and making tangible changes to our identification. Not only will our Mission Statement reflect our community, our DEI Goals will become visible to all PERS, our Board of Directors and other stakeholders.
2. A Person's Career - 'Beginning at PERS'
  - a. Right from the start, a new employee to PERS will hear, view and experience diversity within PERS. From the initial recruitment experience through onboarding, a candidate-to-new employee, will be introduced to staff committed to listening and learning. Visually and through other mediums, the PERS brand will epitomize community and opportunity; through agency goals, efforts, and training, we will model our new mission.
  - b. Encouragement, education, and resources will be shared through onboarding to illustrate the agencies commitment to our employees; our dedication in respecting gender identity through self-assignment of pronouns; review of pay & benefits and the sign-up period; policies and procedural review; required training; PERS Retirement Benefits, and SEIU union overview (as applicable) will continue.
  - c. PERS will continue with its Virtual Introduction of our Executive Leadership Team and the ability to learn about PERS and ask questions of those who lead decision making. This introduction will include an overview of PERS structure, communities and instructions on how new employees can become involved.

## BUDGET NARRATIVE

3. It is understood that institutional change does not happen without effort. PERS will continue its commitment to learning and adopting:
  - A racial equity framework – continue to educate PERS leadership and staff on the differences between individual, institutional, and structural racism as well as implicit and explicit bias. Having a shared understanding of these concepts will contribute to our ability to live our new Mission Statement.
  - Partner with Racial Equity Experts - we understand that institutional transformation is not the work of one or even a few, we need to act on defined efforts to reach transformation. We will continue to broaden our partnerships with experts in the community, institutions, and cultural leaders within DAS, and the state of Oregon. It is with their guidance we will learn and adopt principles that further transformation within PERS and create a defined path toward change.
  
4. Data driven results will illustrate PERS commitment to transformation.
  - a. Fact: We have under-represented races working at PERS.
  
  - b. Assumption: We believe we have a population of leaders and staff that do not understand the term ‘equity’ and the effects of ‘inequities’.
  
  - c. Assumption: We believe we have a population of leaders and staff that have long-held biases and implicit biases and further, do not understand how those biases impact decision making and create barriers to inclusion.
    - i. The first step in transformation is our opportunity in gathering data in regard to those areas defined in letters b/c above and reach validation of our assumptions.
  
    - ii. We need to understand why we have specific communities/races under-represented.
  
  - d. Validation – through the validation process, we can conduct root cause analyses and change our strategies to reach under-served and under-represented staff
  
  - e. Based upon research results, PERS is proposing the following goals:

## BUDGET NARRATIVE

Improve racial diversity among PERS employees to include a \_\_\_\_% increase in our Hispanic, Black and Native American

Increase our hiring of persons with disabilities by \_\_\_\_% annually.

Increase our hiring of Veteran's by \_\_\_\_% annually.

Assess, educate and annually, increase the knowledge of PERS staff on the definition and actions of recognizing equity, inequity and equity driven initiatives by \_\_\_\_% annually.

Increase promotional opportunities by \_\_\_\_% for our under-represented persons of color, veterans, and disabled employees

Assess, educate and knowledge test staff on their recognition of, implications of and abilities to recognize bias. Annually, improve results by \_\_\_\_%.

## BUDGET NARRATIVE

### Measurement Resources

Goals to increase our recruitment of under-represented staff (Hispanic, black, Native American, veteran's and persons with disabilities) will be measured via a Workday report. We will also develop a spreadsheet for the first year to cross-reference data inserted into Workday. This effort will validate Workday data. (Please note, we are considering what are goals should be for under-represented staff and will complete this section by the next version release.

In addition, and to measure our successes in educating staff on terms, strategies and recognition of equity, inequities and biases, including implicit bias, will be measured through annual surveys. For the first year of the biennium, we will release the survey in July to determine a baseline and re-survey in June of 2022 and June Of 2023, to determine progress.

# BUDGET NARRATIVE

## **PERS Policies Adopted**

PERS affirmative action strategies, actions, goals, and objectives are authorized through the authority as defined in state policies and the Governor's Executive Orders. The following policies are available to staff through our agency's intranet under Policies and Procedures.

## **Affirmative Action Policies and Executive Orders**

- ADA and Reasonable Accommodation Policy (Statewide Policy 50.020.10)
- Discrimination and Harassment Free Workplace - (Statewide Policy No. 50.010.01)
- Employee Development and Implementation of Oregon Benchmarks for Workforce Development (Statewide Policy 50.045.01)
- Veterans Preference in Employment (40-055-03)
- Equal Opportunity and Affirmative Action Rule (105-040-0001)
- Executive Order 17-11: Relating to Affirmative Action and Diversity and Inclusion
- [http://www.oregon.gov/gov/policy/Documents/Federal\\_Affirmative\\_Action\\_TitleVII.pdf](http://www.oregon.gov/gov/policy/Documents/Federal_Affirmative_Action_TitleVII.pdf)

## **Complaint Procedures**

PERS has a complaint process that begins with a concern initiated by a complainant. A complainant may reach-out to Louise Plata, HR Manager, Director, Administrator, Manager, DAS CHRO representative, or any HR representative with concerns through a written, formal complaint or through phone contact, email, or MS Teams discussion.

