

**Economic Impact Study
Oregon Public Employees Retirement System (PERS)**

July 2010



Oregon PERS covers approximately 95 percent of public workers in Oregon including all state and school district employees and most local government employees.



ECONOMIC BENEFITS OF PERS

PERS benefit payments have a significant, positive impact on Oregon's economy.

\$2.5 billion in annual benefit payments to PERS retirees living in Oregon provides \$3.3 billion in total value to Oregon's economy.

PERS benefit payments support an estimated 31,189 Oregon jobs.

Of the jobs supported, PERS benefit payments add approximately \$915 million in wages to Oregon's economy.**

The state of Oregon collects an estimated \$117 million annually in taxes from PERS retiree benefit payments.

Purpose of Study

Oregon PERS paid approximately \$2.5 billion* in benefits to PERS retirees living in Oregon in 2009. Funding for these benefits came mostly from investment earnings on contributions previously paid by members and public employers. These retirees spent a significant portion of this money on goods and services in Oregon, which helped support local businesses. These businesses then purchased goods and services, in part, from other local vendors adding to the Oregon workforce and economy.

This study quantifies the total effect of these benefit payments on Oregon's economy based on the following measures:

- Economic value of PERS benefits to Oregon,
- Jobs created and related wages, and
- Tax receipts.

Study Findings

PERS benefits paid to Oregon retirees have a significant impact on Oregon's economy. The \$2.5 billion in annual benefit payments multiply to \$3.3 billion in economic value to Oregon when the full financial impact of these dollars spent in local communities is considered.

These benefit payments and related economic activity sustain an estimated 31,189 Oregon jobs, and add approximately \$915 million** in wages to Oregon's economy.

Additionally, the state of Oregon collected an estimated \$117 million in income taxes on PERS retiree benefits during 2009.

Investment income has provided 69 percent of total pension revenues since 1970. Member contributions equaled 8 percent, with employer contributions providing 23 percent of pension revenues over the past 40 years.

* Additional benefit payments of \$46 million from the Individual Account Program (IAP) were not used in this study.

** The \$915 million in wages is included as a component of the \$3.3 billion in economic activity.

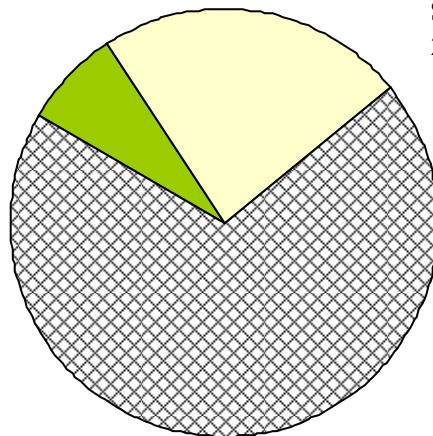
Summary of Findings for 2009

- PERS benefits paid to Oregonians: \$2,501 million
- Total increase in Oregon economic output: \$3,318 million
- Oregon jobs supported: 31,189
- Wages of Oregon jobs supported: \$915 million
- Taxes paid by PERS retirees in Oregon: \$117 million
- Benefit funding sources (since 1970)
 - Investment income: 69 percent
 - Member contributions: 8 percent
 - Employer (taxpayer) contributions: 23 percent

