The 72nd Legislature passed significant reforms to the PERS system that were approved by the Governor. Oregon voters also approved a Legislative referral to establish an authority in the Oregon Constitution to issue general obligation bonds to fund the State’s share of the Unfunded Actuarial Liability (UAL). The Legislature passed HB 3659 that implemented the administrative authority and procedures for issuing the pension bonds. As of October 1, 2003, the PERS Consulting Actuary estimated the state share of the UAL at $2.196 billion. On October 31, 2003, the Oregon General Obligation Pension Bonds were issued and $2.0 billion was delivered directly to PERS. On November 1, 2003, PERS rates were reduced by 6.6% in recognition of this contribution to the PERS fund.

However, over the next 24 years the state will be obligated to make the principal and interest payments on these pension obligation bonds. All benefiting agencies will be charged the same rate to pay this debt service. Two factors will go into the rate formula. 1) Pension bond debt service (net of interest earned on the money in the debt service account) scheduled to be paid by the State in a biennium and 2) the estimated agency payroll for the biennium. For agencies participating in the Oregon State Payroll System (OSPS), the collection of the debt service payment will be automatic. For those beneficiaries not on OSPS, we have developed a self-assessment form that you will complete monthly. We will try to set a pension bond rate for a biennium so you have some certainty what your expense will be over a two year period.

To complete the self-assessment form:

 Complete your PERS monthly payroll report to determine your PERS subject payroll

 Fill in the appropriate information about your agency on the self-reporting form

 Insert the PERS subject salary on the form

 Confirm the correct pension bond rate and insert that on the payment form

 Compute the correct payment amount and send the form and your check to:

 Department of Administrative Services

 Shared Financial Services - Cashier

 155 Cottage St. NE

 Salem, OR 97301

We would like agencies to reconcile their monthly reported payroll to DAS once they have completed their annual reconciliation with PERS. While PERS is looking to reconcile on an employee basis, DAS is only concerned that the annual reconciled PERS payroll matches the total of the monthly payroll reports sent to DAS. DAS requires that once agencies have reconciled the PERS payroll, they certify that the DAS reported payroll is equal to the PERS reported payroll. If not, the agency will need to make the necessary adjustments and remit the difference to DAS.