The formal process is defined through procedures posted on our Intranet site and include Ms. Plata's contact information. All complaints will be processed expediently, and the goal is to complete that process within 30 days or sooner.

## **Roles for Implementation of Affirmative Action Plan**

The success of the Affirmative Action plan is dependent on the interaction, oversight, and active participation of the Executive Leadership Team, Human Resources, and the PERS DEI Team members and staff contribution.

PERS Executives have initiated mandated work required by management teams and there is no hesitancy to continue mandated work as it applies to changes in recruitment and retention strategies and other affirmative action initiatives.



# BUDGET NARRATIVE

## Appendix: Definitions

<b>All Agencies</b>	These are defined by agencies, with 11 or more employees in executive branch agencies led by the governor.
<b>Attraction</b>	Examples of strategies are recruitment, engagement, the application process, position descriptions, creating an applicant pool for consideration.
<b>Diversity</b>	Synonym for a variety of identities and cultures within a room, group, or organization measurable with quantitative metrics.
<b>Engagement</b>	Examples are leadership, affinity groups, leadership, workplace equity, inclusion, and communication.
<b>Equity</b>	Equity represents the use of policies, programs, practices, processes, and investments to eliminate institutional and structural racism and enable all people to attain their full potential.
<b>Protected Class</b>	A shared characteristic that employers cannot use as a basis for employment decisions under the law. This report is concerned with these specific protected classes: gender, race and color, age, disability, and veterans' status in the State of Oregon's workforce.
<b>Race</b>	In this report, race means the sum of the racial categories, except white.
<b>Racial Categories</b>	A racial category is one of seven racial classifications: Asian, Alaska Native/American Indian, African American/Black, Hawaiian Native/Asian Pacific Islander, Hispanic (non-white), two or more races, white. Person (or people) of color represents someone who identifies as belonging to any racial categories but white.
<b>Retention</b>	Examples of retention are promotions, effective supervision, access training, strong management, and mentorship.
<b>Selection</b>	Selection strategies include, for example, minimum qualifications, interview process, interview panels, fairness, hiring, decision making.

## BUDGET NARRATIVE

<b>Small Agencies</b>	Mostly, boards and commissions, with ten or fewer FTE. Affirmative action reporting requirements differ from those for larger agencies.
<b>Workforce</b>	State workforce includes all full-time, limited duration, academic, temporary employees, and seasonal in-season executive branch agencies under the governor's leadership.
<b>Workforce Equity</b>	Eliminate barriers to employment that stem from hiring panel biases, enabling a more inclusive hiring process that results in a diversity of successful candidates and inclusive workplace.

### Appendix: Governing Policies

Oregon Revised Statutes (ORS)

ORS 182.100	The requirement for all appointive authorities for state boards, commissions, and advisory bodies shall implement this policy of affirmative action in their appointments, subject to the legal requirements for each appointment.
ORS 243.305	The policy defines affirmative action as fair and equal employment opportunities and advancement.
ORS 243.315	Directs and monitors affirmative action programs in all state agencies to implement the public policy.
ORS 659A	This statute prohibits unlawful discrimination in employment, public accommodations, and real property transactions; administrative and civil enforcement.
ORS 659A.012	Every state agency shall be required to include in the evaluation of all management personnel, the manager's or supervisor's effectiveness in achieving affirmative action objectives as a consideration of the manager's or supervisor's performance.
ORS 659A.015	Requires affirmative action reports to include information on awards of construction, service, and personal service contracts awarded to minority businesses.

## BUDGET NARRATIVE

Oregon Executive Order No. 16-09	Promotes diversity and inclusion opportunities for Oregon minority-owned, women-owned, service-disabled veteran-owned, and emerging small businesses.
Oregon Executive Order	Affirms commitment to promote diversity, equity, and inclusion in the workplace and eliminate past and present discrimination, intended, or unintended.
Section 503 of the Rehabilitation Act of 1973	Prohibits federal contractors and subcontractors from discriminating in employment against individuals with disabilities and requires employers to take affirmative action to recruit, hire, promote, and retain these individuals.
Title VII of the 1964 Civil Rights Act	This federal law outlaws discrimination based on race, color, religion, sex, or national origin. It prohibits unequal application of voter registration requirements and racial segregation in schools, employment, and public accommodations.