Oregon PERS Revenue by Source (1970-2009)*

**MEMBER
CONTRIBUTIONS**
\$6,375M
8%

**EMPLOYER
CONTRIBUTIONS**
\$19,749M
23%



**INVESTMENT
INCOME**
\$58,738M
69%

*** Oregon PERS Comprehensive
Annual Financial Reports**

2009 Benefit Payments by Oregon County

County	Benefit Recipients	2009 Benefit Payments	Average 2009 Payment	% of Total*
Baker	704	\$13,878,247	\$19,713	0.55%
Benton	3,295	\$98,674,921	\$29,947	3.95%
Clackamas	9,608	\$261,631,710	\$27,231	10.46%
Clatsop	1,115	\$26,148,049	\$23,451	1.05%
Columbia	1,684	\$46,807,577	\$27,795	1.87%
Coos	2,111	\$47,053,780	\$22,290	1.88%
Crook	651	\$14,728,855	\$22,625	0.59%
Curry	502	\$9,850,148	\$19,622	0.39%
Deschutes	3,902	\$101,906,526	\$26,116	4.07%
Douglas	3,038	\$68,286,288	\$22,477	2.73%
Gilliam	73	\$1,412,094	\$19,344	0.06%
Grant	290	\$5,654,738	\$19,499	0.23%
Harney	272	\$5,890,582	\$21,657	0.24%
Hood River	499	\$11,976,429	\$24,001	0.48%
Jackson	4,229	\$102,452,673	\$24,226	4.10%
Jefferson	448	\$9,884,648	\$22,064	0.40%
Josephine	1,676	\$34,927,242	\$20,840	1.40%
Klamath	1,530	\$32,935,858	\$21,527	1.32%
Lake	262	\$5,102,814	\$19,476	0.20%
Lane	10,385	\$283,167,203	\$27,267	11.32%
Lincoln	1,417	\$32,075,443	\$22,636	1.28%
Linn	3,578	\$79,132,697	\$22,116	3.16%
Malheur	777	\$17,855,945	\$22,981	0.71%
Marion	14,019	\$370,477,478	\$26,427	14.81%
Morrow	209	\$3,749,130	\$17,938	0.15%
Multnomah	13,664	\$362,699,920	\$26,544	14.50%
Polk	1,892	\$46,189,670	\$24,413	1.85%
Sherman	69	\$1,331,662	\$19,299	0.05%
Tillamook	892	\$20,682,530	\$23,187	0.83%
Umatilla	1,939	\$43,891,655	\$22,636	1.75%
Union	887	\$21,985,185	\$24,786	0.88%
Wallowa	323	\$7,556,951	\$23,396	0.30%
Wasco	778	\$18,359,663	\$23,599	0.73%
Washington	9,271	\$240,911,033	\$25,985	9.63%
Wheeler	73	\$1,367,930	\$18,739	0.05%
Yamhill	2,135	\$50,488,928	\$23,648	2.02%
Total	98,197	\$2,501,126,204	\$25,470	100.00%

*Percent of total 2009 benefits paid per county.

Methods

- This study is based upon economic multipliers provided by the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA). The multipliers come from BEA’s Regional Input-Output Modeling System.
 - Region: Oregon
 - Industry: Households

- The BEA’s multipliers are designed so they can be multiplied by the annual benefit payments made to PERS retirees living in the state of Oregon. The values for total change in economic output, jobs supported, and related wages is based upon each county’s proportion of benefit payments to the total.

The Oregon Department of Revenue provided the average tax rate paid on retiree benefits for the most recent year available (2008).

Pension revenues were summarized from Oregon PERS’ audited annual financial statements.

Calculation Detail

Multiplier	Impact on Oregon’s Economy
<p>Total output Measure of the overall estimated increase in economic activity resulting from PERS benefit payments. - Multiplier: 1.3268 per benefit dollar</p>	<p>Total benefit payments x total output multiplier $\\$2,501,126,204 \times 1.3268 = \mathbf{\\$3,318,494,247}$</p>
<p>Jobs Supported Estimated number of Oregon jobs supported by PERS benefit payments. - Multiplier: 12.4708 jobs per \$1 million in benefit payments</p>	<p>(Total benefit payments /1 million) x jobs created multiplier $\\$2,501,126,204 / 1,000,000 \sim 2,501$ $2,501 \times 12.4708 = \mathbf{31,189 \text{ jobs}}$</p>
<p>Supported Job Wages Estimated wages earned by workers in jobs supported by PERS benefit payments. - Multiplier: 0.3659 per benefit dollar</p>	<p>Total benefit payments x additional earnings multiplier $\\$2,501,126,204 \times 0.3659 = \mathbf{\\$915,162,078}$</p>
<p>Oregon taxes paid Oregon income tax revenue from PERS benefits paid to state residents. Average rate: 0.047 (4.70 percent) per benefit dollar</p>	<p>Total benefit payments x percent of average retirement benefit income tax rate $\\$2,501,126,204 \times 0.047 = \mathbf{\\$117,552,932}$</p>

Oregon Public Employees Retirement System

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<http://oregon.gov/PERS>