

Administration

PUBLIC EMPLOYEES RETIREMENT SYSTEM

	1999-2001 Actuals	2001-03 Legislatively Adopted at Close of Session	2001-03 Legislatively Approved through Fifth Special Session	2003-05 Governor's Balanced
General Fund	\$0	\$0	\$0	\$0
Lottery Funds	0	0	0	0
Other Funds	48,050,621	39,486,795	43,271,341	50,058,843
Federal Funds	0	0	0	0
Other Funds (Nonlimited)	3,337,046,225	3,623,591,048	3,623,591,048	4,209,547,757
Federal Funds (Nonlimited)	0	0	0	0
Total Funds	\$3,385,096,846	\$3,663,077,843	\$3,666,862,389	\$4,259,606,600
Positions	222	218	223	258
Full-time Equivalent	217.62	216.08	217.54	254.00

Overview

The Public Employees Retirement System (PERS) provides retirement services for public employees. It manages the primary Pension System, retiree health insurance services, Social Security Administration activities, and deferred compensation programs.

The pension program serves nearly 216,000 non-retired members and just over 86,000 retirees and beneficiaries receiving monthly retirement benefits. PERS also provides insurance services to approximately 35,000 retirees and beneficiaries.

PERS has six divisions:

- The Customer Services Division provides education, counseling, and communication services.
- The Processing and Data Services Division keeps track of member accounts and issues benefits.
- The Fiscal Services Division provides business and central support services to other parts of the agency.
- The Information Services Division provides data processing services for the agency.
- The Policy, Planning, and Legislative Analysis Division coordinates fiscal and administrative policy and planning work for the agency.
- The Executive Services section manages other divisions, as well as internal audit, personnel, and health insurance programs.

Balanced Budget

The Governor's balanced budget for the agency is \$4.26 billion total funds. This is a 16.2 percent increase from the 2001-03 Legislatively Approved Budget through the Fifth Special Session.

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The budget supports several initiatives to improve data and calculation accuracy and improve agency productivity in a number of areas. It also includes resources to clear current workload backlogs and address ongoing workload needs. It does not contain expenditure limitation specific to PERS' ongoing technology infrastructure project(s). As necessary, the agency will bring requests in this area to future meetings of the Emergency Board.

The PERS system as a whole has received considerable attention of late. A number of program and policy issues are under review by both Executive Branch and Legislative committees. Some of the major issues under review include: Unfunded Actuarial Liability (UAL) concerns; litigation and consequences of judicial rulings; infrastructure needs; rapid growth in retirements; and a variety of other stakeholder concerns. Until employers, members, the Legislature, and others reach agreement on a long-term solution for PERS, the system will continue to face a number of challenges.

Revenue

PERS is funded entirely with Other Fund revenues. Principal revenue sources include investment earnings, employer contributions, member contributions, and fees. State agency employer contributions are made up of several sources including General Fund. Employee contributions are credited to members' accounts. Employer contributions are credited primarily to individual employer accounts or employer pools as appropriate. A portion of the employer contribution is also credited to Retirement Health Insurance Accounts per statutory directives. Historically, the largest source of revenue for the PERS system has been investment earnings. It is from this source that the PERS operating budget is funded. Net earnings, if any, are then distributed to employee, employer, and reserve accounts.

Revenues to fund administrative activities for deferred compensation programs come largely from participant fees. For the 2003-05 biennium, this fee will be 0.09 percent of participant assets held in the trust. Participant contributions, all of which are voluntary, and interest earnings are credited to the fund and are eventually returned to participants, often at retirement.